

Annual report and accounts

2022-2023



About this Annual Report

The National Health Service and Community Care Act 1990 requires NHS Trusts to produce an Annual Report. Its content and format must follow the guidance issued by the Department of Health and Social Care (in the form of a 'Group Accounting Manual'). The specific requirements for Annual Reports for 2022/23 are that NHS bodies must publish a single Annual Report and Accounts (ARA) document, comprising the following:

- ▶ A Performance Report (which must include an overview, and a performance analysis)
- ▶ An Accountability Report (which must include a Corporate Governance Report and a Remuneration and Staff Report¹)
- ▶ The Financial Statements

Beyond the minimum content required by the Department of Health and Social Care (DHSC), the Trust is expected to include additional information to reflect the position of the Trust within the community and meet the requirements of public accountability. The Report is divided into the following sections:

- ▶ "Performance Report for 2022/23", which is split into:
 - An overview. This includes an overview summary; the purpose and activities of the Trust; the Chair and Chief Executive's report; a 'snapshot of the year'; key developments; the key issues and risks affecting delivery of the Trust's objectives; an explanation of the adoption of the going concern basis; and a Performance summary
 - A Performance analysis, which includes details of how the Trust measures performance; the Trust's development and performance in 2022/23; and a review of financial performance for 2022/23
 - A summary of the Trust's Quality Accounts for 2022/23
 - A Sustainability Report. This follows the standard reporting format from the NHS Sustainable Development Unit.
- ▶ "Accountability Report for 2022/23", which is divided into the following sections:
 - "Corporate Governance Report for 2022/23", which includes:
 - A Directors' report (providing details about the Trust Board; a Statement regarding Directors' disclosure to auditors; attendance at Trust Board meetings; Directors' interests; the Trust's Management Structure; complaints performance and the Trust's application of the 'Principles for Remedy' guidance; disclosure of "incidents involving data loss or confidentiality breaches"; & details of Emergency Preparedness arrangements)
 - The "Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust"
 - A "Statement of Directors' responsibilities in respect of the accounts"
 - The "Annual Governance Statement for 2022/23"
 - "Remuneration and Staff Report for 2022/23" (including details of 'off-payroll' engagements)
 - The "Parliamentary Accountability and Audit Report"
- ▶ "Financial Statements for 2022/23", including details of Pension Liabilities, exit packages and severance payments; and staff sickness absence data
- ▶ Independent Auditor's report to the Directors of Maidstone and Tunbridge Wells NHS Trust.

The Annual Report and Accounts were approved by the Trust Board of Maidstone and Tunbridge Wells NHS Trust on 22nd June 2023.

¹ The Trust is not required to produce a Parliamentary Accountability and Audit Report, and therefore the required disclosures on remote contingent liabilities, losses and special payments, gifts, and fees and charges are included within the Financial Statements and Notes to the Accounts where relevant.

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Performance report for 2022-2023: Overview



The purpose of the overview section

This overview aims to equip the reader with a broad understanding of the Trust, its purpose, the key risks to the achievement of its objectives, and an outline of its performance during 2022/23. For those wishing to read in more detail about the Trust's achievements, the issues it faced and its financial situation, further detail is provided in the rest of the Annual Report and Accounts.

The purpose and activities of Maidstone and Tunbridge Wells NHS Trust

Maidstone and Tunbridge Wells NHS Trust (the Trust) is a large acute hospital Trust in the South East of England. The Trust was legally established on 14th February 2000², for the purposes specified in section 5(1) of the National Health Service and Community Care Act 1990 i.e. to be responsible for the ownership, provision and management of hospitals or other establishments or facilities. The Trust's mission, as defined in its Strategy, is to be there for our patients and their families in their time of need, and to empower our staff so that they can feel proud and fulfilled in delivering the best care for our community. Through the Trust's vision of "Exceptional people, outstanding care", the Trust provides a full range of general hospital services and some areas of specialist complex care to around 600,000³ people living in West Kent and East Sussex; and also provides some aspects of specialist care to a wider population.



The Trust's core catchment areas are Maidstone and Tunbridge Wells and their surrounding boroughs. It employs over 7,300 full and part-time staff, and operates from three main sites (Maidstone Hospital, Tunbridge Wells Hospital and the Crowborough Birth Centre), but also manages services at Kent and Canterbury Hospital and outpatient services at several community locations.

In February 2023, the Trust was recognised regionally and nationally for the significant improvements and progress made by staff across

the Trust in recent years by moving to level 1 in the NHS Oversight Framework (NOF). The NOF provides a monitoring framework to support delivery across the NHS. It also ensures the priorities of partner organisations are aligned and partners work together to develop locally appropriate plans.

The decision by NHS England (NHSE) to move the Trust from NOF 2 to 1 (the highest level) follows a recommendation by the Kent and Medway Integrated Care Board (ICB). NOF 1 is given to trusts who are consistently high performing and play an active leadership role in supporting local and ICB priorities.

Following the successful implementation of phase one of the West Kent Community Diagnostic Centre in September 2021, a business case to expand the service provision has been approved by The Trust Board and NHSE. It is fully funded centrally and represents a capital cost of £9.87m with an associated revenue cost of £30.59m over 3 years. The facility will deliver radiological, cardio-respiratory and pathology diagnostics

² See [The Maidstone and Tunbridge Wells National Health Service Trust \(Establishment\) Order 2000](#)

³ Based on the population for which the Trust would be the default service provider for a blue-light ambulance response; the Trust's population 'footprint' is subject to variation dependent on specific service provisions.

which will support the separation of elective activity from the main sites. These additional services will go live in 2023.

In April 2022, a new Paediatric Emergency Department (ED) opened adjacent to the main ED at Tunbridge Wells Hospital with new clinical pathways and processes developed to ensure safe patient flow and quality of service provision.

In March 2023, the Trust Board reviewed the full business case for the West Kent Elective Orthopaedic Centre. The project consists of three laminar theatres, is supported by a 14-bed inpatient ward and a 10-bed day case ward and will have a total elective capacity of 5,030 cases per annum. This capacity is sufficient to transfer orthopaedic cases from Tunbridge Wells Hospital freeing up existing capacity for other surgical specialties; provide Orthopaedic cases to assist system-wide elective recovery; and meet forecast growth for the West Kent population.

Supporting the national drive for 'same day emergency care' services, a new Orthopaedic Assessment Unit (OAU) has opened at Tunbridge Wells Hospital. Patients arriving at hospital with relevant conditions can be rapidly assessed, diagnosed and treated without being admitted to a ward and, if clinically safe to do so, will go home the same day.

Phase 1 of the new stroke unit has opened following the decision that Maidstone Hospital will be one of 3 hyper-acute stroke unit in Kent and Medway.

MTW are always looking to improve our services for our patients. The Medical Physics and Radiotherapy team at Maidstone Hospital have identified a new way of working that will improve patient experience, reduce waiting times and has the potential to create up to six extra hours of capacity each day with bladder scanning done outside the radiotherapy treatment room.

Tunbridge Wells Hospital is a Private Finance Initiative (PFI) hospital and the majority of the site provides single bedded en-suite accommodation for inpatients in a modern, state of the art environment. It is a designated Trauma Unit, undertakes the Trust's emergency surgery and is the main site for Women's and Children's, and Orthopaedic services.

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

- ▶ Assessment or medical treatment for persons detained under the Mental Health Act 1983 (at Maidstone and Tunbridge Wells Hospitals)
- ▶ Diagnostic and screening procedures (at Maidstone and Tunbridge Wells Hospitals)
- ▶ Family planning services (at Maidstone and Tunbridge Wells Hospitals)
- ▶ Maternity and midwifery services (at Maidstone and Tunbridge Wells Hospitals and Crowborough Birthing Centre)
- ▶ Surgical procedures (at Maidstone and Tunbridge Wells Hospitals)
- ▶ Termination of pregnancies (at Tunbridge Wells Hospital)
- ▶ Treatment of disease, disorder or injury (at Maidstone and Tunbridge Wells Hospitals)



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

The Trust's objectives and organisational structure are detailed elsewhere within this Annual Report. Details of the Trust's business model and environment, organisational structure, objectives and strategies can be found within the Performance Report Overview and Performance Analysis.

A message from the Chair of the Trust Board and Chief Executive

There is a great deal to be proud of when we look back over the last year, a year in which MTW was recognised as one of the top performing trusts in the country. Against a backdrop of increasing demand for our services, staff have continued to deliver timely, compassionate, care which puts our patients first.

Nationally the key issue facing the NHS post-pandemic is the large number of people waiting for treatment. Like many hospital trusts we have seen a significant increase in both emergency attendances and referrals but patients in the communities we serve are receiving some of the fastest access to treatment in the country.

Urgent and Emergency Care daily attendances averaged 427 five years ago. In 2022/23 we saw an average of 563 – a 31% increase. Despite these unprecedented numbers MTW continues to be one of the top five performing trusts across the country for performance against the four-hour standard. This achievement has been supported by our use of a real-time bed management system and the growth in Same Day Emergency Care which provides quick access to diagnostic tests and specialist care.

In elective surgery the Trust has reduced the number of long waiting patients (people waiting for 52 weeks) as a result of the pandemic. In less than a year this number has dropped from almost 1,000 to zero.

Despite a significant increase in cancer referrals MTW has achieved the national standard for treating patients within 62 days for more than three years in row. We have introduced a raft of changes to support cancer care including: increasing and upskilling the number of speciality staff and investing in and upgrading diagnostic equipment and facilities, including the opening of a new Oncology Outpatients Suite in the Kent Oncology Centre at Maidstone Hospital.

Further investment has also been made in services and facilities and includes:

- ▶ The opening of a new Paediatric A&E at Tunbridge Wells Hospital.
- ▶ Expansion work on our successful Community Diagnostic Centre in Maidstone.
- ▶ The introduction of a new electronic prescribing and medicines administration system.

In financial terms, the Trust achieved its requirement to achieve an adjusted financial performance target of break-even with a surplus of £0.2m in 2022/23 on a turnover of £680.3m. Our strong, long-term financial performance has now seen us deliver our financial plan for the last five years, enabling us to continue to invest in services and facilities. During this period the Trust has also delivered a significant Cost Improvement Programme (CIP), including CIPs totalling £14.9m million in the last financial year.

We are delighted the significant improvements in performance have been recognised and earlier this year MTW was moved to the highest level in the NOF. Only seven general acute trusts have achieved this rating which is given to trusts who are consistently high performing and play an active leadership role in supporting local and integrated care system priorities.

As the scale of our services grow so does our workforce and recruitment has been a key trust-wide priority. Thanks to a number of successful campaigns we have welcomed over 1,200 home grown and internationally educated colleagues in the last year. Our focus on staff development also continues and we have invested in organisational development with the roll out of our Exceptional people, outstanding care programme. This included leadership training for more than 380 colleagues and the introduction of the Patient First

Improvement System (PFIS) which provides continuous improvement training for clinical and non-clinical staff.

There is a wide range of evidence that highlights how good staff and patient experience go hand in hand. And with both the demand on services and the cost of living crises we have grown our comprehensive wellbeing programme to further support colleagues.

The Trust has also continued to support the ongoing work of the Fuller Inquiry which is looking into mortuary crimes committed by David Fuller. The Trust worked closely with families and their representatives on the design of a compensation scheme which was announced late last year and we continue to offer the families any support they may want.

As we look to the future we are progressing our ambitious clinical strategy and further developing deeper specialist services. Of course, we do not operate in a vacuum and we are grateful for the support of our key partners in primary care, local authorities and social care, alongside our colleagues in trusts across the Kent and Medway health system.

A number of exciting Trust projects will play a key role in supporting system working going forwards. These include:

- ▶ The completion of the new Kent and Medway Orthopaedic Centre at Maidstone Hospital. The elective centre has been jointly developed with regional partners and once completed in the spring of 2024 will increase elective orthopaedic capacity across the system by 5,000 cases a year.
- ▶ The completion of the new teaching facilities and accommodation at Tunbridge Wells Hospital. Partnering with the Kent and Medway Medical School and other trusts this will enable an additional 120 medical students to be placed at MTW each year – a 315% increase on current numbers.
- ▶ Completing work on our Hyper Acute Stroke Unit (HASU)/Acute Stroke Unit (ASU) at Maidstone Hospital in line with the development of the system wide stroke services in Kent and Medway. Once the whole unit is finished we will have an 18 bed HASU and 35 bed ASU to support stroke care for our communities.
- ▶ Further developing our Digestive Diseases Unit and Cardiology and Bariatric services.

The Trust's achievements and plans for the future would not have been possible without the drive, determination and positive attitude of our colleagues. We are incredibly proud to be part of the MTW Team and would like to take this opportunity to thank every single member of staff. They are exceptional people, providing outstanding care.



Miles Scott, Chief Executive

22nd June 2023



David Highton, Chair of the Trust Board

22nd June 2023

Snapshot of 2022/23

April 2022

Ensuring our staff are happy and healthy at work is a top priority for the Trust and we were delighted that our NHS Staff Survey results published this month reflected this.



MTW scored above the national average for acute trusts in five out of the seven NHS People Promise themes, highlighting the continued improvements we have made as a Trust while continuing to respond to the pandemic challenges.

The results demonstrated how our staff recognise our compassion and inclusivity, and recommend MTW as a place to work and receive treatment. Results also showed that staff felt part of a team which offered them opportunities to improve their knowledge, grow within their roles and develop their career.



May 2022

Two new emergency service facilities at MTW were officially unveiled by a number of local Members of Parliament (MPs), including the MP for Tunbridge Wells, the Rt Hon Greg Clark.

The purpose-built Surgical Assessment Unit (SAU) played a key part in our COVID-19 response. During the first wave of the pandemic, the unit enabled us to create much needed additional intensive care space.

Our guests also visited our new Children's Emergency Department at Tunbridge Wells Hospital. This links in directly with the current main Emergency Department and increases capacity for our most urgent patients.

Both of these new facilities help MTW to ensure patients are seen as quickly as possible, and to maintain our position as one of the top performing Emergency Departments (EDs) in the country.

June 2022

MTW was confirmed as the endoscopy training hub for Kent and Medway, part of the South East Academy.

The Trust has also been awarded Joint Advisory Group (JAG) on Gastrointestinal Endoscopy training provider accreditation status and is now one of the national centres commissioned to improve endoscopy training in England.



MTW is one of the most successful trusts in the country for training clinical endoscopists. We have trained nine in recent years and eight are still working at MTW. This has enabled the Trust to deliver timely, high-quality endoscopy services for patients, expand our bowel cancer screening colonoscopy lists and retain JAG accreditation across both sites.



July 2022

MTW marked the 25th anniversary of Crowborough Birthing Centre, and we were joined by MP for Wealden, Nusrat Ghani, as part of the celebrations.

Crowborough Birth Centre offers midwifery-led care with the support of maternity support workers for those with low-risk pregnancies. It has been a pioneer in birthing centres since 1997 and became part of the Trust in 2016. The Centre

provides a relaxed environment, including two birthing rooms with pools and three postnatal rooms.

The Centre also offers antenatal and postnatal care and acts as a community hub. Our staff at Crowborough provide tours, breastfeeding support, birth place assessments and tests including new-born and infant physical examinations.

August 2022

Patients at our Kent Oncology Centre were treated for the first time with our new state-of-the-art Halcyon machine.

Only a small number of cancer treatment centres in England are using this new radiotherapy technology which halves treatment times and provides a much more comfortable experience for patients.



The £2 million Halcyon accelerator machine targets larger tumours more effectively and provides more accurate images in a less enclosed and quieter environment, helping to reduce the stress a patient may feel. As well as being much easier for specialist staff to use, the Halcyon also offers increased efficiency such as dramatically lower running costs, helping to save energy and being completely paperless.



September 2022

The Trust achieved the national standard for treating cancer patients within 62 days for 36 months in a row – one of only three trusts to reach the target every month for the last three years.

The significant achievement means that cancer patients at MTW's Kent Oncology Centre have been receiving some of the fastest access to treatment in England, thanks to the skill, care and commitment of our staff. This was delivered against a challenging pandemic backdrop and a large rise in referrals to our cancer services.

MTW continues to develop cancer services, opening a new Oncology Outpatient Suite, investing in diagnostic equipment, increasing the Trust's oncology consultant team and upskilling nurses.

October 2022

In October we launched our Patient Pledge, to reflect how we can work in partnership with our patients and their families to deliver outstanding care. Our Patient Pledge sets out how this can be made possible, describing what patients can expect from MTW and what we ask from our patients.

MTW's commitments in the Patient Pledge include explaining care options to our patients and listening to any concerns. In turn, the Pledge asks for patients and their families to treat staff with respect and take part in decision-making about their care.

Our Patient Pledge supports the Trust's mission to put patients first and to support staff to feel proud and fulfilled in delivering the best care for our local communities.



November 2022

Electronic Prescribing and Medicines Administration (EPMA) was introduced at both Maidstone and Tunbridge Wells hospitals.

EPMA is part of our Electronic Patient Record (EPR) system, and is a key development in the Trust's digital transformation strategy to support clinical services.

EPR has helped revolutionise our care to patients and also streamline services for staff by giving clinical teams access to the information they need, where and when they need it. An electronic version of a patient's healthcare record, it includes all of the key clinical information required which multiple clinicians can access at the same time. One of the many advantages of EPMA is that it enables real-time prescribing, which improves the clinical information around prescribing and medicine administration, and reduces potential errors.

December 2022

We saw record-breaking levels of attendances across our sites in December. To support the prevention of avoidable admissions into hospital and assist with early discharge, the Trust introduced virtual wards to enable us to continue to provide safe, high quality levels of care.

A virtual ward is a safe alternative to staying in hospital. It provides patients with wearable technology that allows clinical staff to continually monitor them while they are at home, for up to 14 days. The equipment sends alerts to staff if a patient's observations change and they become unwell, ensuring any changes to treatment can be made quickly.

The Trust setup 20 virtual respiratory beds before widening the approach to include virtual wards for other specialties.



January 2023

The Secretary of State for Health and Social Care, Rt Hon Steve Barclay MP, visited Maidstone Hospital and praised the 'amazing' work of staff.

Mr Barclay's visit included our busy Emergency Department as well as our Care Coordination Centre. The Centre uses real-time data to constantly monitor the Trust's 700 beds to improve the movement of patients through our hospitals.

Mr Barclay also talked to clinical staff about our successful Community Diagnostic Centre in Maidstone which opened in 2021 and delivered 12,000 MRI and CT scans in just six-months. He also learnt more about the development of the Kent and Medway Orthopaedic Centre. Due for completion in 2024, this new theatre complex will increase surgical capacity across the region.



February 2023

MTW moved to level 1 in the NOF, one of only seven trusts in England rated in the top tier.

The decision by NHSE to move the Trust from SOF 2 to 1 followed a recommendation by the Kent and Medway Integrated Care Board (ICB). SOF 1 is given to trusts who are consistently high performing and play an active leadership role in supporting local and integrated care system priorities.

The Trust also received a silver award from the Kent and Medway Healthy Workplace Programme in recognition of our work to maintain good staff wellbeing. The programme supports organisations across the county to meet the health needs of their workplace, a key priority at MTW.

March 2023

A new Orthopaedic Assessment Unit (OAU) opened at Tunbridge Wells Hospital, to support the national drive for 'same day emergency care'. Orthopaedics deals with injuries and conditions that affect the musculoskeletal system, such as bones, joints and ligaments.

The Unit provides emergency care to patients who are then be able to go home the same day, if safe to do so, and return later for review instead of being admitted to a ward.

The OAU joins a growing number of same day emergency care (SDEC) units at MTW, including those for Ambulatory Care and Acute Frailty. The Trust sees over 500 patients each week through our SDEC units, helping to reduce pressure on our Emergency Departments and getting patients home sooner.



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

The Trust Board agreed the following key Vision Goals / Targets; and associated Breakthrough objectives for 2022/23:

- ▶ To reduce the Trust-wide vacancy rate to 12% by the end of the 2022/23 financial year.
 - To reduce the Trust's turnover rate to 12% by March 2023.
- ▶ To reduce the number of incidents resulting in patient harm by 8.2% by March 2023.
 - To reduce the rate of patient falls to 6.36 per 1000 occupied bed days by March 2023.
- ▶ To achieve the Trust's Referral To Treatment (RTT) trajectory by March 2023.
 - To achieve the planned levels of new outpatients activity (shown as a % of 2019/20 activity)
- ▶ To reduce the overall number of complaints or concerns each month.
 - To reduce the number of complaints and concerns where poor communication with patients and their families is the main issue affecting the patient's experience.
- ▶ To decrease the number of occupied bed days for patients identified as medically fit for discharge (shown as rate per 100 occupied bed days).
 - To increase the number of patients leaving our hospitals by noon on the day of discharge.
- ▶ To deliver the Trust's financial plan, including the operational delivery of the Trust's capital investment plan (net surplus (+) / net deficit (-) £000).
 - To reduce the amount of money the Trust spends on premium workforce spend (Monthly Agency Spend – £000)

The key issues and risks affecting delivery of these objectives are described in the monthly Integrated Performance Report and primarily within the top contributors section of the Counter Measures Summaries for the Breakthrough Objectives (as described in the Trust's Strategy Deployment Review (SDR) process, and monitored by the Trust Board through the Integrated Performance Report – see the "Annual Governance Statement for 2022/23" (pages 62 to 73)). These are summarised below. Details of how the Trust actually performed against these objectives are provided in the "Performance analysis" section (pages 18 to 33).



To reduce the Trust-wide vacancy rate to 12% by the end of the 2022/23 financial year

The key recognised risks to delivery of the associated breakthrough objectives were:

- Attraction, which included that the Trust's flexible working arrangements were too rigid; and the increased cost of living in the area surrounding Tunbridge Wells Hospital.
- Learning and Development, which included gaps in leadership capabilities; and a lack of staff development opportunities.
- Processes, which included delays associated with the time taken to complete the TRAC recruitment processes; and a lack of transparency in recruitment.

- Retention, which included that feedback for 'listening' events took too long to action; and that it was easier to find better pay elsewhere.

To reduce the number of incidents resulting in patient harm by 8.2% by March 2023

The key recognised risks to delivery of the objective were:

- Education, which included non-elective radiology diagnostic errors; and insufficient National Early Warning Score (NEWS) 2 training.
- Equipment, which included issues with the procurement of falls reduction equipment.
- Process, which included inconsistent falls risk screening during admission; and inconsistent sepsis screening.
- Workforce, which included nursing and midwifery staffing shortages; and staff 'burnout'.
- Clinical Pathways, which included insufficient mental health pathway capacity for patients with acute care needs.
- Patient profile, which included increased frailty and acuity of acute medical and surgical patients; and high levels of non-elective activity.
- Environment, which included the challenges associated with the provision of visual observations in ward areas with an increased number of side rooms; and a lack of High Dependency Unit (HDU) capacity.

To achieve the Trust's Referral To Treatment (RTT) trajectory by March 2023

The key recognised risks to delivery of this objective were:

- Process, which included a lack of standardised processes for virtual / telephone clinics
- Place, which included that patients wanted to attend the nearest location
- People, which included that appointments were booked far in advance which increased the risk that patients may forget their appointments
- Systems, which included issues associated with the frequency and/or timing of text reminders
- Communication, which included too much information being contained within outpatient appointment letters; and a lack of text reminders.

To reduce the overall number of complaints or concerns each month

The key recognised risks to delivery of the associated breakthrough objective was that the application and consistency of the initiatives identified may not be achieved across all divisions in addressing complaints related to communication. This is because the initiatives are dependent on other variables related to other breakthrough objectives for example staffing. The introduction of a new complaints module will help in coding, identifying and tracking of the main themes and subthemes related to complaints in general.



To decrease the number of occupied bed days for patients identified as medically fit for discharge (shown as rate per 100 occupied bed days)

The key recognised risks to delivery of this objective were the underutilisation of criteria led discharge and delays in the completion of Electronic Discharge Notifications (EDNs).

To deliver the Trust's financial plan, including the operational delivery of the Trust's capital investment plan (net surplus (+) / net deficit (-) £000)

The key recognised risk to delivery of this objective were the failure to improve the Trust's Healthroster performance; the utilisation of unfunded escalation areas; failure to reduce the Trust's vacancy rate; and failure to enact an enhanced control environment to reduce unnecessary requests for premium agency staff.

Adoption of the 'going concern' basis

The DHSC Group Accounting Manual (GAM) requires the management of the Trust to consider the following public sector interpretation of IAS 1 in respect of applying the going concern assumption when preparing its accounts. In para 4.18 it states: "For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant body or DHSC sponsor of the intention for dissolution without transfer of services of function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up".

The Executive Team Meeting, Finance and Performance Committee, and Trust Board have assessed the Trust's ability to continue for the foreseeable future in the light of the GAM guidance and have prepared the 2022/23 accounts on a 'going concern' basis following consideration of the following:

- ▶ There has been no expectation raised in the public arena that healthcare services will not continue to be provided from the two hospital sites. There are no plans to dissolve the Trust or to cease services without transfer to any other NHS body.
- ▶ National NHS Provider/Commissioner Planning guidance has been published by NHSE/I that outlines the process and framework for funding arrangements within which NHS Commissioners and Providers will operate during 2023/24.
- ▶ The Trust submitted its operational plan for 2023/24 and its 5-year capital plan to the Kent and Medway Integrated Care System (ICS), which manages the overall resource level within the system, in May 2023.
- ▶ The Trust is an active participant and fully engaged in financial planning with both Kent and Medway ICS/ Integrated Care Board (ICB) designated leads as well as locally within the West Kent Health and Care Partnership (HCP) locality.
- ▶ The Trust will have signed contracts in place for the provision of healthcare services in 2023/24. The Trust contracts will be held with the local commissioning bodies for patient care in Kent & Medway, Sussex, Surrey Heartlands and South East London. In addition, regional contracts for Specialised Commissioning, Public Health and Health and Justice will be agreed, signed and effective from April 2023 with NHSE. The planned financial regime provides certainty for income and cash flows for the full financial year 2023/24.
- ▶ The Trust has no working capital loans and is not anticipating requiring support in 2023/24.
- ▶ The Trust does not consider that there are any material uncertainties to the going concern basis.



For these reasons, the Trust has prepared its 2022/23 annual accounts using the going concern basis in line with the GAM guidance.

Performance summary for 2022/23

Performance against the Trust's agreed objectives, including the delivery of the financial plan, is described in detail in the "Development and performance in 2022/23" section (pages 21 to 22). The Trust's performance activities can be found in full within the monthly Trust Board reports, which are available for review at <https://tinyurl.com/MTWTBReports>. Further details on the performance standards for quality of care can be found in the Trust's Quality Accounts for 2022/23, which will be made available in full on the Trust website (www.mtw.nhs.uk).

Performance report for 2022-2023: Performance analysis



The purpose of the performance analysis section and its structure

This purpose of the performance analysis section is to detail the mechanisms which are employed by the Trust to measure performance and to outline the Trust's performance during 2022/23 against key objectives. The performance analysis section is structured to cover "How the Trust measures performance"; "Development and performance in 2022/23"; "Equality and Performance in 2022/23"; "Financial performance in 2022/23"; and "Sustainability Report".

How the Trust measures performance

The Exceptional People, Outstanding Care (EPOC) Programme is a comprehensive set of initiatives that have been implemented by MTW to drive the delivery of our vision and strategic objectives and foster a culture of continuous improvement within the organisation. The EPOC programme aims to ensure that all members of the Trust are aligned in their efforts towards achieving common goals which will, in turn, deliver exceptional care to patients.

The EPOC strategy at MTW revolves around six key strategic themes, which are integral to the programme:

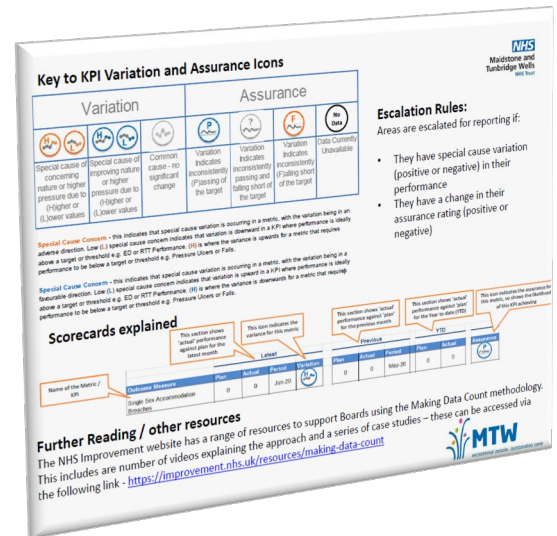
- ▶ **Patient Experience:** To provide outstanding care and experience where patients are at the centre of all that we do. Communicating in an effective and timely way, Keeping patients, families or their carers' fully informed and updated throughout each step of their journey.
- ▶ **Patient Safety and Clinical Effectiveness:** An organisation which has a blame free reporting and real time learning culture, delivering harm free hospital care.
- ▶ **Patient Access:** All of our patients should be able to access the highest quality care and treatment when they need it, whether it's as an emergency, waiting for a cancer diagnosis or waiting for elective surgery.
- ▶ **Systems and Partnerships:** People receive timely care from the right care provider in the most appropriate setting and avoid unnecessary transfer of care delays.
- ▶ **Sustainability:** Continued delivery of our financial plan, allowing us to invest sustainably in high quality services and infrastructure, improving patient experience and outcomes, and providing staff the tools they need to do their job.
- ▶ **People:** Delivery of a robust workforce plan and pipeline supply that meets our operational plan so that our people are well supported and are able to provide high quality patient care. People leaders will support and coach people by setting clear objectives, encourage and support learning, communicate effectively and with compassion in line with our leadership framework.

The EPOC Improvement Programme is an integral part of the Trust's strategic plan and is closely monitored for progress, effectiveness, and continuous improvement. Through the EPOC, MTW aims to achieve exceptional care delivery, foster a culture of continuous improvement, and fulfil its commitment to outstanding care for its staff, patients and the local community.

A 'Ward to Board' approach is applied and monitored through a sign-off process at Directorate, then Divisional, level before presentation at monthly Divisional Strategy Deployment Review meetings and ultimately, the Trust Board.

A whole day each month is devoted to Trust-wide performance management, attended by members of the Executive Team. The Clinical Divisions and Corporate services are accountable for the delivery of their key indicators for Quality, Performance, Finance and Workforce, together with their strategic and Trust-wide programme responsibilities.

The monthly Integrated Performance Report encapsulates the result of these processes and provides the Board with a rich source of information that has been reviewed and substantiated at all levels of the Trust. The dashboard contains details of all key aspects of performance, under the CQC domains of "Safety", "Effectiveness", "Caring", "Responsiveness" and "Well-Led" and also the Trust's Strategic Themes of "People", "Patient Safety & Clinical Effectiveness", "Patient Access", "Patient Experience", "Systems", and "Sustainability". The Trust uses Statistical process control (SPC) methods to monitor and direct performance improvements. Additional performance information is provided on financial matters and clinical quality. These reports are available on the Trust's website, as part of the information provided for Trust Board meetings (see www.mtw.nhs.uk/about-us/trust-board/).



The content of the Integrated Performance Report is discussed at meetings of the Executive Team Meeting and Trust Board (with specific Strategic Themes discussed at the relevant Trust Board sub-committees). At the latter, the person responsible for each domain is asked to highlight key issues of note, and explain areas of under/failing performance. Performance against the Trust's agreed objectives is measured and monitored via the Strategy Deployment Review process, which is described in more detail in the "Annual Governance Statement for 2022/23" later in this Annual Report. In addition to this, the Trust continues to use nationally-published information (where available), to compare performance. This includes national staff and patient surveys and national clinical audits.

The Trust monitors its progress against the recommendations from its most recent CQC report (March 2018)⁴ through an Action Plan "Tracker" which is monitored through the Trust's Quality Improvement Committee.

Details of the Trust's accountability issues are outlined within the "Annual Governance Statement for 2022/23" (pages 62 to 73) which includes any significant internal control issues reported for the financial year; details of any personal data-related incidents are included within the "Corporate Governance Report for 2022/23" section (pages 45 to 73); and details of any finance related accountability issues would be reported via the "Financial Performance 2022/23" section (pages 26 to 33) where applicable (however there were no such issues for 2022/23).

The link between Key Performance Indicators (KPIs), risk and uncertainty

The Trust uses a wide range of KPIs to identify areas of risk and uncertainty. Where these risks and uncertainties can be controlled, these are aimed to be included within the Trust's plans. However, if monitoring of KPIs reveals that performance is at variance from the Trust's plans, mitigating actions may be implemented. The wide range of information collated means that the relationship between different pieces of information is very complex and the Trust engages the specialist analytical skills of staff within the Finance Department, People and Organisational Development Function and Business Intelligence departments to identify themes, variance from plans etc., and to advise on potential actions to address variances, or recommend enacting of mitigations.

⁴ A CQC Well-led inspection was conducted in March 2023, the findings are expected to be issued in the summer of 2023.

Development and performance in 2022/23

The 'key issues and risks affecting delivery of the Trust's objectives' were described earlier in the Report (pages 14 to 16). The Trust's actual performance against each of its 2022/23 objectives is described below.

To reduce the Trust-wide vacancy rate to 12% by the end of the 2022/23 financial year

■ This objective was met as the Trust's vacancy rate as of March 2023 resided at 8.7%.

To reduce the number of incidents resulting in patient harm by 8.2% by March 2023

■ This objective was not met as 186 incidents of harm were reported at the end of 2022/23 (against a target of 123 incidents of harm). However, the underlying breakthrough objective to reduce the rate of patient falls to 6.36 per 1000 occupied bed days by March 2023 was achieved as 6.16 incidents of patients falls per 1000 occupied bed days was reported at the end of 2022/23; therefore a new breakthrough objective informed by a further analysis of the root causes of patient is under development to support the overall reduction of the incidents of patient harm and it is intended to continue to pursue the Vision Goals / Target for the 2023/24 financial year.



To achieve the Trust's Referral To Treatment (RTT) trajectory by March 2023

This objective was met as the Trust's position at the end of 2022/23 was 69.7% (against an internal target of 82.4%); the failure to obtain the target was associated with a significant increase in the Trust's overall and outpatient waiting lists (with General Medicine, Haematology and Vascular services reporting the largest outpatient waiting list growth); and the underperformance of key service areas such as Gynaecology, Gastroenterology and Ear, Nose and Throat (ENT). However, actions were developed to support an improvement in the Trust's performance against the target which included robust monitoring of all patients waiting over 40 weeks; the implementation of daily reviews of the Patient Tracking Lists (PTLs); the validation of all outpatient data; and the development of an RTT recovery plan.

To reduce the overall number of complaints or concerns each month

■ This objective was not met as a monthly average of 36 complaints / concerns was not achieved for six consecutive months during 2022/23; however, it has been agreed that the vision goal / target should remain in place until March 2024, to enable further countermeasures to be implemented and therefore improve the Trust's overall performance.

To decrease the number of occupied bed days for patients identified as medically fit for discharge (shown as rate per 100 occupied bed days)

■ This objective was not met as a monthly average of less than 3.5 medically fit for discharge bed days was not achieved for six consecutive months during 2022/23. There has been improvement in the discharges before noon with more progress expected in the role of electronic discharge notifications. A West Kent Discharge and Flow Steering Group has been established to drive system working to focus on flow across health and social care. It has been agreed that the vision goal / target should remain in place until March 2024, to enable further countermeasures to be implemented and therefore improve the Trust's overall performance.

To deliver the Trust's financial plan, including the operational delivery of the Trust's capital investment plan (net surplus (+) / net deficit (-) £000).

■ This objective was met as the Trust has delivered its financial plan for 2022/23 (subject to audit).

Further details of the risk profile of the Trust

How risk has affected the Trust achieving its objectives for 2022/23

Of the Trust's six objectives for 2022/23 two were delivered, and four were not delivered; although, it should be noted that varying degrees of progress were made in relation to the four objectives which were not delivered for 2022/23. Of the four objectives which were not delivered for 2022/23 several risks to their delivery were identified, which included the reduced availability of community and social care capacity to enable the discharge of patients who no longer met the criteria to reside for inpatient care, therefore reducing the Trust's available bed capacity, and increasing the risks of secondary harm (e.g. patients falls); and continued increased operational pressures which would require the utilisation of additional escalation capacity and as such challenge the Trust's staffing ratios.. Further detail can be found in the "Key issues and risks affecting delivery of the Trust's key objectives" section (pages 14 to 16)

How the risks affecting the Trust's objectives for 2022/23 were mitigated

A number of controls and mitigations were implemented to reduce the overall risk to the delivery of the Trust's objectives for 2022/23. Such controls included the introduction of 'stay interviews' and other engagement events to enable early identification of key issues to support the reduction in the Trust's turnover rate; the continued focus on the reduction of the Trust's vacancy rate to support safer staffing fill rates and thereby reduce the incidents of harm; and the implementation of daily Patient Tracking List (PTL) reviews, which focused on the Trust's longest waiting patients to support the overall improvement of the Trust's Referral To Treatment performance .

The Trust's objectives for 2022/23 were also discussed at each 'Part 1' Trust Board meeting during 2022/23, and the Executive Team Meeting which directly preceded the 'Part 1' Trust Board meeting, with either a written or verbal counter-measure summary provided for those metrics which illustrated a special cause variation of a concerning nature (i.e. were adverse to plan) to enable consideration of what, if any, further controls were required to reduce the associated risk to delivery.

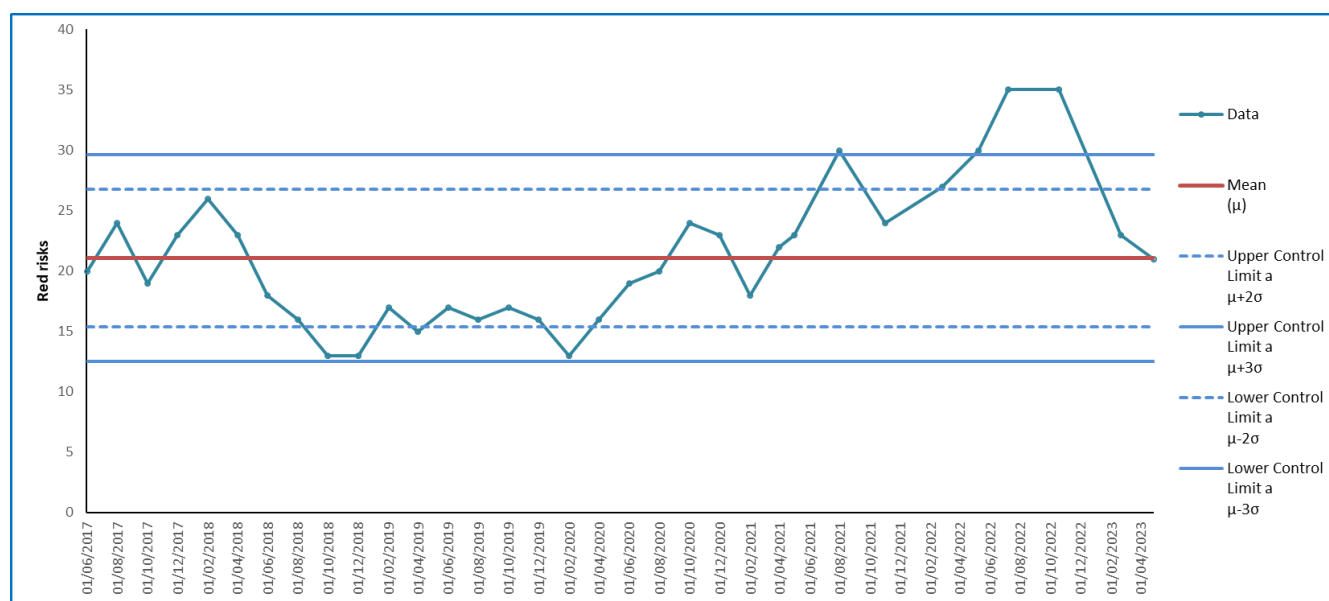
How the mitigations implemented by the Trust may affect future performance and plans

The Trust's objectives for 2023/24 have not yet been finalised at the time of writing this report and are scheduled to be approved at the June 2023 'Part 1' Trust Board meeting; however, it is expected that the Strategic Themes and high-level objectives will remain broadly the same. Therefore, it is expected that many of the mitigations will have beneficial impacts on the delivery of the 2023/24 objectives; however, additional mitigations may be applied, as required, and progress will be overseen by the Trust Board as part of the Integrated Performance Report (IPR).

Significant changes in the Trust's risk profile

The Trust's appetite for risk is assessed for each risk (including business risk). The appetite is expressed as a target risk score through the 'Risk grading matrix', with an associated RAG (Red, Amber Green) rating allocated, wherein red-rated risks are the most severe. The 'Risk grading matrix' considers both the 'likelihood' of the risk occurring and the 'severity' of the risk if it was to occur.

The below statistical process control (SPC) chart shows data from June 2017 to April 2023 which comes from two monthly risk register reviews. After a period of red risks far beyond what would be expected, the numbers have decreased to more 'normal' levels.



It should be noted that not all red-rated risks have had a direct impact on the Trust's objectives for 2022/23. Following the implementation of the InPhase Incident Reporting and Risk Management System it is intended for the Trust's risks to be categorised by strategic theme, to better illustrate the potential impact on the Trust's objectives; however, at the time of writing this report further work is required to develop the proposed approach.

Process to identify new and emerging risks

The Trust has a robust risk management framework and process and a culture in which all staff are risk aware. All risks are systematically identified, either proactively through risk assessment, or reactively through the reporting and investigation of adverse incidents. Risks can then be escalated to the Trust's Risk Register to be effectively managed through time-based action plans.

In 2022/23 the Trust Board became more involved in the identification of emerging risks by holding a Trust Board Seminar on horizon scanning wherein a variety of new risks were identified and further work has been scheduled for 2023/24 which is expected to include the incorporation of such information into the Trust's Risk Register and enable the development of appropriate controls and mitigations.

The Strategy Deployment Review (SDR) process will also identify any new and emerging risks to the Trust's performance and delivery of the Trust's plans.

How new and existing risks could impact the Trust's performance and delivery in 2023/24

The Trust Board and associated sub-committees are aware of uncertainties affecting the future performance of the Trust, particularly due to the increasing relevance of system performance, rather than individual Trust performance. In addition, the Trust developed strong working relationships with the partners within the Kent and Medway Integrated Care System (ICS) and the Kent and Medway Integrated Care Board (ICB), which will continue to be strengthened during 2023/24. Any risks affecting the delivery of the Trust's plans will be considered as part of the Trust's SDR process.

Equality and performance in 2022/23

Public Sector Equality Duty

The Trust is committed to the development of a culture of inclusion where all people are valued and respected for their individual differences. We positively contribute to the advancement of equality and good relations within the design of our policies; in the support of our staff networks; and the goals designed using performance against the Workforce Race Equality Standard, the Workforce Disability Equality Standard and the Gender Pay Gap to meet the Public Sector Equality Duty.

Equality, Diversity and Human Rights

The Trust's activity and policies in this area are explained in the Accountability Report (page 74 onwards).

The Trust is committed to creating a positive culture of respect for all individuals, including job applicants, employees, patients, their families, and carers, as well as community partners. The intention is, as required by the Equality Act 2010, to identify, remove or minimise discriminatory practice in the nine named protected characteristics of age, disability (including HIV status), gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. It is also intended to use the Human Rights Act 1998 to treat fairly and value equality of opportunity regardless of socio-economic status, domestic circumstances, employment status, political affiliation or trade union membership, and to promote positive practice and value the diversity of all individuals and communities.

Equality of service delivery

The Trust has carried out analysis of patients waiting over 18, 40 and 52 weeks for treatment, and other constitutional standards, using various characteristics such as age, gender, ethnicity and deprivation⁵ (IMD) to look for any outliers. This analysis is carried out at speciality level and the results are shared with operational colleagues to factor into their service planning and operational delivery.

The Trust is collaborating with partners across the West Kent Health and Care Partnership (HCP) to identify and reduce health inequalities as identified in the refreshed Joint Strategic Needs Assessment for West Kent. Areas of joint focus include young persons' mental health and attendances in Emergency Departments, a community larder and staff food bank and a shared blue-print approach to health inequalities.

Activities the Trust is undertaking to promote equality of service delivery

The Trust has developed a three stage process for addressing health inequalities, which is outlined below:

- ▶ Stage one (completed): Develop a baseline position of the Trust's current position using quantitative data analysis; with a descriptive analysis of health inequalities which included race, sex, age and deprivation, in conjunction with a statistical analysis to adjust for any confounding variables. Understand the Joint Strategic Needs Assessment and how the Trust works with partners to reduce the health inequalities identified.
- ▶ Stage two (completed): Identify and target 'at risk' populations for qualitative analysis in conjunction with partner organisations including NHS Kent and Medway, local government organisations and the voluntary sector to reach and discuss the challenges with local communities.
- ▶ Stage three (in planning): to implement a 5 lens approach to develop a specific action plan:
 - More equal outcomes

⁵ Using the Indices of multiple deprivation (IMD), which are widely-used datasets within the UK to classify the relative deprivation of small geographical areas

-
- Utilising teachable moments
 - Work with charities and social enterprises
 - Parity in physical and mental health
 - Tackling inequalities with staff.

Patient feedback and protected characteristics

The Trust received a total of 45,120 Friends and Family Test (FFT) survey responses during 2022/23. 190 were submitted by tablet, 27,765 online and 17,165 were paper cards.

The overall percentage of respondents that reported a 'very good' or 'good' experience of care was 95.4% and with 2.3% respondents reporting a 'poor' or 'very poor' experience of care.

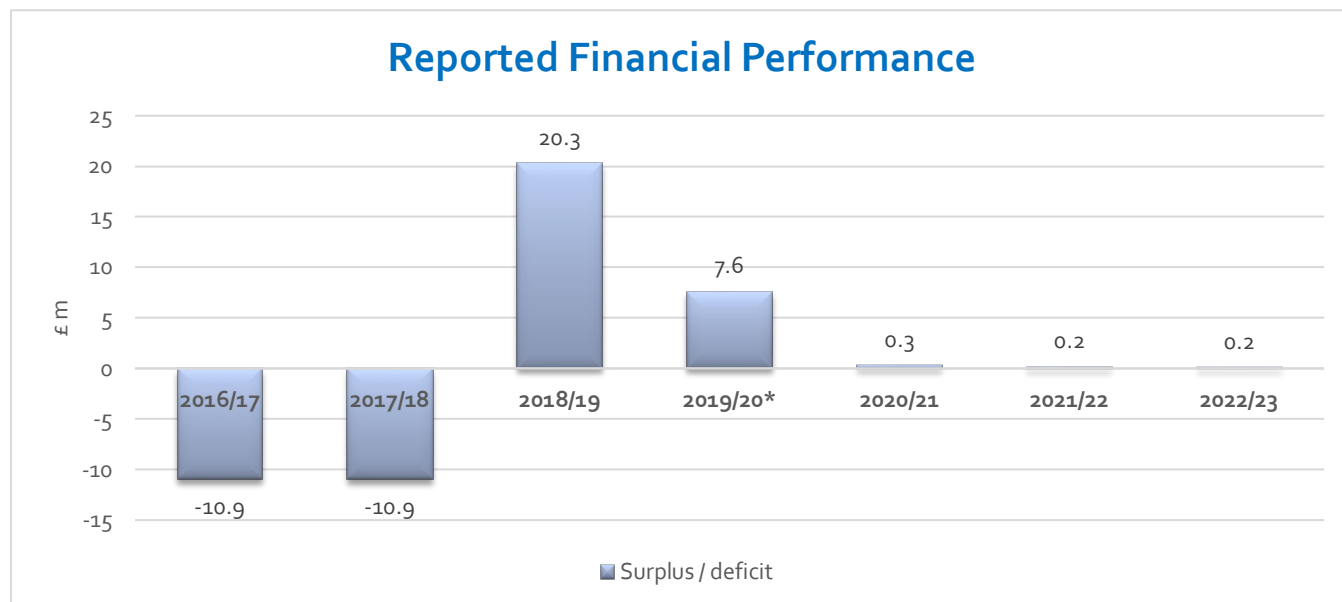
From the responses received 16,439 (36.4%) were from men, 24,623 (54.6%) from women, >0.03% identified as transgender and around 8.7% did not confirm their gender identity. 2,441 (5.4%) of responses were from representatives from a Black Asian and Minority Ethnic (BAME) background, however 8.3% of respondents did not declare their ethnicity.

Less than 0.01% of respondents identified a disability, long-term health or mental health condition.

7,986 (17.7%) of submissions were provided by people aged between 0 and 44. Those aged 45 and above accounted for 10,542 (23.4%) of the responses. 26,523 (58.8%) respondents did not confirm their age.

Financial performance in 2022/23

For the financial year 2022/23 the Trust reported a surplus of £0.2m, which was £0.2m better than plan. The Trust's reported finance performance is shown for the last seven years in the graph below. The Trust has now delivered a surplus position for the last five years in succession.



The table below shows a trend of the Trust's financial position over the last six years.

Statement of Comprehensive Income	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Income	440.3	473.2	513.1	564.2	623.9	680.3
Operating expenses	(421.2)	(450.5)	(491.8)	(550.3)	(591.4)	-661.4
Operating surplus / (deficit):	19.1	22.7	21.2	13.9	32.5	18.9
Finance income	0.0	0.2	0.3	0.0	0.0	0.7
Finance expense	(15.1)	(15.8)	(15.7)	(14.7)	(14.5)	(16.3)
PDC dividend charge	(0.5)	(0.7)	(0.6)	(1.3)	(3.4)	(5.1)
Net finance costs	(15.5)	(16.3)	(16.1)	(16.0)	(17.9)	(20.7)
Other gains / (losses)	0.1	13.5	0.1	0.0	0.0	0.0
Surplus / (deficit) for the year before technical adjustments	3.6	19.9	5.2	(2.1)	14.5	(1.7)
Technical adjustments	(14.4)	0.4	2.4	2.4	(14.3)	1.9
Surplus / (deficit) for the year after technical adjustments	(10.8)	20.3	7.6	0.3	0.2	0.2

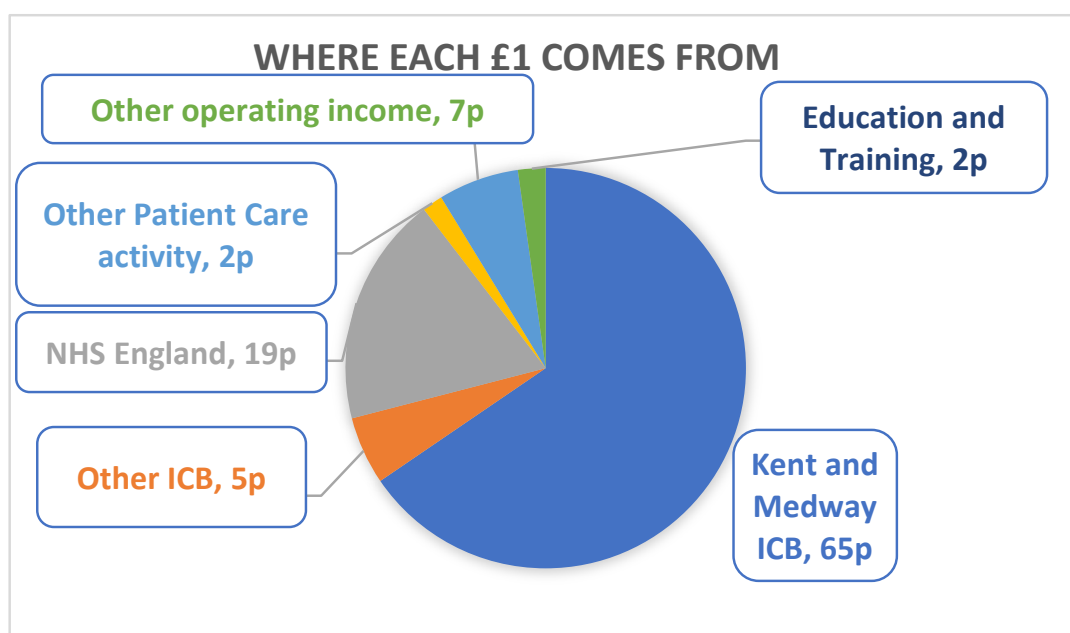
Income

The Financial regime post-Covid has returned to an annual planning process with a fixed payment arrangement. There was, for 2022/23, a variable element related to elective recovery; however, this approach was ultimately not enacted.

The Trust's income was £680.3m which mainly consisted of patient care income of £625.5m from other NHS organisations. There is a further £8m of patient care income from other sources such as local authority, overseas visitors and private patients. The Trust received £46.9m other income for including Education and Training £15.5m, provision of services to other NHS organisations £17.1m, commercial activities such as car parking and catering £2.3m, and Research and Development £1.8m.

The majority (90%) of the Trust's income is from Integrated Care Boards (since 1st July 22), CCGs (pre 31st June 22) or NHS England.

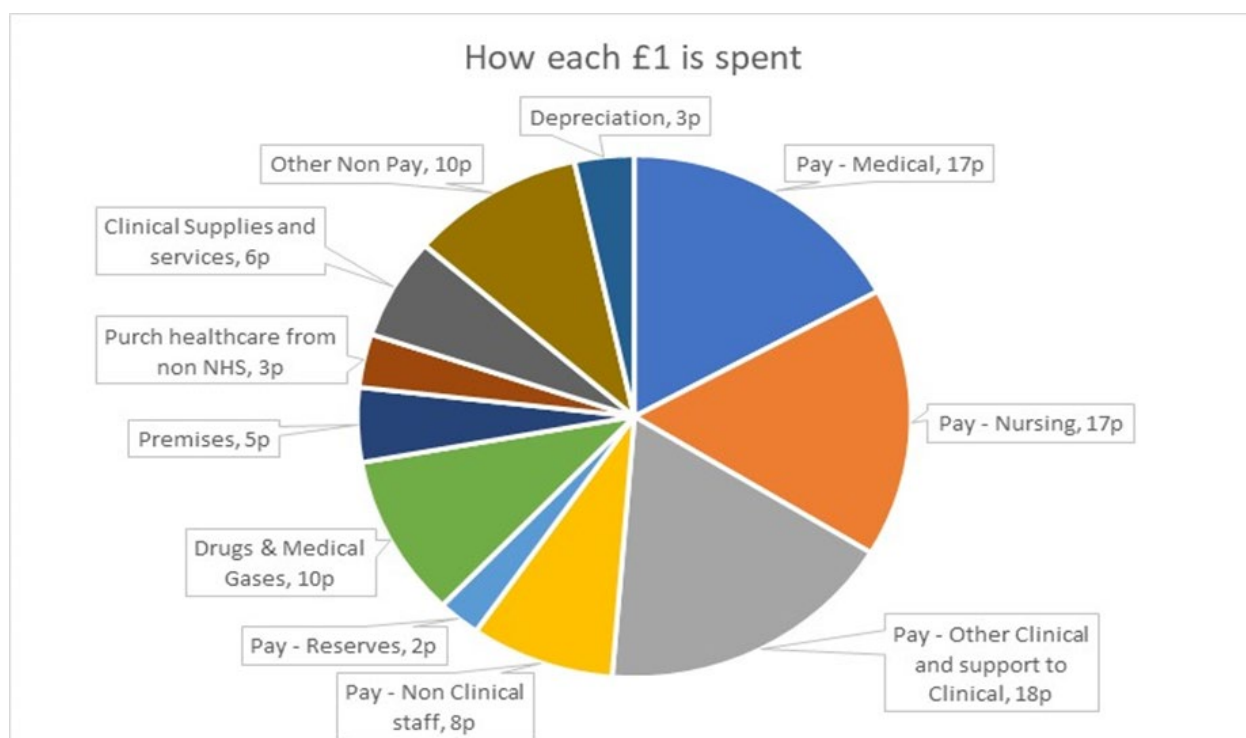
	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Income - Patient Care Activity	-375.0	-396.9	-448.3	-490.7	-573.5	-625.5
Op Inc from Pat Care Activity	-7.7	-6.9	-7.2	-5.4	-7.4	-8.1
Other Operating Income	-57.4	-68.7	-56.7	-59.1	-40.7	-46.9
Total Income	-440.1	-472.4	-512.2	-555.1	-621.5	-680.5



Operating expenses and finance costs

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Pay - Medical	78.1	83.4	94.0	102.3	109.0	116.5
Pay - Nursing	74.0	78.0	83.6	90.9	99.4	113.8
Pay - Other Clinical and support to Clinical	45.6	47.5	52.6	58.5	62.5	70.5
Pay - Non Clinical staff	57.0	60.7	69.3	77.0	88.6	106.7
Pay - Reserves	1.0	1.0	0.5	14.1	15.3	17.0
Pay Total	255.6	270.7	299.9	342.8	374.6	424.5
Clinical Negligence	20.6	18.6	17.6	19.1	18.9	18.5
Drugs & Medical Gases	52.9	52.8	55.0	52.9	60.7	68.4
Premises	25.3	23.9	26.3	31.7	37.4	31.4
Purchasing healthcare from non NHS	4.1	3.8	15.8	6.4	20.1	22.6
Clinical Supplies and services	32.7	36.6	37.0	46.0	46.2	42.8
Other Non Pay	31.8	47.6	43.6	53.6	33.6	50.9
Depreciation	13.7	13.0	13.0	13.8	17.8	23.7
Total Expenditure	436.8	467.0	508.2	566.3	609.3	682.8

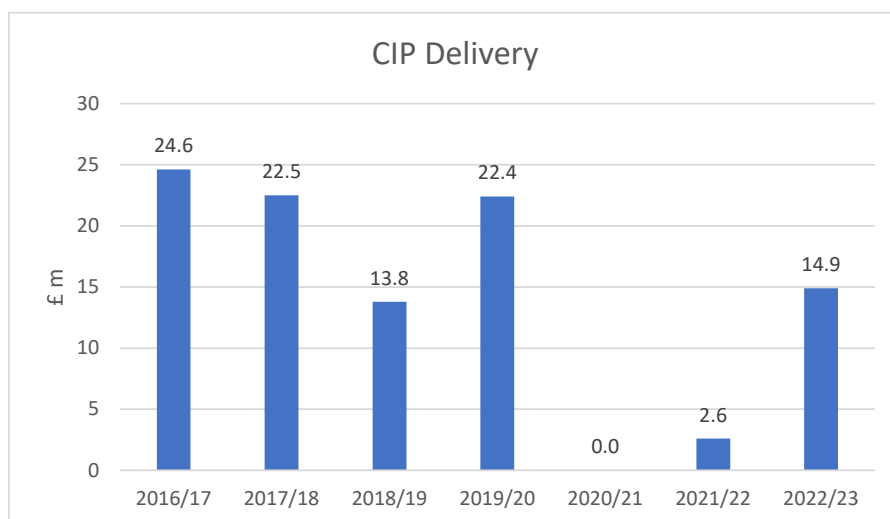
The Trust's expenditure in 2022/23 was £682.8m, the majority of the spend was on pay costs which were £424.5m in total. This was an increase of £49.9m compared to the previous year, £28.2m relates to pay inflation, the rest relates to the increase in both substantive staff and use of temporary staffing. The next largest spend was on drugs (£68.4m) which increased by £7.7m in line with activity increases.



From the 1st April 2022 the NHS implemented the accounting standard IFRS 16 Leases which capitalises the majority of leases or equivalent arrangements as "right of use assets" with corresponding finance liabilities on the balance sheet. The exceptions are short life leases (up to one year in length) and low value assets (under £5k) which remain as operating leases charged to revenue. The right of use assets are depreciated in the same way as purchased or donated capital assets, which accounts for the increase in Trust depreciation in 2022/23.

Cost Improvement Programme (CIP)

The Trust had an external (NHSE/I) savings target for 2022/23 of £20.0m. The Trust delivered savings of £14.9m which was £5.2m adverse to plan.



Capital expenditure including IFRS 16 capitalised leases

During the year the Trust made capital investments of £35.99m, comprising £25.2m of purchased and donated capital, and £10.77m of IFRS 16 capitalised new leases or remeasurements of existing leases.

Purchased and Donated Capital

Significant elements of the capital programme in 2022/23 were:

- ▶ £6.58m – for the development of the Kent & Medway Orthopaedic Centre sited at Maidstone Hospital. This is an asset in construction at the end of 2022/23 with an anticipated completion date of February 2024. In 2022/23 the costs were financed from national funding following NHSE/DHSC approval of the Outline Business Case in December 2022.
- ▶ £4.15m – related to the continuing development of the Community Diagnostic Centre including build and equipment elements. This was nationally funded in 2022/23.

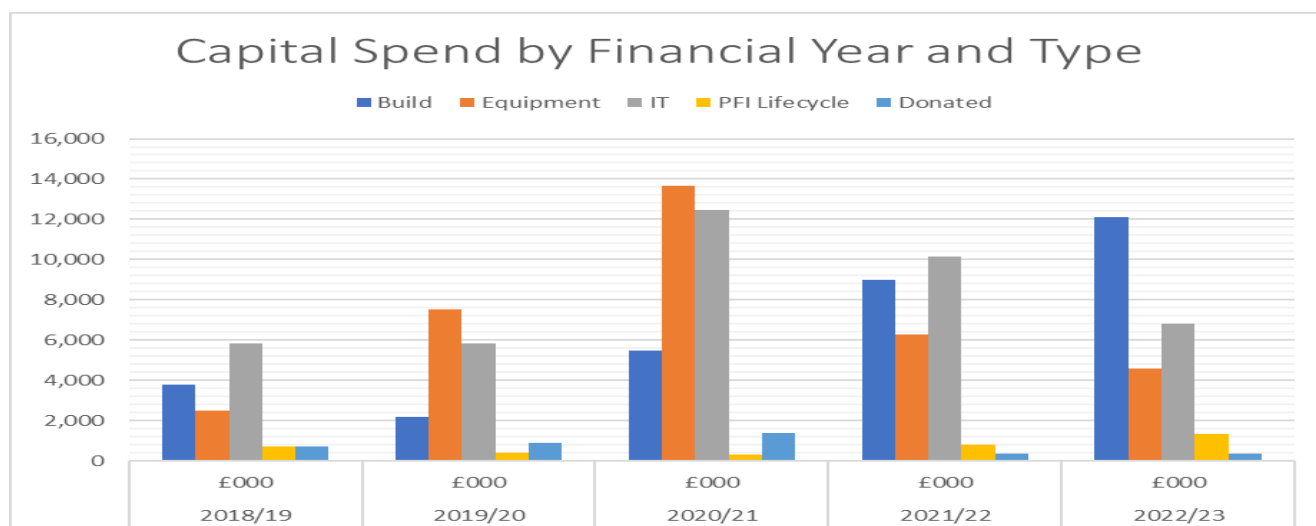
- ▶ £4.06m of estates developments, including Maidstone Hospital backlog schemes (£1.54m), Lifecycle works for Tunbridge Wells Hospital (provided through the PFI contract), and Trust wide enabling works e.g. to install new equipment (£1.16m).
- ▶ £3.8m of medical equipment replacement including patient monitoring, fluoroscopy and oncology equipment. Most of this was funded from internal sources, with an additional £0.59m provided by the local Integrated Care System (ICS) from slippage elsewhere in the system.
- ▶ £2.65m of internally funded IT storage, infrastructure and networking replacements (£1.8m); and IT clinical software and hardware developments (£0.8m).
- ▶ £1.95m on completion of Phase 2 of the Hyper Acute Stroke Unit developments at Maidstone Hospital. This was financed by national funding held by the local ICS.
- ▶ £1.7m of national funds relating to Digital Diagnostic (both pathology and imaging systems, including home reporting); Front Line Digital systems, such as the Electronic Patient Record system; and cyber security.
- ▶ £0.36m of medical equipment and patient aids funded from donated sources, including Cardiac Monitors, bladder scanners, echo machines, and critical care rehabilitation equipment.

IFRS 16 Leased Capital

The Trust reported IFRS 16 capitalisations and remeasurements of £10.77m at year end. The most significant elements were:

- ▶ Springwood Road staff residences (Block A buildings) – a new lease for a term of just over 20 years was contractually completed on 31st March: the initial capitalised cost was £5.1m.
- ▶ Springwood Road staff residences (Block B buildings) – in year there was recognised the remeasurements for rental price increases upon handover of the blocks in June 2022 and for the annual indexation review, over the 43-year lease term: the additional capitalised cost was £3.5m.
- ▶ Two additional leases were taken out relating to the development of the Community Diagnostic Centre on a local landlord's site near to Maidstone Hospital. The first was an additional works rental for Unit A on the site – capitalised value £0.9m; the second was a separate land lease for the site of the planned new modular build – capitalised value £0.9m.

Capital expenditure trends



The table above shows the growth in the Trust's capital spending over the last five years, as the result of significant amounts of national capital programme funding. The mix of spend over the period has changed – the replacement of significant diagnostic and radiotherapy equipment in the middle years, together with the additional ICU related Covid-19 capital, was a key focus for investment, as was the implementation of the Electronic Patient Record (EPR) IT system. More recently there have been developments in additional modular

buildings, e.g. Short Stay Surgical Unit and Paediatric Emergency Department units at Tunbridge Wells Hospital, and Oncology Outpatients and the Community Diagnostic Centre on or close to the Maidstone sites, together with the currently in construction Kent and Medway Orthopaedic Centre.

Balance Sheet trends

The following table sets out the trend over five years of the Trust's borrowing obligations, both current and non-current (long-term), excluding IFRS 16 liabilities which have only become applicable in 2022/23.

Borrowing costs	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Current loans - DHSC	19,187	27,768	985	983	983
Current capital loan - Salix	371	443	443	461	376
Current PFI contract obligation	5,427	5,349	5,402	5,688	5,992
Long term loans – DHSC	34,102	6,406	5,432	4,458	3,484
Long term capital loan - Salix	1,744	1,300	949	571	195
Long term PFI contract obligation	187,521	182,173	176,771	171,082	165,091
Total borrowing obligations	248,352	223,439	189,982	183,243	176,121

Over a five year period the Trust's borrowing obligations have reduced by £72.2m (29.1%). This is mostly driven by a reduction in DHSC loans, both capital loans that have matured, and the settlement of previous working capital loans; and the gradual reduction in the repayment of the PFI contract obligation relating to the building and maintenance of the Tunbridge Wells Hospital.

The working capital cycle trend is shown in the table below. The Trust has managed in recent years to generate sufficient liquidity through management of its working capital to avoid requiring any revenue support from DHSC, and has held larger than planned cash balances at year end. This has been accompanied by improvements in its Better Payment Practice Code performance.

For 2022/23 both receivables and payables include the one-off accruals for the backdated non-recurrent NHS pay award (£12.5m in receivables and £12.9m in payables). Stocks have remained relatively constant, and the cash balance, although reduced, was still higher than the planned level of £5m. The cash cycle total has nonetheless reduced over the period and in 2022/23 was negative, reflecting that the Income and Expenditure position included some significant non-cash releases of specific provisions, whilst the Cost improvement programme delivered less than planned cash savings.

Working Capital	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Inventories	7,820	8,893	9,988	9,158	9,249
Receivables	34,429	35,156	16,812	28,670	36,283
Payables	(24,985)	(38,944)	(48,934)	(45,734)	(54,276)
Cash	10,406	3,355	26,221	11,838	7,975
Total working capital cycle	27,670	8,460	4,087	3,932	(769)

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.

External Finance Limit (EFL)

The Trust is required to demonstrate that it has managed its cash resources effectively by staying within an agreed limit on the amount of cash it can borrow and spend. In 2022/23 the Trust met its target with a year-end position of £0.586m underspent against the planned EFL.

Capital Resource Limit (CRL)

The Trust is expected to manage its capital expenditure within its agreed capital resource level (CRL). For 2022/23 the CRL also includes the capitalised IFRS 16 additions and remeasurements. The Trust's overall charge to the CRL, including IFRS 16, after adjustments for donated assets and disposals, was £35.69m. The Trust underspent its purchased CRL by £1.198m in 2022/23, relating mainly to slippage on the Community Diagnostic Centre, and spend lower than planned on IFRS 16 liabilities..

The following table shows the trend on CRL levels and underspends over the previous five years:

Capital Resource Trends	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Charge against CRL	8.9	16.0	32.0	26.2	35.6
Capital Resource Limit	12.1	16.2	32.4	26.6	36.8
Under/(Over) spend against CRL	3.2	0.2	0.4	0.4	1.2

The Trust has consistently remained within its Capital Resource Limit.

Break-even duty

Each NHS Trust has a statutory duty to break-even taking one year with another, measured as the Income and Expenditure position adjusted for specific technical exclusions. This duty is formally measured over a three-year period or a five-year period if agreed with the Department of Health and Social Care.

The Trust's last formal three-year break-even cycle commenced in 2013/14 and was not met by the end of the period in 2015/16. The Trust has achieved break-even surpluses and met its NHSE control totals in each of the last five financial years. The Trust is not in any financial recovery regime relating to its historic accumulated deficit but is required to achieve the in-year break-even position agreed as part of the Kent and Medway Integrated Care system control totals.



The Trust reported a surplus of £0.158m for 2022/23 against its system control total. In addition, for break duty purposes, a technical adjustment is made to exclude any additional cost of on balance sheet PFI arrangements against their off-balance sheet equivalent. Therefore, against the break-even duty the Trust reported a surplus of £0.678m for 2022/23.

The table below shows the break-even duty trend for the last 7 years. Since the Trust's last posted deficit position in 2017/8, the cumulative break-even position has been halved, and its percentage of operating income has reduced to close to 4%.

Break-even duty performance	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Break-even duty in-year	(10,790)	20,324	7,587	330	231	678
Break-even duty cumulative position	(58,270)	(37,946)	(30,359)	(30,029)	(29,798)	(29,120)
Operating income	440,269	473,169	513,056	564,196	623,891	680,301
Cumulative break-even percentage of operating income	(13.2%)	(8.0%)	(5.9%)	(5.3%)	(4.8%)	(4.3%)

Accounting Issues

The Accounts have been prepared in accordance with guidance issued by the Department of Health and Social Care and in line with International Financial Reporting Standards (IFRS) as applied in the Department of Health and Social Care Group Accounting Manual. The accounts were prepared under the "Going Concern" concept in line with the Department of Health and Social Care Group Accounting Manual requirements for management consideration. This has been set out in the "Overview" section above.

External Auditors

The Trust's External Auditors are Grant Thornton UK LLP. Their charge for the year was £125,000 excluding VAT (in 2021/22 this was £86,600 excluding VAT). No audit of the Quality Accounts has been required in 2022/23. Grant Thornton UK LLP did not undertake any non-audit work for the Trust in 2022/23.

Looking forward to 2023/24

The Trust has gone through a business planning process including a financial plan. The Trust will have signed contracts in place for the provision of healthcare services in 2023/24. The Trust contracts will be held with the local commissioning bodies for patient care in Kent & Medway, Sussex, Surrey Heartlands and South East London. In addition, regional contracts for Specialised Commissioning, Public Health and Health and Justice will be agreed, signed and effective from April 2023 with NHS England. The planned financial regime provides certainty for income and cash flows for the full financial year 2023/24. The contracts reintroduce a variable element linked to elective activity.

The Trust is planning to deliver a break-even position in 2023/24. There is a Cost Improvement Programme of £31.8m and a contingency of £1.2m. The plan includes increased funding for inflation, in particular energy and the PFI contract.

Statement of Comprehensive Income	2023/24 (plan) £m
Income	675.7
Operating expenses	(667.1)
Operating surplus / (deficit):	8.6
EBITDA%	8%
Finance income	0.4
Finance expense	(19.4)
PDC dividend charge	(6.9)
Net finance costs	(25.9)
Other gains / (losses)	0.0
Surplus / (deficit) for the year before technical adjustments	(17.3)
Technical adjustments	17.3
Surplus / (deficit) for the year after technical adjustments	0.0

Capital allocations and expenditure are managed at the ICS system level. For 2023/24 the Trust's agreed initial control total is £14.02m comprising £9.02m of internally generated and financed resource and £4.96m of system PDC relating to the Hyper Acute Stroke Unit. In addition the Trust will be funded for the PFI Lifecycle costs (£1.51m). The Trust's plan also includes £22.47m national funding to support the Kent and Medway system orthopaedic theatre development, which was approved as a full business case in June 2023 and £0.09m

agreed digital diagnostic funding. The total planned purchased and donated capital programme for 2023/24 is a total of £39.44m.

The Trust has also included £29.48m of in-year IFRS 16 new lease capital resource to cover planned additions (£25.03m) and remeasurements arising from rent reviews or the application of contractual rent uplifts (£4.45m). This is also subject to approval and confirmation of this element of the financial regime for 2023/24. The most significant element of the additions is the initial lease capitalisation of the Kent and Medway Medical School Accommodation building (£15.3m) on the TWH site that the Trust will recognise under IFRS 16 when it becomes available for use.



Countering fraud, bribery and corruption

The Trust has a range of policies and procedures in place to identify and respond to risks of fraud, bribery and corruption, including an “Anti-fraud, bribery and corruption policy and procedure”; “Conflicts of interest policy and procedure”; “Standing Financial Instructions”; “Risk management policy and procedure”, “Serious Incidents (SI) policy and procedure”, and the “People policies manual: Freedom to speak up: raising concerns” as well as policies relating to, for example, employee verification checks etc. Such policies are available to all staff via the Trust’s Intranet system. The Trust’s local Anti-Crime Specialist (ACS) is a mandated consultee for such policies. In addition, the ACS undertakes a programme of work for the Trust which aims to prevent, deter and detect fraudulent activity. The outcomes of the work are reported to the Audit and Governance Committee, which in turn provides a summary report on its own

activity to the Trust Board.

Quality Accounts 2022/23

The Trust’s Quality Accounts for 2022/23, which are scheduled to be approved by the Trust Board in June 2023, can be found on the Trust’s website at <https://www.mtw.nhs.uk/about-us/publications/>.

Performance report for 2022-2023: Sustainability report





As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of the rising cost of natural resources. The commitment to this agenda was reaffirmed in

the NHS Long Term Plan with clear targets on carbon and air pollution. Demonstrating that we consider the social, economic and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In order to fulfil our responsibilities for the role we play, Maidstone and Tunbridge Wells NHS Trust has the following sustainability mission statement located in our Green Plan: "The provision of Sustainable and Resilient Healthcare and Buildings to ensure Healthy People and Places in Maidstone and Tunbridge Wells NHS Trust".

As the largest public sector emitter of carbon emissions, the health system has a duty to respond to meet the targets which are entrenched in law.

The pandemic, and the increased activity associated with it, has had a significant impact on the emissions associated with the supply chain and procurement activities of the Trust, and has seen a reduction in recycling performance. We are pleased to report that many data sets are returning to pre-pandemic levels and we are committed to maintaining this reduction where operationally possible.



Policies

In order to embed sustainability within our business it is important to explain where in our process and procedures sustainability features.

One of the ways which we embed sustainability is through the use of a Green Plan within the Trust. Our Green Plan has been reviewed in the last 12 months and approved by the Trust Board. We have established a Green Committee to drive our sustainability performance in the next 12 months, the committee is representative of all departments and services and is led by a member of the Trust Executive. In addition to this we have established a Green Team to identify initiatives at a grass routes level within the Trust and to lead on implementation of the projects that we are running.

We also recognise that our procured services have a substantial sustainability impact. Part of the tender process identifies the key elements of every product to ensure that it is suitable for the Trust. The Trust also

requires suppliers to confirm the products adhere to the NHS terms and conditions. This ensures compliance with the environmental and sustainability requirements.

Our statement on Modern Slavery is that the Trust uses NHS terms and conditions. The Modern Slavery act is included within these terms and conditions and suppliers must confirm they comply as part of any contract they sign with us.

We comply with the Public Services (Social Value) Act by ensuring that at least 10% of our tenders relate to social and environmental impact of the services being procured. If they are critical to that service, then they will be included within the KPIs for ongoing monitoring and management.

We are proud to have recruited a sustainability / net zero buyer to our Procurement Team who will take a lead in ensuring that all procured services deliver value for money and align to our net zero trajectory and commitments.

As an organisation that acknowledges its responsibility towards creating a sustainable future we help achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff and encouraging all members of the organisation to act in a sustainable manner.

Adaptation

Climate change brings new challenges to our organisation, 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. Our Board approved plans address the potential need to adapt the delivery of the organisation's activities and infrastructure to climate change and adverse weather events.

Events such as heatwaves, cold snaps and flooding are expected to increase as a result of climate change. To ensure that our services continue to meet the needs of our local population during such events we have developed and implemented a number of policies and protocols in partnership with other local agencies.

Green space and biodiversity

The Trust recognises that its grounds and green spaces are an asset, both due to the natural capital that they represent as a habitat and ecosystem, but also as a resource for local communities to utilise and enjoy.

We also continue to work with a wide range of volunteers and partners to provide spaces within the hospital grounds where patients and visitors can access non-clinical environments to improve mental and physical wellbeing.

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.

For commissioned services the Integrated Care Boards (ICBs) that we engage with are NHS Kent and Medway ICB and NHS East Sussex ICB.

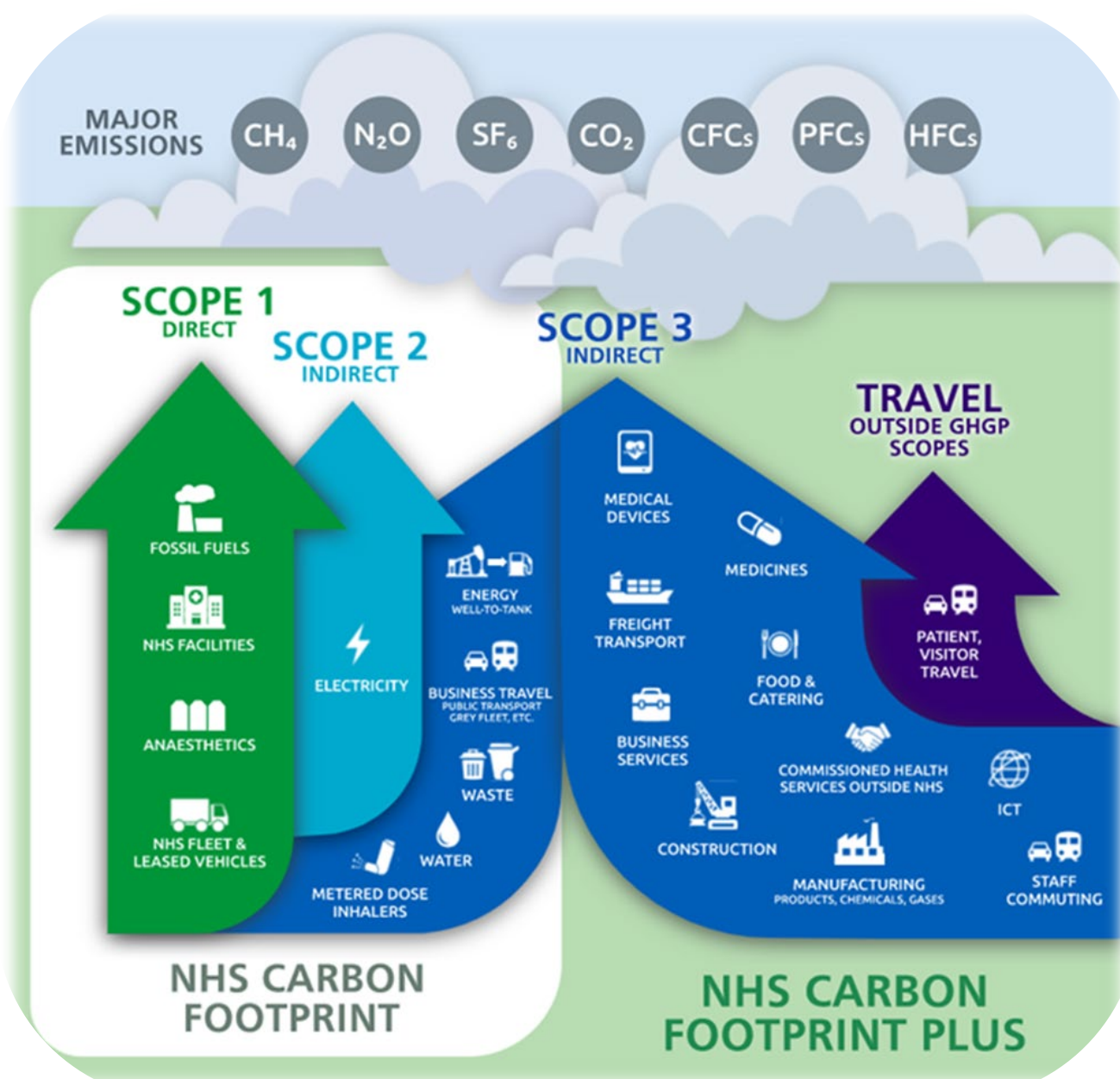
Performance

Organisation

Since the 2007 baseline year, the NHS has undergone a significant restructuring process and one which is still on-going. In the last year the Trust has continued to remodel and commission new areas which has resulted in a continually expanding operational footprint.

Context info	2007/8	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Floor space (m ²)	109,896	138,533	138,533	138,533	138,533	134,083	133,111	134,371	135,396
Number of staff (WTE)	3,969	4,678	5,130	5,022	5,153	5,313	5,866	6,220	6,626 ⁶

The NHS has responded to the amended Climate Change Act by committing to be net zero by 2040 for the emissions that are directly controlled, called the 'NHS carbon footprint', and the net zero by 2045 for the emissions that are influenced, called the 'NHS carbon footprint plus'.

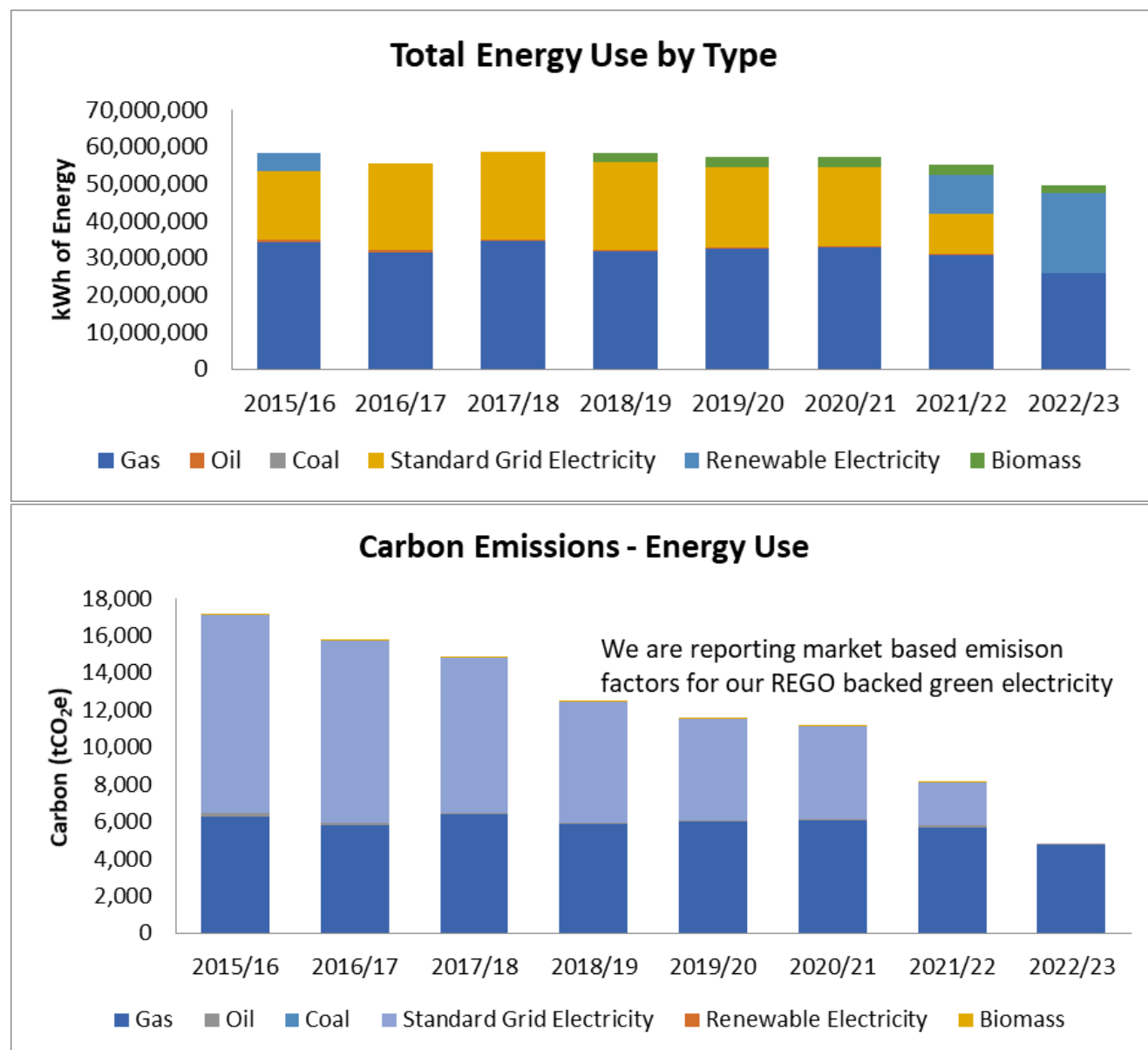


⁶ Readers will note that this figure is different to the WTE figure reported in the "Staff numbers and costs" table within the "Remuneration and Staff Report". This difference arises because there is a difference between "contracted", "worked" and "paid" staff; and the figure in the "Staff numbers and costs" table is an average over the year and is based on when staff are paid (therefore any staff on unpaid leave i.e. maternity leave, long term sickness absence etc. do not feature)

Energy

Managing energy is one aspect of reducing carbon emissions. Maidstone and Tunbridge Wells NHS Trust has spent £4,762,269 on energy in 2022/23, which is a 32% decrease on energy spend from last year. We have been able to now see benefits from our procurement options and have been fortunate to be sheltered from the worst of the market fluctuations.

The Trust has moved to a 100% renewable energy contract for electricity, allowing us to report a zero emissions factor for electricity used since 1st October 2021.



The Trust has continued to drive down energy consumption with an overall reduction of 10% in total energy consumption against last year. This has been largely led by a 15% reduction in gas consumption.

Resource		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Gas	Use (kWh)	34,139,781	31,605,108	34,671,340	31,855,591	32,475,249	32,920,550	31,032,244	25,991,178
	tCO ₂ e	6,284	5,804	6,385	5,860	5,971	6,053	5,684	4,735
Oil	Use (kWh)	635,116	532,926	313,362	280,800	273,640	224,294	521,694	346,712
	tCO ₂ e	172	147	86	78	70	58	134	88
Biomass	Use (kWh)	1,301,508	1,092,859	2,044,204	2,362,000	3,029,000	2,701,000	2,677,000	2,055,000
	tCO ₂ e	14	12	22	25	32	28	28	22
Standard Grid Electricity	Use (kWh)	18,564,756	23,456,861	23,799,662	23,661,820	21,578,000	21,452,491	10,917,054	0
	tCO ₂ e	10,673	9,748	8,319	6,482	5,515	5,001	2,318	0
Renewable Electricity	Use (kWh)	4,892,105	0	0	0	0	0	10,437,727	21,505,961
	tCO ₂ e	0	0	0	0	0	0	0	0
Total energy kWh		59,533,266	56,687,754	60,828,568	58,160,211	57,355,889	57,298,335	55,083,562	49,522,139
Total energy tCO ₂ e		17,129	15,699	14,790	12,420	11,556	11,112	8,022	4,735
Total energy spend		£ 3,919,681	£3,835,790	£4,535,611	£4,912,381	£4,762,269	£4,263,339	£7,025,269	£4,762,269

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

Paper

The movement to a Paperless NHS can be supported by staff reducing the use of paper at all levels, this reduces the environmental impact of paper, reducing cost of paper to the NHS and can help improve data security. We are happy that we have continued the trend to reduce our paper consumption and have achieved an 11% reduction against 2021/22

Paper		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Volume used	Tonnes	61	90	62	68	48	43
Carbon emissions	tCO ₂ e	58	85	58	64	45	40

Travel

We can improve local air quality and carbon emissions through the way we design travel and our services. We have a clear policy on healthy travel for our organisation and we promote healthy and sustainable travel to our stakeholders (staff, patients and the public).

Every action counts and we are a lean organisation trying to realise efficiencies across the board for cost and carbon (CO₂e) reductions. We support a culture for active travel to improve staff wellbeing and reduce sickness. Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors, and are caused by cars, as well as other forms of transport.

Category	Mode	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Patient & visitor travel	Miles ^{Q2}	107,404,988	112,158,231	115,563,332	121,747,529	118,743,943	110,617,477	120,604,241	44,174,138
	Miles	38,841.48	40,535.15	41,178.09	44,890	41,040	38,232	33,282	12,144
Business travel & fleet	Miles	1,319,789	1,037,636	1,059,360	0	569,989	265,695	735,082	635,651
	tCO ₂ e	477	375	377	0	197	92	243	111
Staff commute	Miles	4,493,769	4,927,968	4,824,221	4,824,221	5,105,793	5,637,226	5,977,420	6,367,586
	tCO ₂ e	1,625	1,781	1,719	1,779	1,765	1,948	1,650	1,758

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

^{Q2} Totals for previous years have been re-stated due to patient & visitor travelled mileages and associated carbon footprint being automatically calculated using externally provided intensity figures

Waste



N.B. High temperature ("High Temp") disposal is the incineration of clinical waste. There is no energy recovery from this process at the current time. The Trust sends domestic waste to an 'energy from waste' facility, and this is classed as "Other recovery". Energy from waste cannot be classed as recycling, as that refers to taking a used item, turning it into a raw material and using that as a basis to manufacture a new product. 'Energy from waste' is about recovering the embedded energy within a product and is lower down the waste hierarchy, this being: reduce (the amount of waste being produced); reuse (items in their existing form); recycle (into new products); recover (the embedded energy); or dispose (through landfill).

Waste		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Recycling	(tonnes)	107	115	468	372	472	258	494	524
	tCO ₂ e	2	2	7	8	8	5	10	11
Other recovery	(tonnes)	248	756	937	1040	1281	1206	1208	1245
	tCO ₂ e	16	16	15	15	27	25	25	26
High Temp disposal	(tonnes)	679	639	592	614	621	704	792	755
	tCO ₂ e	149	141	190	192	137	155	175	167
Landfill	(tonnes)	724	265	0	0	0	0	0	0
	tCO ₂ e	177	82	0	0	0	0	0	0
Total waste (tonnes)		1758	1775	1997	2026	2374	2168	2494	2524
Total waste tCO ₂ e		333	241	211	215	174	186	211	203
Recycling (% all waste)		6%	6%	23%	18%	20%	12%	20%	21%

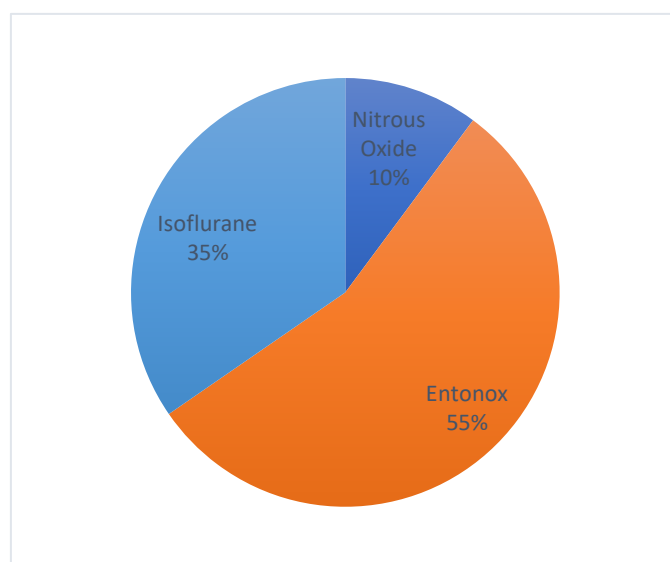
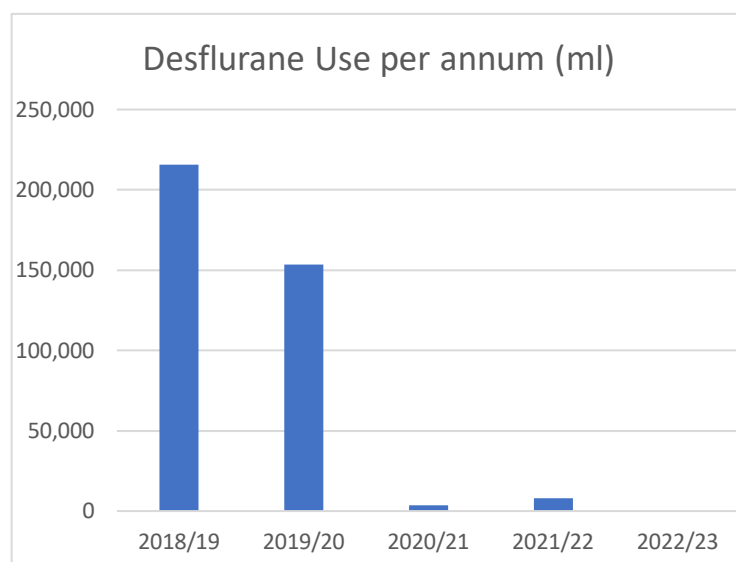
We accept that a large proportion of our waste cannot be recycled through traditional channels because it is clinical waste, however we are pleased that the proportion of our total waste that is being recycled continues to increase.

Finite resource use - water

We are pleased to see that our total water consumption has dropped against 2021/22. This is partially due to the closure of some accommodation units.

Water	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Mains m ³	205,246	209,205	225,383	211,936	237,616	218,494	234,048	211,746
tCO ₂ e	187	190	205	193	216	199	213	192
Water & Sewage Spend	£582,869	£661,990	£761,100	£758,895	£959,889	£768,234	£835,040	£734,156

Anaesthetic Gases



As a Trust we recognise that anaesthetic gases are significant contributors to climate change, and that some gases are much more harmful than others. In the last year we have undertaken comprehensive audits of our manifolded systems for Nitrous Oxide and Entonox and are committed to eliminating wastage within these systems.

We are very proud that we have used no desflurane or sevoflurane within the last year and are committed to maintaining this record.

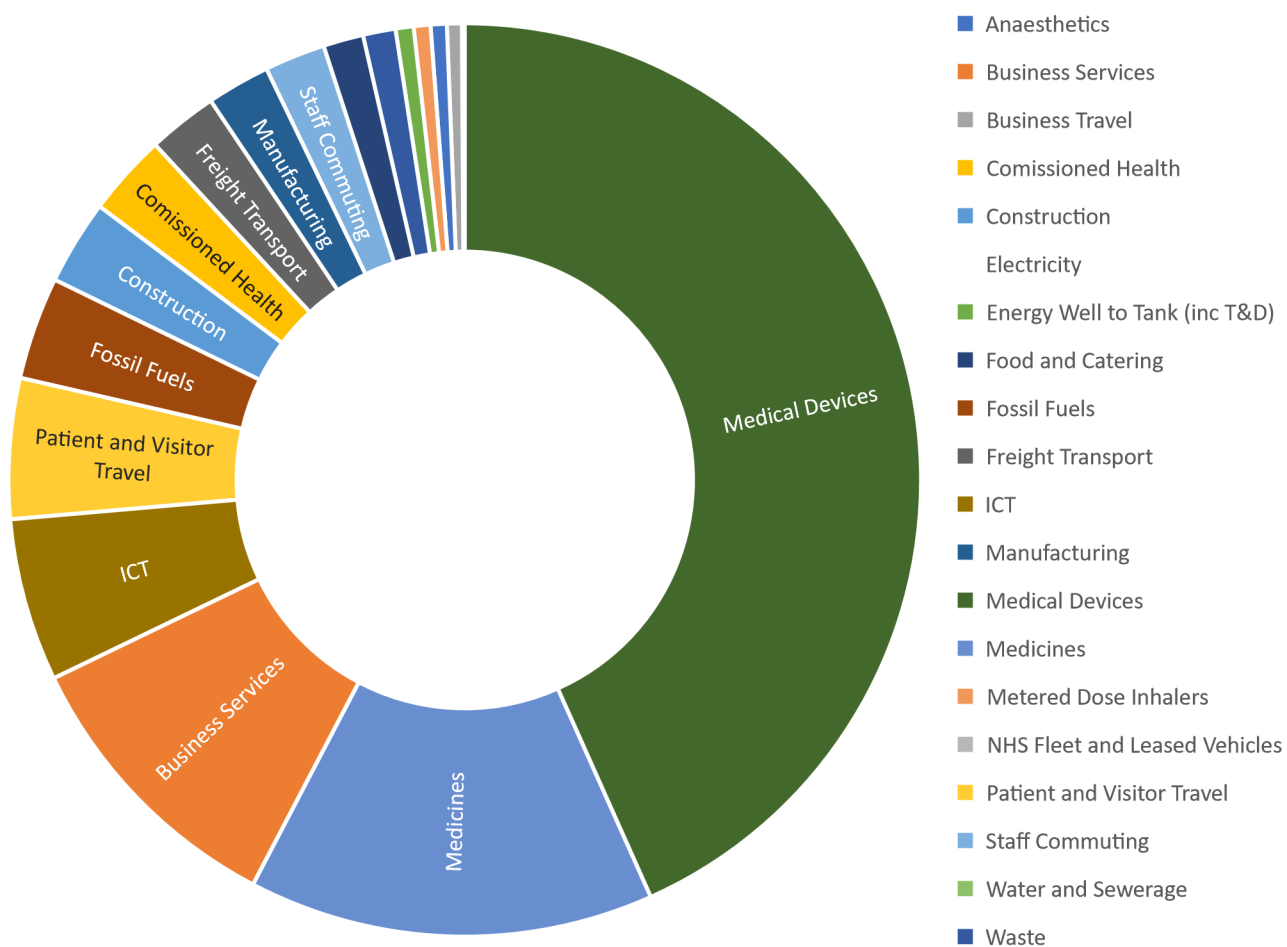
In 2022/23 our anaesthetic gases accounted for 682.4tCO₂e.

Modelled Carbon Footprint

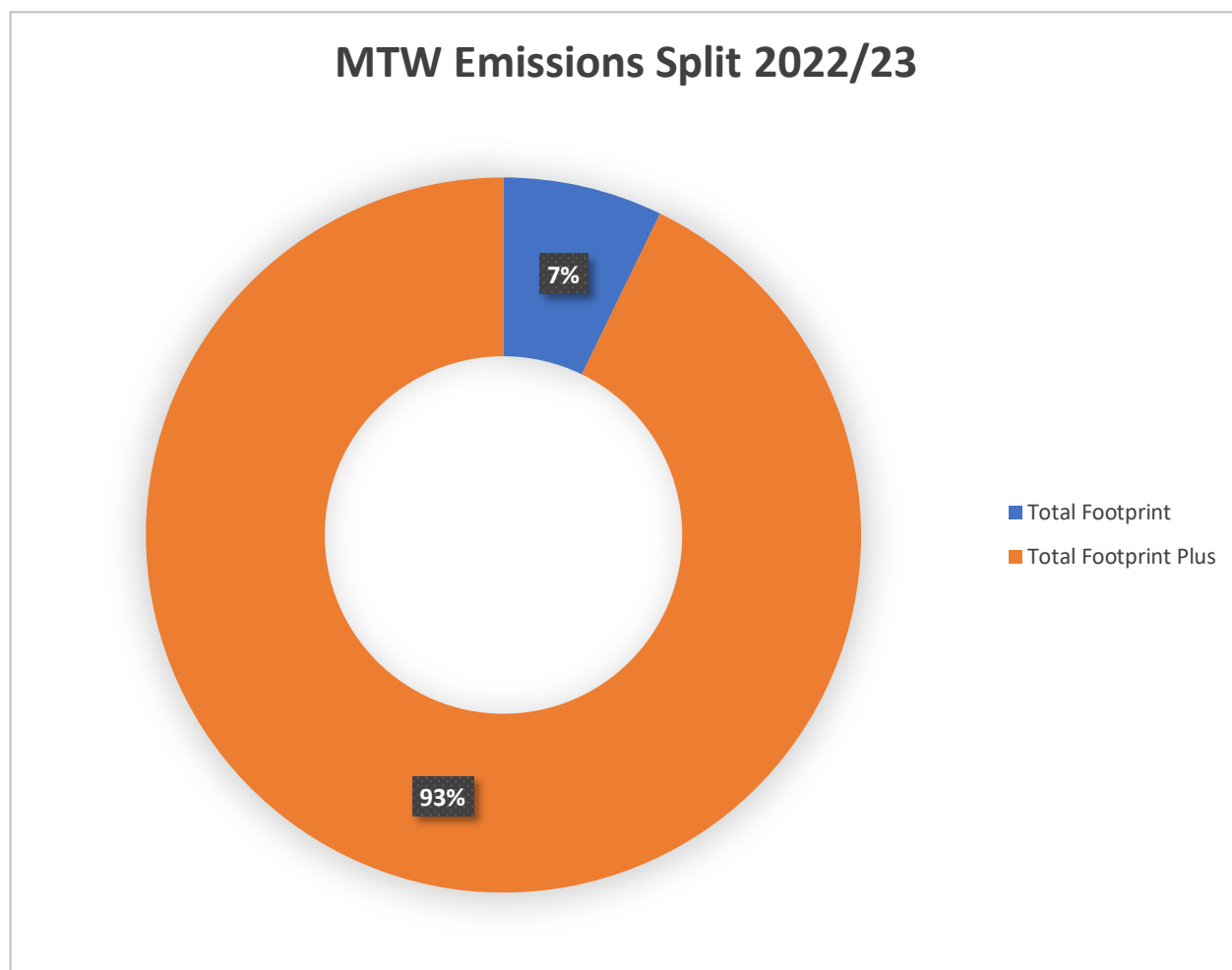
The data presented so far in this report largely refers to the sources responsible for the "NHS Carbon Footprint", however we recognise that the "NHS Carbon Footprint Plus" produces a significantly larger footprint and this has been calculated below.

The measurement of supply chain emissions is not a precise art and the methodologies used are evolving on an annual basis as more and more data becomes available. This means that the figures being reported are always indicative and not precise however the proportions of the total footprint are largely accurate.

MTW Complete Emissions Breakdown 2022/23

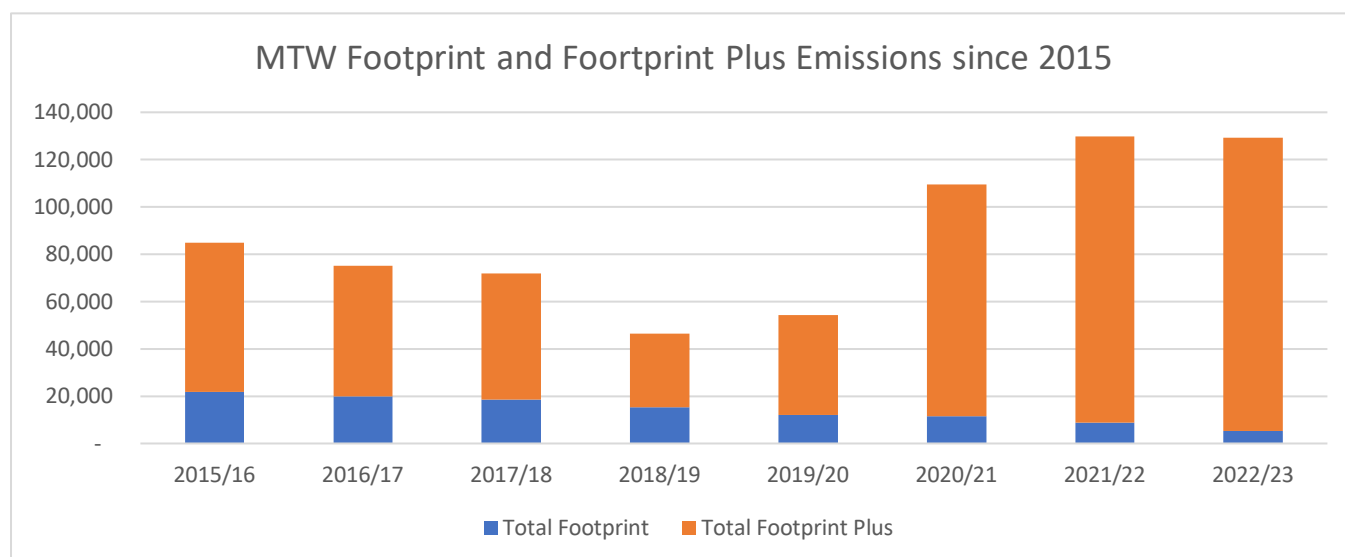


The above chart shows the components of the entire carbon footprint and footprint plus of the Trust in 2022/23. It is apparent that the largest components are from supply chain emissions associated with medical devices, medicines, business services and ICT. We are committed to working with our supply chain partners and the wider NHS community to reduce these.



The above chart shows that the majority of the emissions associated with the Trust are based within the supply chain.

Emissions trajectory



The above graph is a retrospective calculation of the emissions associated with our supply chain using current analytical methods.

We acknowledge that emissions associated with our supply chain have grown in recent years. This is partially due to increased operational output and expenditure and partially attributed to new data being available for analysis.

We are proud of the clear reductions that have been made to the emissions from the carbon footprint.

Declaration

I confirm adherence to the reporting framework in respect of the Performance Report.



Miles Scott, Chief Executive

22nd June 2023

Accountability report for 2022-2023: Corporate governance report



Directors' report

The Trust Board

The Trust Board meets every month (with the exception of August) in public (a 'Part 1' meeting), the Trust Board meeting continued to be 'livestreamed' to the Trust's YouTube channel during 2022/23 (<https://www.youtube.com/channel/UCBV9L-3FLrluzYSc29211EQ>) to support increased accessibility, in terms of observing the proceedings, for members of the public. The agenda and reports for the meetings, which took place either in a face-to-face / in-person setting or via a webconference, were made available via the Trust's website (see www.mtw.nhs.uk/about-us/trust-board/). The Trust Board formally operates in accordance with its Terms of Reference, the Trust's Standing Orders, Scheme of Matters Reserved for the Board and Scheme of Delegation, and Standing Financial Instructions.

The role of the Trust Board is to determine strategy and policy for the Trust, to monitor in-year performance against plans, to ensure accountability by holding the organisation to account for the delivery of strategy, and to ensure the Trust is well managed and governed. The Trust Board comprises the roles of Chair (Non-Executive), five other Non-Executive Directors (voting members), the Chief Executive, and four other voting members of the Executive Team. Seven other non-voting Directors also attend Trust Board meetings, and contribute to its deliberations and decision-making. The Non-Executive Directors (NEDs) bring a range of skills and expertise from outside the NHS; their role is to hold the members of the Executive Team to account.



The Trust Board membership underwent the following changes during the course of the year

- ▶ Amanjit Jhund, Director of Strategy, Planning and Partnerships, left the Trust Board on 29/04/22
- ▶ Rachel Jones, Director of Strategy, Planning and Partnerships, joined the Trust Board on 30/05/22
- ▶ Alex Yew, Associate Non-Executive Director, joined the Trust Board on 27/03/23

The Trust Board also held two 'away days' in the year, in June 2022 (which focused on the role and membership of the Trust Board's sub-committees, in response to the Exceptional People Outstanding Care Programme; and the Trust's annual plan for 2022/23) and December 2022 (which focused on systems and place-based working; and a horizon scanning exercise). The programme of Trust Board Seminars that was established in 2017/18 was reinstated during 2022/23, and four Trust Board Seminars were held in the year, in October 2022 (which focused on the potential options to further develop the Trust's Integrated Performance Report (IPR) and Risk Register), November 2022 (which focused on Cyber Security training), February 2023 (which focused on Care Quality Commission (CQC) inspection preparedness) and March 2023 (which focused on horizon scanning by utilising a PESTLE (Political, Economic, Social, Technological, Legal and Environmental) analysis).

Trust Board Members

Taking into account the wide experience of all Trust Board Members, the balance and completeness of the Board is considered to be appropriate. At the end of 2022/23, the Trust Board had the following members:

David Highton

Chair of the Trust Board*



David joined the Trust Board on 8th May 2017. He was previously Ministerial Advisor on Private Sector Involvement and Public Private Partnership to the Minister of Public Health in Qatar. Since 2011 he was Executive Director of Corporate Development at Hamad Medical Corporation, the main public hospital provider in Qatar. Over that time he has also been Chair of Sussex Health Care Audiology Ltd, a business delivering age-related hearing assessments in the community in Surrey, Sussex and Berkshire, and a Director of Clearview Healthcare, a Delhi-based company providing operator managed equipment services to the growing private hospital market in India. Prior to moving to Qatar, David worked in the independent health sector, including being director of his own consulting company and heading up Business Development for Medihome Ltd, a successful acute home healthcare provider. David was an NHS Chief Executive from 1991 to 2003, including the Chelsea and Westminster Hospital NHS Trust and the Oxford Radcliffe Hospitals NHS Trust. Originally a Chartered Accountant, David worked in publishing, property services, the brewing industry, an industrial starches business and in the City, before joining the NHS as a Finance Director in 1990. David, who is married and has a grown-up family, has strong links with Kent, having spent his childhood in Meopham and Sittingbourne, and currently lives in Maidstone and in Witney in Oxfordshire

Miles Scott

Chief Executive*^Σ



As the Trust's "Accountable Officer", Miles is responsible for the overall development and performance of the Trust. In addition to being a Board member, he attends several Board sub-committees. Miles joined the Trust on 8th January 2018. Miles has over 30 years' experience in the NHS encompassing acute, community and mental health services, the Department of Health and the King's Fund. Miles is actively involved in the Kent and Medway Integrated Care System (ICS), chairing a number of key committees, which includes the Kent and Medway Cancer Alliance; the Kent and Medway Pathology Network; the Kent and Medway Imaging Network; and the Kent and Medway Elective Care Programme Board. Miles is also the Senior Responsible Owner (SRO) for the West Kent Health and Care Partnership (HCP). Prior to joining MTW Miles worked as Improvement Director at NHS Improvement. He was previously Chief Executive of St George's University Hospitals Foundation Trust (2011 to 2016) and prior to that Chief Executive at Bradford Teaching Hospitals NHS Foundation Trust (2005 to 2011) and Harrogate and District NHS Foundation Trust (2001 to 2005). Miles is married to Abbie and has two children. He lives in south west London with his family.

Sean Briggs

Chief Operating Officer*^Σ



Sean joined the Trust as Chief Operating Officer designate in November 2018 and became the substantive Chief Operating Officer and member of the Trust Board on 3 December 2018. Sean has a broad experience working within a variety of healthcare settings, but has spent most of this time in the acute setting in hospitals such as St George's NHS Foundation Trust and Epsom and St Helier Hospital, where he held a number of senior managerial roles. Sean is passionate about improving clinical engagement and patient care across the Trust, and has a strong track record in improving hospital operational performance whilst delivering a number of high profile clinical strategic changes, most notably the development of the 24/7 Thrombectomy service at St George's.

Maureen Choong

Non-Executive Director*^Π



Maureen joined the Board in August 2017 as an Associate Non-Executive Director, and was then appointed as a substantive Non-Executive Director in November 2017. She is a Registered Nurse with over 40 years of clinical and leadership experience within the NHS, prior to her retirement in 2016 from her role as Clinical Quality Director with NHS Improvement. Her previous roles included Deputy Chief Nurse with NHS London and both clinical and Director roles in NHS Trusts. Since retirement, Maureen has worked with Health Education England as an Improvement Associate. In addition to her role on the Trust Board, Maureen chairs the Quality Committee, and is Vice-Chair of the Audit and Governance Committee; and a member of the Remuneration and Appointments Committee. Maureen is married with two stepchildren and lives in Kent.

* Denotes Trust Board members with voting rights

^Σ Denotes member of the Executive Team

^Π Denotes Audit and Governance Committee members

Karen Cox

Associate Non-Executive Director



Professor Karen Cox joined the Trust Board at the end of June 2019. Karen is currently Vice-Chancellor and President of the University of Kent. Karen graduated from King's College London with a BSc (Hons) and her Registered General Nurse (RGN) qualification in 1991. She has held a number of clinical posts in Oxford, Southampton, Gloucestershire and Nottingham, specialising in Oncology and Community Health Care (District Nursing). Karen completed her PhD at University of Nottingham, funded by the Cancer Research Campaign and was appointed a Professor in 2002. She served as Head of the School of Nursing from 2002 until 2007, joined the senior leadership team as a Pro Vice-Chancellor from 2008 until 2013 and became Deputy Vice-Chancellor from 2013 to 2017. Karen is also a board member of the Nursing and Midwifery Council (NMC). In addition to her role on the Trust Board, Karen is a member of the Charitable Funds Committee, and People and Organisational Development Committee.

Richard Finn

Associate Non-Executive Director



Richard joined the Trust Board in November 2019. He is currently Managing Director of Richard Finn Ltd, an international management consultancy, where he specialises in providing advice on change, organisation development, governance and leadership. Previously he was a Managing Director at Penna PLC, a Director at Crane Davies and Marketing Director at Henley Distance Learning, a division of Henley Management College. Richard has a London BSc (Econ) and Cert Ed (FE), an MA in Management from the University of Kent and CDir from the Institute of Directors. He has been a Fellow of the Chartered Institute of Personnel and Development, Institute of Directors and the Chartered Institute of Marketing. He was a member of the Kent Business Advisory Board from 2014 to 2020 and Chairman of Kent Music from 2007 to 2017. He was a member of the Nominations and Governance & Audit Committees of the Lord's Taverners until 2023 and as a Liveryman of the City of London, was Chairman of the Pro-Bono Committee of the Livery Company of Management Consultants. In addition to his role on the Trust Board, Richard is the Vice Chair of the People and Organisational Development Committee and a member of the Finance and Performance Committee. Richard has lived all his married life in Kent and currently lives in Detling.

Neil Griffiths

Non-Executive Director* Π



Neil joined the Board as an Associate Non-Executive Director in June 2018, and was appointed a substantive Non-Executive Director in February 2019, when he also assumed the chair of the Finance and Performance Committee. Neil is a career healthcare executive and Board leader with over 25 years public and private sector experience. His career has included strategic, operational, change management and commercial roles in and around hospitals in the UK. Neil was previously a Board member and Deputy Chief Executive at University College London Hospitals NHS Foundation Trust, a leading acute academic hospital provider in the UK. Neil's other career experience includes helping lead the team and development of the McKinsey Hospital Institute (MHI) in the UK as part of a global initiative for McKinsey & Company to develop analytical tools and performance improvement support for hospitals. Neil is currently Managing Director of TeleTracking Technologies in the UK, a global leader in the provision of services and technology supporting healthcare organisations to improve productivity and patient flow. Neil is also the Vice Chair of the Trust Board, and a member of the Audit and Governance and Remuneration and Appointments Committees. Neil has been a local resident for 12 years, is married with two children and lives in Tunbridge Wells.

Jo Haworth

Chief Nurse* Σ



Jo Haworth joined the Trust Board in August 2021. She has been qualified as a Registered General Nurse for over 20 years. Jo initially specialised in Emergency Nursing at The Royal London Hospital where she worked for over 15 years. Jo has since held a number of senior nursing leadership positions in a wide range of clinical services, including community and mental health services across London. Latterly she was the Deputy Chief Nurse at King's College Hospital NHS Foundation Trust. Jo has a particular interest in the connection between mental and physical health and is passionate about improving this for patients.

* Denotes Trust Board members with voting rights

Σ Denotes member of the Executive Team

Π Denotes Audit and Governance Committee members

Rachel Jones

Director of Strategy, Planning and Partnerships^Σ



Rachel joined the Board in May 2022. Rachel has 30 years' NHS experience which started when she qualified as a diagnostic radiographer. For the next 10 years she worked in this field in acute hospitals in Birmingham, Manchester and Preston, more latterly specialising interventional radiology. She moved to Kent 19 years ago and broadened her experience working in a Strategic Health Authority, focusing on service improvement and two years focusing on contracts and performance management. From 2011 to 2014 she was the Divisional Director for Surgical Services at East Kent Hospitals University NHS Foundation Trust before moving to be the Director of Strategy and Business Development until 2017. From there she spent a short time in a Clinical Commissioning Group (CCG) before moving to the Sustainability and Transformation Partnership (STP) to lead strategic change programmes across Kent and Medway, including Stroke, Vascular and East Kent Transformation. During her time there she also led on Children and Young People, Learning Disability & Autism and Cancer. In April 2020 she became the Executive Director for Strategy & Population Health for Kent and Medway CCG and she moved to Maidstone and Tunbridge Wells NHS Trust from that role.

Peter Maskell

Medical Director^{*Σ}



Peter joined the Trust Board in February 2017. He qualified from The Royal Free Hospital School of Medicine in 1995 and trained in general and elderly medicine at St Thomas' Hospital/Brighton and Sussex University Hospital, where he also studied for an MSc in gerontology and cognitive decline. Peter became a Consultant in General and Geriatric Medicine with an interest in Stroke medicine at the Trust in 2005, and became clinical lead in 2007. Peter was appointed as Medical Director of Kent Community Health NHS Foundation Trust in 2012 and during his time there, the Trust attained Foundation Trust status and a 'good' rating from the CQC. Clinically, Peter continues to have interests in Stroke, frailty and liaison geriatrics.

David Morgan

Non-Executive Director^{*Π}



David joined the Trust Board in August 2019. His career has been spent in natural resources, chemicals and technology. He worked for Johnson Matthey plc for twenty years, including ten years as an executive director, and has served on the boards of a number of other companies, both in the UK and internationally. He is currently the chair of a battery development and manufacturing company, AMTE Power plc and of Nova Pangaea Technologies Limited, a biofuels business. He was previously chair of Nordgold, a gold mining company, deputy chair of an energy technology company, SFC Energy AG, and the senior independent director at the Royal Mint. David is a chartered accountant, having qualified with KPMG, and chairs the Trust's Audit and Governance and Charitable Funds Committees. Away from work David volunteers as a mentor to staff and students at Imperial College who are looking to start their own businesses; having previously chaired the advisory board of the Department of Chemistry at Imperial. David has lived in Kent for over twenty years and is married with three sons

Sara Mumford

Director of Infection Prevention and Control



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

Steve Orpin

Deputy Chief Executive / Chief Finance Officer^{*Σ}



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

* Denotes Trust Board members with voting rights

Σ Denotes member of the Executive Team

Π Denotes Audit and Governance Committee members

Emma Pettitt-MitchellNon-Executive Director*[¶]

Emma joined the Trust Board in June 2018 as an Associate Non-Executive Director and was appointed as a substantive Non-Executive Director in August 2019. Emma is a highly experienced senior executive with over 21 years' experience with one of the largest retailers (UK and globally) and FTSE 100 company. Uniquely Emma has worked extensively as a director in both the private and public sector, previously working for Kent County Council. Emma is also an experienced executive and team coach. In addition to her role on the Trust Board, Emma chairs the People and Organisational Development Committee, is Vice Chair of the Patient Experience Committee and is a member of the Audit and Governance Committee and Remuneration and Appointments Committee. Emma lives in Kent with her husband and three children.

Sue SteenChief People Officer^Σ

Sue joined the Trust in April 2021. She has over 30 years' experience of working in the public and not for profit sector, starting her career as a graduate trainee in local government with Coventry City Council. She was previously Deputy Chief Executive, People and Organisational Strategy, at St John in New Zealand where she lived for four years. Prior to this she was the Director of Corporate Services at the National Crime Agency and previously, Director of Human Resources and Governance at South Western Ambulance NHS Foundation Trust. Sue has a Human Resources and Organisational Development background and is passionate about employee engagement, building high performing teams and creating positive working environments where people can thrive. She is motivated by working in public and health related services that make a difference in people's lives. Sue is married to Steve, and between them they have four grown children. She loves travelling, theatre and spending time with family and friends.

Jo Webber

Associate Non-Executive Director



Jo Webber joined the Trust Board at the end of November 2019. Jo is currently Chair of In Control, a national charity working for an inclusive society supporting people with disabilities to live independently. Jo graduated from Surrey University with a BSc (Hons) in Human Biology, is a Registered General Nurse (RGN) with a specialist District Nursing qualification and has a Masters degree in Primary Health Care. She has held board level operational and clinical management posts in Community Health and Primary Care Trusts in Nottingham. In 2004 Jo moved to the NHS Confederation, working for eight years analysing the impact of new health policy on health and social care and working nationally to influence its development and delivery. She was a Trustee of the Burdett Trust for Nursing for nine years, giving grants to support nursing research and leadership development. She has a keen interest in improving joint working and integration within and between the NHS and local government, both nationally and on a local level, to deliver better co-ordinated and more responsive services for patients and their carers. In addition to her role on the Trust Board, Jo is Vice-Chair of the Quality Committee and a member of the Charitable Funds Committee.

Wayne WrightNon-Executive Director*[¶]

Wayne joined the Trust Board in January 2022. Wayne has worked in some of the most celebrated corporate entities as well as fast growing medium sized businesses at senior and board levels. His experience is in the building of businesses from the bottom up, with a clear understanding of the strategic elements essential in driving successful growth. With a scientist background he is named on nine patents. Wayne has investments in healthcare businesses in the UK and US, and for the last 20 years has led [W]sq solutions, a small boutique entrepreneur coaching organisation that works with fast growing businesses in accelerating growth and profitability. His corporate and turnaround experience for venture capitalists and the serving of those high growth businesses, have created learning and principles that have been packaged into his new book, 'The Ten Commandments of Business Growth' and discussed in depth through his new breakthrough online course for business leaders and their executive teams 'Business Growth, Strategy and Execution Course'. Wayne is active in the Maidstone community where he has lived for over 20 years with his wife and grown up family. He currently owns Maidstone Warriors Basketball Club, the largest youth basketball club in the Kent region and is active in his local church, The Vine, which has a strong reputation in the Maidstone community and schools for supporting those in financial and physical need. In addition to his role on the Trust Board, Wayne is a member of the People and Organisational Development Committee (in his capacity as Wellbeing Guardian), Quality Committee, and Remuneration and Appointments Committee.

* Denotes Trust Board members with voting rights

Σ Denotes member of the Executive Team

¶ Denotes Audit and Governance Committee members

Alex Yew

Associate Non-Executive Director



Alex joined the Trust Board in March 2023. He is currently an Associate Non-Executive Director on the Performance and Investment Committee of the Kent and Medway Integrated Care Board (ICB) and a Non-Executive Director of GCP Infrastructure Investments Limited; Plenary Europe; West Kent Housing Association; and Rockdale Housing Association. Prior to embarking on a portfolio / Non-Executive career. Alex spent more than 25 years as a lawyer, banker and investor. His last executive role was at John Laing, the international infrastructure and energy investor, where he was Senior Advisor to the Chief Executive and Senior Managing Director. Alex was born in Malaysia, was educated and worked in Singapore, and has worked in the City and has lived in Kent for the last 19 years.

* Denotes Trust Board members with voting rights

Σ Denotes member of the Executive Team

Π Denotes Audit and Governance Committee members

Amanjit Jhund, Director of Strategy, Planning and Partnerships (who left the Trust Board on 29th April 2022) also served on the Trust Board during 2022/23.

Statement regarding Directors' disclosure to auditors

Each Director can confirm that they know of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and has taken "all the steps that they ought to have taken" to make themselves aware of any such information and to establish that the auditors are aware of it.

Attendance at Trust Board meetings

There were 11 formal and 2 extraordinary Trust Board meetings in 2022/23. Attendance at each meeting is shown below:

Trust Board Member	April 2022	May 2022	16 th June 2022	30 th June 2022	July 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	20 th March 2023	30 th March 2023
David Highton, Chair of the Trust Board	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Miles Scott, Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apologies
Sean Briggs, Chief Operating Officer	✓	✓	✓	✓	Apologies	✓	✓	✓	✓	✓	✓	✓	✓
Maureen Choong, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Karen Cox, Associate Non-Executive Director	✓	Apologies	✓	✓	Apologies	✓	✓	Apologies	✓	Apologies	✓	✓	✓
Richard Finn, Associate Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apologies	✓
Neil Griffiths, Non-Executive Director	✓	Apologies	Apologies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jo Haworth, Chief Nurse	✓	✓	Apologies	✓	✓	Apologies	✓	✓	✓	✓	✓	Apologies	✓
Amanjit Jhund, Director of Strategy, Planning and Partnerships	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rachel Jones, Director of Strategy, Planning and Partnerships	N/A	N/A	✓	✓	Apologies	✓	✓	✓	✓	✓	✓	✓	✓
Peter Maskell, Medical Director	✓	✓	✓	✓	Apologies	✓	✓	✓	✓	✓	Apologies	Apologies	✓
David Morgan, Non-Executive Director	✓	✓	✓	Apologies	✓	✓	✓	✓	Apologies	✓	✓	✓	Apologies
Sara Mumford, Director of Infection Prevention & Control	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apologies	✓	Apologies	✓
Steve Orpin, Deputy Chief Executive / Chief Finance Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apologies	✓	✓
Emma Pettitt-Mitchell, Non-Executive Director	✓	✓	✓	Apologies	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sue Steen, Chief People Officer	✓	✓	Apologies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jo Webber, Associate Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wayne Wright, Non-Executive Director	✓	✓	Apologies	✓	✓	Apologies	✓	Apologies	✓	✓	✓	✓	✓
Alex Yew, Associate Non-Executive Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓

Appointment and evaluation of Trust Board Members' performance

The Chair of the Trust Board and its Non-Executive Directors are independently appointed by NHS England (NHSE). The Chief Executive and other Executive posts serving on the Trust Board are appointed by the Trust in liaison with NHSE. All members of the Trust Board are subject to a performance framework through which:

- ▶ The Chair of the Trust Board is appraised via a national framework operated by NHSE;
- ▶ Non-Executive Directors and the Chief Executive are appraised by the Chair of the Trust Board; and
- ▶ Members of the Executive Team are appraised by the Chief Executive.

Trust Board Members are also subject to an annual self-assessment in accordance with the fit and proper persons requirements (FPPR⁷) for Directors. No concerns have been raised in relation to this in 2022/23.

⁷ As introduced by The Health and Social Care Act 2008 (Regulated Activities) Regulations 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 2022/23 for those on the Board at the end of that year were as follows:

Trust Board Member	Details of notifiable interest
David Highton, Chair of the Trust Board	<ul style="list-style-type: none"> Strategic Health Industry Adviser for Servita Group Ltd Chairman, Demelza House Children's Hospice Owner and Director, Hyperium Ltd Director of ACG Lettings Limited; a property lettings business bequeathed to Demelza by legacy Chair of Buckinghamshire Healthcare NHS Trust
Miles Scott, Chief Executive	<ul style="list-style-type: none"> Chair of the Kent and Medway Cancer Alliance Chair of the Kent and Medway Elective Care Programme Board Chair of the Kent and Medway Pathology Network Chair of the Kent and Medway Imaging Network National Delivery Advisor for the Urgent and Emergency Care (UEC) recovery plan with NHS England
Sean Briggs, Chief Operating Officer	None
Maureen Choong, Non-Executive Director	<ul style="list-style-type: none"> Special Advisor: Care Quality Commission (CQC)
Karen Cox, Associate Non-Executive Director	<ul style="list-style-type: none"> Vice Chancellor and President, University of Kent Board Member and Trustee, Nursing and Midwifery Council Royal College of Nursing Member Member of University of Kent Multi Academy Trust Member Universities UK membership Committee Board Member Kent, Surrey and Sussex Applied Research Collaborative Director of South East Local Enterprise Partnership Board Director of Universities and Colleges Employers Association (UCEA)
Richard Finn, Associate Non-Executive Director	<ul style="list-style-type: none"> Director of Richard Finn Ltd Director of Goring Place Director of Detling Community Interest Company Trustee of Demelza House Children's Hospice
Neil Griffiths, Non-Executive Director	<ul style="list-style-type: none"> Managing Director of TeleTracking Technologies Advisory Council Member, Staff College
Jo Haworth, Chief Nurse	<ul style="list-style-type: none"> Trustee of Mosaic Clubhouse
Rachel Jones, Director of Strategy, Planning and Partnerships	None
Peter Maskell, Medical Director	None
David Morgan, Non-Executive Director	<ul style="list-style-type: none"> Chairman Nova Pangea Technologies Limited Chairman and Non-Executive Director of AMTE Power PLC Chairman, Piazza Barnaloft Management Limited Son works for Grant Thornton UK LLP
Sara Mumford, Director of Infection Prevention & Control	<ul style="list-style-type: none"> Chair of an expert panel for the Scottish Hospitals Inquiry, a public inquiry into the design and construction of the Queen Elizabeth University Hospital and the Royal Children's Hospital in Glasgow
Steve Orpin, Deputy Chief Executive / Chief Finance Officer	<ul style="list-style-type: none"> Non-Executive Director of NHS Innovations South East
Emma Pettitt-Mitchell, Non-Executive Director	<ul style="list-style-type: none"> Director of ELM Business Consultancy Ltd
Sue Steen, Chief People Officer	<ul style="list-style-type: none"> Committee Member of the Kent Chartered Institute of Personnel and Development (CIPD) branch Trustee of St Margaret's Hospice, Somerset
Jo Webber, Associate Non-Executive Director	<ul style="list-style-type: none"> Chair of "In Control Partnerships" Charity Daughter in Law is Non-Executive Director of East Sussex Hospitals Trust Daughter in Law is Non-Executive Director of 2-gether Support Solutions
Wayne Wright, Non-Executive Director	<ul style="list-style-type: none"> Limited Liability Partnership Designated Member of [w]sq International LLP Director of Kytappo Health Technologies Limited Director of PayPill LLC
Alex Yew, Associate Non-Executive Director	<ul style="list-style-type: none"> Non-executive Director on the Board of GCP Infrastructure Investments Limited Associate Non-executive Director on the Board of Kent and Medway Integrated Care Board Non-executive Director on the Board of Plenary Europe Limited Non-executive Director / Trustee on the Board of Rockdale Housing Association Director on the Boards of the following personal / personal service companies: <ul style="list-style-type: none"> AY Infra and Energy Ltd AY Ventures Consulting Ltd AYCH Holdings Limited (dormant)

N.B. Some Directors' notifiable interests changed during the year. Further details can be obtained from the Trust Secretary, who can be contacted via Maidstone Hospital, Hermitage Lane, Maidstone, Kent ME16 9QQ (or see www.mtw.nhs.uk/about-the-trust/trust-board.asp). The interests of Trust Board Members who left the Board during 2022/23 can also be obtained from the Trust Secretary.

Pension Liabilities

Details of how the Trust treats Pension Liabilities are outlined in the Principal Financial Statements (within Note 9).

Trust Board sub-committees

The Trust Board has a number of sub-committees, to assist it in meeting its role and duties. Further details are provided in the "Annual Governance Statement for 2022/23" section (pages 62 to 73).

The Trust's Management Structure

The Trust is organised into a number of corporate and clinical Divisions. The former includes Corporate Nursing, Communications, Emergency Planning and Response, Estates, Facilities Management, Finance, Health and Safety, Human Resources, IT, Central Operations, Security, and Trust Management. The latter comprise 21 Clinical Directorates, as follows:

Division	Directorate
Medicine and Emergency Care	<ul style="list-style-type: none"> ▶ Emergency Medicine ▶ Acute Medicine and Geriatrics ▶ Medical Specialties
Women's, Children's and Sexual Health	<ul style="list-style-type: none"> ▶ Children's Services ▶ Women's Services ▶ Sexual Health
Cancer Services	<ul style="list-style-type: none"> ▶ Clinical Haematology ▶ Oncology ▶ Cancer Pathways ▶ Outpatients ▶ Medical Physics
Diagnostics and Clinical Support	<ul style="list-style-type: none"> ▶ Pathology ▶ Pharmacy ▶ Imaging ▶ Therapies
Surgery	<ul style="list-style-type: none"> ▶ General Surgery ▶ Surgical Specialties ▶ Theatres and Critical Care ▶ Orthopaedics ▶ Head and Neck ▶ Private Patient Unit

Each Division is overseen by a clinical management team (triumvirate). The triumvirate is led by a Chief of Service with overall responsibility for the leadership & management of their area. Chiefs of Service are supported by a Deputy Chief of Service; Divisional Director of Operations (DDO) and Divisional Director of Nursing and Quality (DDNQ), or equivalent. There is a Clinical Director (CD) for each Directorate and Directorate management teams follow the same triumvirate format as Divisions with Clinical Directors, General Managers, Heads of Nursing and other professional leads. All members of the triumvirates work together to agree annual and strategic plans for their services, are responsible for clinical and operational performance, resource and, communicating and engaging with staff.

Complaints: Ready to listen, ready to learn

The Trust strives to deliver the highest standards of care and treatment for all our patients, but despite the best efforts of staff, we do not always get things right. In order to learn and improve our services, we encourage patients and relatives to tell a member of staff as soon as they can, to allow us to put things right as soon as possible. However, for circumstances where concerns cannot be resolved in this way, the Trust has a formal complaints process. In 2022/23, the Trust received 523 formal complaints (in 2021/22, this was 614). 54.5% of complaints received this year were responded to within the agreed timescale (in 2021/22, this was 57.9%).

The Trust's Complaints and Patient Advice and Liaison Service (PALS) – Annual Report (which is due for publication in summer 2023) (www.mtw.nhs.uk/patients-visitors/talk-to-us/making-a-complaint/) provides further detail on: the number of complaints received; the number of complaints which were well-founded (upheld); the number of complaints referred to the Parliamentary and Health Service Ombudsman (PHSO); the subject matter of the complaints received; any matters of general importance arising from those complaints or the way in which the complaints were handled; any matters where action has been or is to be taken to improve services as a consequence of those complaints.

'Principles for Remedy'

The Trust applies the 'Principles for Remedy' guidance issued by the PHSO as part of its 'Policy and procedure for management of concerns and complaints'. Under the Trust's policy, financial remedy is only considered when a complaint is upheld and the complainant has clearly suffered a financial loss as a result of a service failure or breach of a Trust policy. In such circumstances, the Trust will consider paying a sum that restores the person to the position they would have been in prior to the circumstances which necessitated the complaint. The amount of financial remedy is agreed between the Head of Patient Concerns and senior Directorate management team, with input from Legal Services as required. During 2022/23, the Trust offered financial remedy in one case, totalling £240 (for lost property). This process excludes any claims for clinical negligence, which are pursued under the Trust's 'Management of legal claims policy and procedure'.



Disclosure of personal data-related incidents

The Trust had three Serious Incidents (SIs) requiring investigation involving personal data that met the criteria for reporting to the Information Commissioner's Office (ICO) (i.e. a 'Level 2' severity incident) as follows.

Date of incident (month)	Nature of incident	Number affected	How patients were informed	Lessons learned
September 2022	Removal of patient documentation from site without approval	Thirteen	The affected individuals were contacted by letter.	The Trust notified this breach to the ICO who considered the case in light of the technical and organizational measures in place to ensure the security of personal data. The ICO decided appropriate measures were in place, and this to be an isolated incident. No further action was taken.
December 2022	A number of patient files were misplaced by a member of staff.	Ninety-One	The affected individuals were contacted by telephone and letter.	The Trust notified this breach to the ICO who considered the case in light of the technical and organizational measures in place to ensure the security of personal data when in transit. The ICO confirmed that appropriate measures were in place, and that the necessary steps were taken to locate the data. The ICO closed the incident with no further action taken.
February 2023	Inappropriate disclosure of a patient record [Data Subject Access Request]	Two	The affected individuals were contacted by telephone and letter	The Trust notified this breach to the ICO who considered the disclosure an isolated incident and that proactive steps were taken to rectify the records of the patients. The ICO decided not to take any further action.

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	18
B	Disclosed in error	98
C	Lost in transit	5
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	18
F	Non-secure disposal – hardware	0
G	Non-secure disposal – paperwork	7
H	Unloaded to website in error	1
I	Technical security failing (including hacking)	6
J	Unauthorised access/disclosure	40
K	Other	54

Policy on setting charges

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



Emergency planning, response and recovery

Under the Civil Contingencies Act 2004, Maidstone and Tunbridge Wells NHS Trust is categorised as a Category 1 Responder. This places specific duties on the Trust in relation to emergency planning and response. Additionally, the Trust has other obligations as required by contracts and assurance standards set by NHSE. The Trust achieved a full compliance rating in relation to NHSE's Emergency Planning Core Standards Assessment.

Team work

The Trust's Emergency Planning, Response and Recovery (EPRR) Team have continued to innovate and deliver throughout the year. The EPRR Team has been complemented by the addition of two new student Emergency Planning Officers.

The EPRR Team continue to share opportunities with NHS colleagues showcasing EPRR at the Trust's Career Fairs to share all the work that EPRR entails.

The Directorate now encompasses the Fire, Health and Safety and Security Departments which supports a collaborative approach to the provision of training and awareness for Trust staff.



Command and Control

With the introduction of the Care Coordination Centre (CCC) at the Trust, the EPRR Team have established revised Command and Control structures to ensure the Trust can continue to deliver outstanding care to its patients, and support its staff, during the response to, and recovery from, emergency challenges.

Decision making has been further enhanced with the availability of critical data at the touch of a button, improving joint understanding of risk and shared situational awareness.

Everbridge

Initial notification for a variety of incident types that require a response is conducted through our Mass Notification System, Everbridge. The Trust runs its major incident communications exercises through this platform.

The above is also complemented by an On-Call Emergency Planning Tactical Advisor for the organisation, ensuring advice is available 24/7, 365 days of the year.



Exercises and training

The Trust's EPRR Team continues to train internal staff on a variety of incident roles, as well as supporting the wider Kent and Medway Local Health Resilience Partnership by delivering training to other Trusts.

In addition to face-to-face / in-person training packages, the Trust's EPRR Team continue to roll-out a number of training and exercise videos. These are shared internally and on the Trust's EPRR YouTube channel.



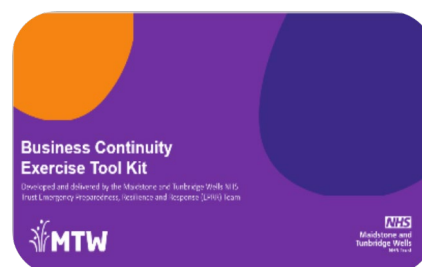
The Trust's EPRR Team train both internal and external staff (Community Hospitals, Darent Valley Hospital and Medway Hospital) in how to manage hazardous material incidents such as chemical or radiation emergencies. Much of this training is conducted via large-scale offsite training (approx. 50 persons per day). This allows for structured inter-organisational training.

The Trust's EPRR Team has reviewed its suite of plans this year.

Business Continuity

Business Continuity Exercise Toolkits

The EPRR Team have created Business Continuity Exercise Toolkits to support with the validation of local level Business Continuity Plans and the roll-out of new Business Impact Analysis and templates which were launched in during the Business Continuity Awareness Week.



Partnership Working

The Trust's EPRR Team have hosted a number of multi-agency partners to support collaboration across the Kent and Medway Integrated Care System (ICS). In addition to supporting Local Health Resilience Partnership.

The Team worked closely with a number of local authority safety advisory groups to ensure adequate medical cover was provided at local events. This area of work also included a number of site visits.



Incidents

During the year the Trust has activated procedures to respond to a number of incidents including a heatwave, snow, high winds and supporting Kent Police in an English Channel Incident.

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

The Chief Executive of NHS England has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. 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 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, other items of comprehensive income and cash flows for the year.

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

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



Miles Scott,

Chief Executive

22nd June 2023

Statement of Directors' responsibilities in respect of the accounts

The Directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, other items of comprehensive income and cash flows for the year. In preparing those accounts, the Directors are required to:

- ▶ Apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- ▶ Make judgements and estimates which are reasonable and prudent;
- ▶ State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ▶ Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The Directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy.

By order of the Trust Board



Miles Scott, Chief Executive

22nd June 2023



Steve Orpin, Chief Finance Officer

22nd June 2023

Annual Governance Statement for 2022/23

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Maidstone and Tunbridge Wells NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Maidstone and Tunbridge Wells NHS Trust for the year ended 31st March 2023 and up to the date of approval of the Annual Report and Accounts.



Capacity to handle risk

The ways in which leadership is given to the risk management process

Risks are identified, analysed and controlled in accordance with the Trust's "Risk management policy and procedure". The overall Executive Lead for risk management is the Chief Nurse, who was supported in this role during 2022/23 by a range of staff, including the Trust Secretary and the Risk and Compliance Manager. A number of specific risk-related roles were also held by Trust Board Members during 2022/23, as follows:

- ▶ The Chief Nurse was the Senior Information Risk Owner (SIRO).
- ▶ The Medical Director was the Caldicott Guardian and the Responsible Officer (for Medical Revalidation).
- ▶ The Chief Executive was the Board Level Director (with fire safety responsibility)⁸, although the Chief Operating Officer's team undertook the main duties relating to fire safety.
- ▶ The Chief Operating Officer was the Security Management Director⁹ and the Accountable Emergency Officer for Emergency Preparedness, Resilience & Response (EPRR)¹⁰.
- ▶ The Chair of the Audit and Governance Committee was the security management Non-Executive Director (NED) champion⁹.
- ▶ The Chair of the Quality Committee was the Maternity board safety champion.

⁸ Required by "Firecode – fire safety in the NHS. Health Technical Memorandum 05-01: Managing healthcare fire safety".

⁹ Required by the "Secretary of State Directions to NHS Bodies on Security Management Measures 2004 (amended 2006)".

¹⁰ Required by The Health and Social Care Act 2012.

The Trust has a Risk Register in place, which is subject to an annual review by the Trust's Internal Audit function (which is provided by TIAA Ltd). The review for 2022/23 gave an overall assessment of *TBC [N.B. the outcome of the "Risk Management and Board Assurance" review was not available at the time this Statement was drafted (fieldwork was nearing completion), although a "reasonable assurance" conclusion is expected]*.



The ways in which staff are trained or equipped to manage risk in a way appropriate to their authority and duties (including the guidance provided to them and the ways in which the Trust seeks to learn from good practice)

The Trust has in place a range of systems to prevent, deter, manage and mitigate risks and measure the associated outcomes. In addition to the Trust's "Risk management policy and procedure", a comprehensive range of risk management policies and guidance is made available to staff.

This includes the policies and procedures for risk assessment, incident reporting, managing complaints, investigation of incidents, health and safety, and 'being

open' to staff and patients (to support the statutory Duty of Candour). Additional advice on good practice can be obtained from a range of professional and specialist staff. The remit of the Trust's Quality Governance department includes patient safety/clinical risk management; clinical governance; clinical audit; complaints; the Patient Advice and Liaison Service (PALS); and legal services. The systems to oversee staff health and safety are managed via the Fire/Health and Safety team, which is part of the Director of Emergency Planning & Response's team, but there is close liaison with other relevant staff, including the Risk and Compliance Manager, who is the Trust's 'appropriate person' to advise on health and safety legislation, and the Trust's key contact with the Health and Safety Executive (as required by the Health and Safety at Work etc Act 1974). In addition, Directorates and sub-specialities have 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-specialities.

Trust staff are involved in risk management processes in a variety of ways, including raising any concerns they may have (anonymously, if they wish) via a range of methods, including via the Freedom to Speak Up (FTSU) Guardian or their Deputy, or the FTSU NED 'champion'; being aware of their responsibility to report and act upon any incidents that occur; being involved in risk assessments; and attending regular training updates.

The Trust's mandatory induction and ongoing training programme for all staff reflects the need for staff to have a sound basis in managing risks relating to information governance, infection prevention and control, fire safety, safeguarding, health and safety and moving and handling. Non-mandatory training is also available to staff on a wide range of issues relating to risk management, both general (e.g. risk assessment) and in response to specific risks (e.g. falls prevention), whilst in-house support and advice on risk management is also available (which includes advice relating to patient safety, health and safety, emergency planning and response and information governance). 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 Anti-Crime Specialist.

The Trust's advisers on risk seek to learn from best practice from a variety of means, including continuing professional development and via networking with counterparts from other organisations.

The risk and control framework

The key elements of the risk management policy (including the way in which risk (or change in risk) is identified, evaluated, and controlled; and how risk appetites are determined)

Risks are identified, analysed and controlled in accordance with the Trust's "Risk management policy and procedure". Mitigations are aimed to be identified in advance (where appropriate), so that these can be applied should the identified risk materialise. Most risks are identified at local level and initially managed by department managers. Identified risks are added to the Risk Register and are then either managed locally or escalated through the Trust's management and/or committee structure. The individuals at the Trust with specialist skills, knowledge and qualifications (that are assessed by external bodies who are able to advise managers and employees on all aspects of health, safety and risk) meet via the Safety, Health and Risk Advisory Group (SHRAG). They also identify hazards within their area of expertise and undertake Trust-wide risk assessments for hazards that affect multiple areas. Risks are identified, analysed and controlled in accordance with the Trust's "Risk assessment policy and procedure" and guidance documents, which includes grading risks for their potential impact and likelihood of harm using a standard 'Risk grading matrix'. The risk score determines the priority, response and level of management required to manage the risk, and the 'Risk grading matrix' is used to determine an acceptable level of risk. This is the 'target risk score' and reflects the risk appetite, although the risk appetite can change over time and be influenced by internal and external factors. The Trust's "Risk management policy" states that target risk scores should be as high as can be tolerated.

The key elements of the Trust's quality governance arrangements (including how the quality of performance information is assessed and how assurance is obtained routinely on compliance with the Care Quality Commission's (CQC's) registration requirements)



The Trust's Quality Governance arrangements are overseen via the Quality Committee, which receives a report from each clinical Division whenever it meets in its 'main' form. The Quality Committee then aims to seek and obtain assurance on the effectiveness of the Trust's structures, systems and processes to enable delivery of the Trust's objectives relating to quality of care (as well as oversee quality within the clinical Divisions).

Clinical audit is supported by a central team, within the Clinical Governance department, and is primarily overseen by the Clinical Audit Overview Committee. The investigation of, and learning from, incidents are predominantly managed within Directorates and discussed at Divisional, Directorate and specialist clinical governance meetings. Serious Incidents (SIs) are discussed and monitored at a corporate level via the Learning and Improvement (SI) Panel, and an SI report is submitted to each 'main' Quality Committee.

Complaints are managed by the central Complaints Team in partnership with the relevant Directorates and Divisions. The rate of new complaints and percentage of complaints responded to within target are monitored monthly at the Trust Board, while detailed reports on Complaints and Patient Advice and Liaison Service (PALS) contacts are received by the 'main' Quality Committee and also the Patient Experience Committee.

Compliance with CQC registration requirements is ultimately assessed via inspections by the CQC, and the last published outcome of such an inspection related to inspections that took place in 2017 (which resulted in an overall assessment of "Requires Improvement"). However, the Trust was subject to an unannounced

inspection of its End of Life Care services by the CQC on 1st March 2023, and a Well-Led inspection on 28th and 29th March 2023. The outcome of these inspections is awaited at the time this Statement was drafted, and a draft inspection report will be provided to the Trust during 2023/24. However the CQC inspectors provided high-level feedback on 29th March 2023 that highlighted several positive areas, as well as some areas for improvement. The Trust will respond in full to the CQC's findings and recommendations during 2023/24.

How risks to data security are managed and controlled

Risks to data security are managed and controlled via a range of methods, and the Trust undertakes an assessment against the National Data Guardian's ten data security standards. That assessment is primarily done via the Data Security and Protection Toolkit, and although the Trust's Toolkit submission for the 2021/22 year was categorised as "Approaching Standards", due to some mandatory assertions not being met, the Trust's improvement plan was deemed satisfactory by NHS Digital, and the Trust Board has received quarterly updates on progress with that plan since the Toolkit submission. The Trust is required to make its submission for the 2022/23 Toolkit by the end of June 2023.



The Trust established a dedicated Cyber Security Team in early 2022, in response to the Trust's increasing use of digital solutions and the growing need to have a comprehensive Digital and Cyber Strategy. The Team comprises one Cyber Architect and two Cyber Analysts. On a day to day basis the team are responsible for the oversight and monitoring of cyber activity and threat monitoring; responding to intelligence-led monitoring; and actively supporting incidents as needed. The Team are crucial to the development of the Trust's Cyber Strategy and Cyber Security Improvement Plan. It was also agreed during 2022/23 that the Audit and Governance Committee should receive an update on cyber security at each standard meeting, and the first such report was considered at the Committee's meeting in March 2023.

Brief description of the Trust's major risks (including how they are/will be managed and mitigated and how outcomes are/will be assessed)

The Trust's objectives for 2022/23 were approved by the Trust Board in June 2022, and these were again grouped under six "strategic themes": People; Patient Safety and Clinical Effectiveness; Patient Access; Patient Experience; Systems & Partnerships; and Sustainability. Each theme had a "Goal", "Target", and "Breakthrough objective".

The main risks to the achievement of these key objectives (i.e. the issues that could prevent the objectives being achieved) are described within the monthly Integrated Performance Report (IPR). In addition, a number of risks were rated as 'red' in 2022/23. Red-rated risks are reviewed and validated at the Executive Team Meeting (ETM) each quarter. The underlying risks have been discussed at the Trust Board and its sub-committees throughout 2022/23, and each associated risk assessment describes the efforts being made and/or planned to manage and mitigate the risk. The top five risk themes at the end of 2022/23 were staffing; infrastructure (e.g. lack of space, facilities); standards (e.g. compliance against target, legislation, guidance etc.); capacity; and competence (training, skill shortage). The Trust's Risk and Compliance Manager oversees the regular reviews of the assessments with the relevant risk leads.

Are the Trust's services well-led (under NHS England's well-led framework)¹¹?

The CQC inspection in 2017 that was referred to above rated the Trust as "Good" for the Well-Led domain, but the Trust was subject to Well-Led inspection by the CQC on 28th and 29th March 2023. The outcome of this is awaited at the time this Statement was drafted but the Trust will respond in full to the CQC's findings and recommendations during 2023/24.

The principal risks to compliance with the NHS provider licence¹², condition 4¹³, and actions identified to mitigate these risks

In May 2022, the Trust Board completed the required self-certification (for 2021/22) that the Trust could meet the obligations set out in the NHS Provider Licence (which itself includes requirements to comply with the National Health Service Act 2006, the Health and Social Care Act 2008, the Health Act 2009 and the Health and Social Care Act 2012, and to have regard to the NHS Constitution); and that it complied with governance requirements (condition FT4(8)). The Trust Board confirmed full compliance, on the basis of the content of the Trust's Annual Report, and Annual Governance Statement, for 2021/22. The Trust Board will be asked to undertake the required self-certification for 2022/23 at its meeting in May 2023, and it will again be proposed that full compliance be confirmed.

The key ways in which risk management is embedded in the activity of the Trust

As noted earlier in this Statement, risks are identified, analysed and controlled in accordance with the Trust's "Risk management policy and procedure", and a range of supporting systems and processes are in place to embed risk management activity. For example:

- ▶ The Trust's mandatory induction and ongoing training programme for all staff reflects the need for staff to have a sound basis in managing risks relating to information governance, infection prevention and control, fire safety, safeguarding, health and safety and moving and handling.
- ▶ Incident reporting is openly encouraged across the Trust, and lessons learned from incident investigations are disseminated and promoted, via, for example, the "Governance Gazette" newsletter produced by the Quality Governance department; and the "Patient Safety Learning Hub" on the Trust's Intranet, which was updated and re-launched during 2022/23. The Hub is a platform for sharing learning from patient safety incidents and improvement initiatives, and contains sections on SI and Never Event activity; learning from SIs and Never Events; Patient Safety Alerts / national reports published; 'Deep dive' presentations to the Quality Committee; incident activity; and Divisional incident information.
- ▶ Risk is regularly discussed at a wide range of forums, including the Trust Board and its sub-committees (which sets the tone for discussions at Divisional-, Directorate- and departmental-levels forums)
- ▶ Risk management is incorporated into the Trust's planning and Cost Improvement Programme (CIP) arrangements, primarily via the Quality Impact Assessment (QIA) process.

¹¹ <https://www.england.nhs.uk/well-led-framework/>

¹² NHS Trusts were exempt from the requirement to apply for and hold the licence during 2022/23, although directions from the Secretary of State effectively required NHS Trusts to comply with conditions equivalent to the licence as were deemed appropriate.

¹³ To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively; For timely and effective scrutiny and oversight by the Board of the Licensee's operations; To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions; For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern); To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence; To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and to ensure compliance with all applicable legal requirements.

The key ways in which the Trust ensures that short, medium and long-term workforce strategies and staffing systems are in place (which assure the Trust Board that staffing processes are safe, sustainable and effective)

The Trust complies with the “Developing Workforce Safeguards”¹⁴ recommendations via the following methods:

- ▶ The Trust introduced two new policies during 2022/23: a “Nursing and Midwifery safe staffing policy and procedure”; and a “Nursing and Midwifery establishment review policy and procedure”.
- ▶ A twice-yearly review of safe staffing levels is led by the Chief Nurse, using a combination of historical data, professional judgement and reference to quality outcomes. The reviews follow the National Quality Board’s 2016 guidance¹⁵ and the Trust’s “Nursing and Midwifery safe staffing policy and procedure”, and covers the required three components of evidence-based tools, professional judgement and outcomes. The annual review was considered by the Trust Board in December 2022.
- ▶ The Trust has a workforce plan that aligns with its annual financial and activity plans. The Trust Board discusses all of these plans before submission to the relevant external parties.
- ▶ The ETM received regular updates during 2022/23 on progress against the Trust’s recruitment plan.
- ▶ Service changes including those related to skill mix and the introduction of new roles are subject to a QIA process led by the Medical Director and Chief Nurse.
- ▶ The Trust Board reviews workforce metrics each month, via the IPR, to ensure that workforce challenges and risks are understood as part of the wider context of service delivery.
- ▶ Where there are critical service risks in relation to staffing and the safe delivery of care these, along with their associated mitigations are escalated to the Trust Board and external regulators as required.
- ▶ The Trust’s People and Organisational Development Committee (a sub-committee of the Trust Board, which is chaired by a NED) meets every month, and provides assurance to the Board in the areas of people development, planning, performance and employee engagement. The Committee also works to assure the Trust Board that the Trust has the necessary strategies, policies and procedures in place to ensure a high performing and motivated workforce that supports success.

Care Quality Commission (CQC) registration

The Trust is fully compliant with the registration requirements of the CQC.

Register of interests

In December 2022, the Trust developed and published a new “Conflicts of interest policy and procedure”, to ensure the Trust complied with NHS England’s (NHSE’s) “Managing Conflicts of Interest in the NHS” guidance. The implementation of the new policy commenced in January 2023, but is not yet complete, as not all

¹⁴ “Developing workforce safeguards - Supporting providers to deliver high quality care through safe and effective staffing” (NHS Improvement, Oct. 2018)

¹⁵ “Supporting NHS providers to deliver the right staff, with the right skills, in the right place at the right time” (National Quality Board, July 2016)

decision-making staff (as defined in the new policy) have made the required declaration. The Trust has not therefore published on its website an up-to-date register of interests, including gifts and hospitality, for its decision-making staff within the past twelve months. The Audit and Governance Committee has, however, continued to receive reports of the declarations that have been made, including those made under the previous "Gifts, hospitality, sponsorship and interests policy and procedure", and all Trust Board members declare any interests on appointment (and re-appointment, in the case of NEDs) and annually thereafter. The details of Trust Board members interests can be found in the Trust's Annual Report for 2022/23. The Trust will implement its new "Conflicts of interest policy and procedure" in full during 2023/24, which will include publishing the declarations for its full complement of decision-making staff.

NHS Pension scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Obligations under equality, diversity and human rights legislation

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Further details of such measures can be found in the Trust's Annual Report for 2022/23.

Obligations under the Climate Change Act and the Adaptation Reporting requirements

The Trust has undertaken risk assessments and has plans in place which take account of the "Delivering a Net Zero Health Service" report under the Greener NHS programme. This is primarily driven via the Trust's Green Plan, which was last approved by the Trust Board in June 2022, and through the work of the Trust's Green Committee, a sub-committee of the ETM that was established during 2022/23. Further details can be found in the "Sustainability Report" within the Trust's Annual Report for 2022/23.

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

A range of processes are applied to ensure that the Trust's resources are used economically, efficiently and effectively. The monitoring of this is primarily overseen by the Trust Board, Finance and Performance Committee and Audit and Governance Committee, although the People and Organisational Development Committee and Quality Committee have also participated in this oversight during 2022/23. The Trust's annual Internal Audit plan for 2022/23 also included several reviews relating to this area, including "Recruitment Processes", "Financial Assurance – Payroll", "ICT Asset Management", and "Financial Accounting and Non-Pay Expenditure". All of these reviews achieved an overall assessment of "Reasonable Assurance", although the latter review actually achieved a rare "Substantial Assurance" conclusion.

Information governance

The Trust had three serious incidents involving personal data that met the criteria for reporting to the Information Commissioner's Office (ICO), as described within the NHS Data Security Incident Reporting Tool, during 2022/23. All three were subject to an internal investigation and remedial action was taken. The ICO confirmed it was satisfied that appropriate measures were taken for all three incidents. Further details of the incidents can be found in the Trust's Annual Report for 2022/23.

Data quality and governance

The controls in place to ensure the accuracy of data (including the quality and accuracy of elective waiting time data), and the risks to the quality and accuracy of this data

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

- ▶ The Trust has a Data Quality Steering Group, chaired by the Deputy Chief Executive/Chief Finance Officer.
- ▶ The Trust has a "Patient access to elective care policy", which covers the management of waiting lists at all stages of a referral to treatment pathway. The policy also states the responsibilities of key staff, including those relating to data quality.
- ▶ The Trust also has an "Information lifecycle management policy and procedure", which describes the Trust's general approach to data quality; and a "Data Quality Strategy", which has been developed by the Data Quality Steering Group to ensure alignment with NHS Digital's Provider Data Quality Assurance Framework.
- ▶ There is a validation process involving operational, management and information leads, to assure the quality of local and national waiting times reporting/data.



The quality of performance information is primarily assessed via the Internal Audit programme, and in particular via the review of "Data Quality of Key Performance Indicators", which forms part of the Internal Audit plan each year. The "Data Quality of Key Performance Indicators" that was undertaken as part of the 2021/22 Internal Audit plan (and which was issued in June 2022) covered the Emergency Department (ED) four-hour waiting time target and 18 weeks Referral to Treatment (RTT) incomplete pathway, and gave an overall assessment of "Reasonable Assurance". A "Processes for Dealing with Data Quality Issues" Internal Audit review was also undertaken as part of the 2022/23 Internal Audit plan, and that resulted in a "Reasonable Assurance" conclusion. The final report of the "Data Quality of Key Performance Indicators" Internal Audit review for 2022/23 was not available at the time of drafting this Statement.

In addition, the Trust's contract with the Kent and Medway Integrated Care Board (KM ICB) during 2022/23 included a requirement to have a Data Quality Improvement Plan (DQIP). The governance processes defined in the contract mean that any data quality issues relating to the Trust's RTT or cancer waiting times can be raised and resolved via that route. The Trust's commissioners received copies of the Trust's performance reports, as well as information provided to them via NHSE, to support the performance management of the Trust's services (with the aim of ensuring the achievement of key targets such as the RTT and cancer waiting time standards). Any associated data quality issues are raised as part of this dialogue and are managed via the technical groups established under the contract and documented in the DQIP. Furthermore, all Trusts now have to submit a weekly copy of their RTT waiting list (Patient Tracking List, or PTL) to NHSE, and NHSE have developed a Data Quality assurance report that is linked to this called "LUNA". All Trusts had the target to reach an RTT PTL confidence level of 95% by December 2021, which the Trust successfully achieved and maintained throughout 2022/23.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within Maidstone and Tunbridge Wells NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in the Trust's Annual Report, and this Annual Governance Statement, and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board and the Audit and Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit Opinion for 2022/23 states that "My overall opinion is 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." This latter sentence reflects the fact that some of the Internal Audit reviews carried out during 2022/23 resulted in a 'limited assurance' conclusion, and the Trust's response to these is explained below.

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. Summary reports of relevant Internal Audit reviews are also submitted to the Finance and Performance Committee, People and Organisational Development Committee, and 'main' Quality Committee during the year. Although a number of the Internal Audit reviews completed in 2022/23 resulted in an overall 'Reasonable assurance' assessment,



four reviews resulted in a 'Limited assurance' conclusion: the "Assurance Review of Bed and Trolley Management"; the "ICT Review of Core Systems"; the "Assurance Review of Disaster Recovery" (for ICT); and the "Use of Temporary Staff". The "Assurance Review of Bed and Trolley Management" contained four 'priority 1' (urgent) recommendations, but a response to each was considered at the Audit and Governance Committee meeting in March 2023 (as is the standard practice for reviews with a 'Limited assurance' conclusion). The "ICT Review of Core Systems" (which contained no 'priority 1' recommendations); and the "Assurance Review of Disaster Recovery" review (which contained two 'priority 1' recommendations) will be reviewed in detail at the Audit and Governance Committee meeting on 16th May 2023, with the Director of IT in attendance. The "Use of Temporary Staff" will be subject to a detailed review at the Audit and Governance Committee meeting during 2023. All reviews with a 'Limited assurance' conclusion are also subject to follow-up by the Internal Auditors, to monitor compliance with the actions agreed in response to the recommendations, and the findings from that follow-up are reported to the Audit and Governance Committee.

The role of the Trust Board in maintaining and reviewing the effectiveness of the system of internal control

The Trust Board meets every month (with the exception of August) in public (a 'Part 1' meeting). All but one of Trust Board's meetings in 2022/23 were held 'virtually', as a result of the continued risks associated with COVID-19, but the requirement to meet in public was met via all of the Trust Board meetings being broadcast live on the internet, via the Trust's YouTube channel. The agenda and reports for all 'Part 1' Trust Board meetings are available via the Trust's website, and members of the public are able to submit questions, in advance of the meeting, in relation to any of the agenda items.



The agenda for Trust Board meetings is mainly focused on the reports from the Trust Board sub-committees; an in-depth review of the IPR; quality items; workforce; systems and place; planning and strategy; and assurance and policy. A separate ('Part 2') meeting is held on the same day as the meeting held in public, to consider confidential matters, in accordance with the Public Bodies (Admission to Meetings) Act 1960. A 12-month rolling forward programme of agenda items is actively managed to ensure the Trust Board receives the information, and considers

the matters it requires, to perform its duties efficiently and effectively.

The role of other forums (including the Audit and Governance Committee and other Trust Board sub-committees), and other review/assurance mechanisms in reviewing the effectiveness of the system of internal control

The Trust Board operates with the following sub-committees (which are listed alphabetically):

- ▶ The Audit and Governance Committee. This supports the Trust Board by critically reviewing the governance and assurance processes on which the Board places reliance. This therefore incorporates reviewing governance, risk management and internal control; and oversight of the Internal and External Audit and Counter Fraud functions. The Committee also undertakes detailed review of the Trust's Annual Report and Accounts, and is the Trust's Auditor Panel (in accordance with Schedule 4, Paragraph 1, of the Local Audit and Accountability Act 2014). The Committee is chaired by a NED, and meets five times each year (including a specific meeting to review the Annual Report and Accounts prior to the Trust Board being asked to approve these). All other NEDs (apart from the Chair of the Trust Board) are members, and all Associate NEDs are invited to attend each meeting, as is the Deputy Chief Executive/Chief Finance Officer. During 2022/23, the Committee started to receive a standing "Security issues" report at each standard Committee meeting, to support the Committee Chair in fulfilling their role as the Trust's Security Management NED Champion. The Committee also agreed to consider a Security Annual Report, and the first such report is scheduled to be considered at the Committee's meeting on 16th May 2023.
- ▶ The Charitable Funds Committee. This aims to ensure that the Maidstone and Tunbridge Wells NHS Trust Charitable Fund is managed efficiently and effectively in accordance with the directions of the Charity Commission, relevant NHS legislation and the wishes of donors, which includes reviewing, and agreeing the Charitable Fund Annual Report and financial accounts, for approval by the Trust Board. The Committee is chaired by a NED, and usually meets three times per year, although it met four times during 2022/23.
- ▶ The Finance and Performance Committee. This aims to provide the Trust Board with: assurance on the effectiveness of financial management, treasury management, investment and capital expenditure and

financial governance; an objective assessment of the financial position and standing of the Trust; and advice and recommendations on all key issues of financial management and financial performance. In addition, the Committee receives assurance on Information Technology (IT) performance (and IT-related business continuity). The Committee is chaired by a NED, and meets monthly.

- ▶ The Patient Experience Committee. This considers the effectiveness of the Trust's progress in utilising the learning from patient and service users experience of Trust services in order to improve, and identifying the level of inclusion achieved for patients and service users by Trust operations. The Committee is chaired by a NED, and meets quarterly. In addition to Trust staff, its membership includes representatives from the Trust's catchment area, Healthwatch Kent, and from the Leagues of Friends of Maidstone and Tunbridge Wells Hospitals.
- ▶ The People and Organisational Development Committee. This provides assurance to the Trust Board in the areas of people development, planning, performance and employee engagement; and works to assure the Trust Board that the Trust has the necessary strategies, policies and procedures in place to ensure a high performing and motivated workforce that supports success. The Committee is chaired by a NED and meets monthly in two alternating forms – a 'main' meeting and a 'deep dive' (which enables a small number of subjects to be scrutinised in greater detail).
- ▶ The Quality Committee. This aims to seek and obtain assurance on the effectiveness of the Trust's structures, systems and processes to enable delivery of the Trust's objectives relating to quality of care. The Committee is chaired by a NED and meets monthly. On alternate months, the Committee meets in the form of a 'deep dive', with a reduced membership, to enable a small number of subjects to be scrutinised in greater detail.
- ▶ The Remuneration and Appointments Committee. This reviews, on behalf of the Trust Board, the appointment of members of the Executive Team, to ensure such appointments have been undertaken in accordance with Trust policies. It also reviews the remuneration, allowances and terms of service of such staff; reviews (with the Chief Executive) the performance of members of the Executive Directors; oversees appropriate contractual arrangements for such staff (including the proper calculation and scrutiny of termination payments, taking account of such national guidance, as appropriate); and considers and approves, on behalf of the Trust Board, proposals on issues which represent significant change. The Committee is chaired by the Chair of the Trust Board, and meets on an ad-hoc basis (although it met twice during 2022/23).

Although not a Trust Board sub-committee, the ETM enables key clinical and managerial issues to be discussed, debated, developed, scrutinised, monitored and agreed and/or approved. The ETM generally meets every week throughout the year, is chaired by the Chief Executive and its membership comprises all the Executive Directors, the five Divisional Chiefs of Service, the Director of Infection Prevention and Control and the Director of Estates and Capital Development. The ETM is authorised to make decisions on any matter that is not reserved for the Trust Board or its sub-committees.



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 Health and Safety Committee; a Sepsis Committee; a Drugs, Therapeutics and Medicines Management Committee; an Information Governance Committee; and a Joint Safeguarding Committee.

Significant internal control issues

The following significant internal control issue¹⁶ has been identified in 2022/23:

1. Three "Never Events" were declared at the Trust in 2022/23. These related to a wrong lens implant in ophthalmology; a wrong sided biopsy in interventional radiology; and a retained swab in the Delivery Suite. The incidents were subject to scrutiny through the SI investigation process, and the Quality Committee, to aim to ensure that lessons were learnt to prevent recurrence.

Conclusion

The Trust has maintained a sound system of internal control during 2022/23 and has identified only one significant internal control issue during the year.



Miles Scott, Chief Executive

22nd June 2023

¹⁶ The Trust considered the following criteria when identifying if any significant internal control issues had occurred during 2022/23: Might the issue prejudice achievement of priorities? Could the issue undermine the integrity or reputation of the NHS? What view does the Audit and Governance Committee take on this point? What advice has internal or external audit given? Could delivery of the standards expected of the Accountable Officer be at risk? Has the issue made it harder to resist fraud or other misuse of resources? Did the issue divert resources from another significant aspect of the business? Could the issue have a material impact on the accounts? Might national or data security or integrity be put at risk? It was also noted that the Trust was not issued with any Regulation 28 ("Report to Prevent Future Deaths") reports by HM Coroner during 2022/23.

Accountability Report for 2022-2023: Remuneration and staff report



Our staff

NHS national staff survey

Providing outstanding, compassionate care to our patients can only be provided through the dedication and commitment of our outstanding people. Our vision is to create an inclusive, compassionate and high-performing culture where our people can thrive and be their best self at work. We launched our People and Culture Strategy this year and will focus on six strategic people priorities; staff engagement and growth; supportive team behaviours; recruitment and resourcing; collective and compassionate leadership; equality, diversity and personalisation; and health and wellbeing.



Ensuring that our staff are happy and healthy at work is key for the Trust and we are delighted to have been ranked within the top three Trusts to work at in the South East of England.

In 2022, our NHS National staff survey received a response rate of 42% which equates to the views of 2907 of our staff which, this time, also included our bank only staff.

We scored above the national average for four of the People Promise themes - Reward and recognition, Having a voice that counts, Always learning and Working flexibly; and were in line with the national average for the remaining three Compassionate, Safe and healthy and We are a team.

72% of our staff say we are compassionate and inclusive, 67% feel that we each have a voice that counts and 66% say they feel part of a team. Patient care remains our top priority and staff would recommend MTW to friends and family. There has been an increase in engagement with our wellbeing initiatives and this is demonstrated in the survey results where 63.2% of staff feel that the Trust takes positive action on health and wellbeing compared to a national average of 55.6%.

Our results also highlight that there are some key areas where we can improve which include reviewing our appraisal process to better support staff in gaining the information and support they need for career development; and empowering staff at all levels to decide and take action in areas where improvement is needed.

The full staff survey results are available at: <http://www.nhsstaffsurveyresults.com/>.

Employee benefits

The details within this section relating to staff benefits, analysed by staff grouping, are included in accordance with section 411 of the Companies Act 2006.

Staff numbers and costs (subject to audit)

Average ¹⁷ staff numbers	Permanently employed (WTE) ¹⁸	Other (WTE)	Permanently employed (expenditure) (£000s)	Other (expenditure) (£000s)
Medical and dental	928	69	106,187	10,314
Ambulance staff	8	0	512	0
Administration and estates	1242	40	54,001	3,317
Healthcare assistants and other support staff	2039	23	67,777	1,318
Nursing, midwifery and health visiting staff	1910	139	104,281	9,519
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	615	33	35,020	2,662
Healthcare Science Staff	212	0	12,595	26
Social Care Staff	0	0	0	0
Other	0	0	0	0
Apprenticeship levy	0	0	1,600	0
Employers Pension Contribution 6.3%	0	0	15,337	0
Total	6954	305	397,311	27,155
Staff engaged on capital projects (excluded from above)	1	0	46	75

The permanently employed staff costs are further analysed into their component elements in the table below:

The analysis of staff costs by main elements of costs:

Analysis of staff costs	2022/23 Permanently employed (£000s)	2022/23 Permanently employed (£000s)
Salaries and wages	312,398	275,015
Social security costs	32,853	27,959
Apprenticeship levy	1,642	1,376
Pension cost - employer contributions to NHS pension scheme	35,084	31,738
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	15,337	13,854
Pension cost - other*	43	35
Total	397,357	349,977

Exit packages (subject to audit)

The figures disclosed below relate to exit packages agreed in the year. The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been accrued in a previous period. The data here is therefore presented on a different basis to other staff cost and expenditure notes in the accounts.

¹⁷ The average number of employees is calculated as the whole time equivalent number of employees under contract of service in each week in the financial year, divided by the number of weeks in the financial year.

¹⁸ This excludes any staff on unpaid leave (and therefore does not equate to the WTE reported within the Sustainability Report)

Exit package cost band (including any special payment element)	*Number of compulsory redundancies	*Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Whole numbers only	£5	Whole numbers only	£0005	Whole numbers only	£0005	Whole numbers only	£5
Less than £10,000	None	0	16	56	16	56	None	0
£10,000 - £25,000	None	0	1	23	1	23	None	0
£25,001 - £50,000	None	0	0	0	None	0	None	0
£50,001 - £100,000	None	0	0	0	None	0	None	0
£100,001 - £150,000	None	0	0	0	None	0	None	0
£150,001 - £200,000	None	0	0	0	None	0	None	0
>£200,000	None	0	0	0	None	0	None	0
Total	None	0	0	0	None	0	None	0

Exit packages – disclosures (excluding compulsory redundancies)	Number of exit package agreements	Total value of agreements	Number of exit package agreements	Total value of agreements
	2022/23	(£0005)	2021/22	(£0005)
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	17	79	23	104
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval *	0	0	0	0
Total	17	79	23	104
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

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

Staff engagement and consultation (understanding and learning from the views of staff)

Listening to and learning from our staff is vitally important. The Trust meets formally on a regular basis with local Trade Union representatives, via the Joint Consultative Forum (JCF) and Joint Medical Consultative Committee (JMCC), to discuss key issues and agree relevant employment policies and procedures. Staff are also formally consulted when organisational or other work changes are proposed and have the opportunity to comment and input into proposed changes.

We have a number of communication channels with staff, including a quarterly senior staff forum; a monthly "Team Brief" led by the Chief Executive; weekly Chief Executive's update and "MTW News" newsletter and Pulse – an electronic communication sent to each staff member via email.

The Trust has undertaken a number of large scale 'listening events' with staff in the last 12 months and combined with the national staff survey and listening events provides staff to feedback their views and experiences.

The Trust's Freedom to Speak Up Guardian (FTSUG) submitted reports to the Trust Board each quarter during 2022/23. The FTSUG aims to ensure that patients are cared for in a safe way and that staff are able to raise concerns that they feel are not being heard or are unable to raise with management. It is also the Guardian's role to listen in confidence, note concerns and raise issues through the appropriate channels.

Exceptional People, Outstanding Care programme

The Trust launched its Exceptional People Outstanding Care programme in 2021. A key element of this is the Exceptional Leaders Development Programme. The roll out of the programme continued through 2022 and 380 leaders have now graduated from the programme. During 2022 the programme has been expanded to the 'Exceptional Leadership for All' programme. This recognises that we have leaders at all levels in our organisation and that we recognise the importance of leadership in our organisation's success.



Learning, Education and Development

The Trust is committed to the ongoing development of its staff. Each hospital site has an Education / Academic Centre, providing dedicated staff teaching space, access to technology and resources and a library.

MTW-Learning is a learning platform utilised by all staff to support their training needs - both online learning, access to resources and training materials and content, and the booking of face to face sessions. It has been developed to meet the growing requirements of the Trust as well as supporting staff to access training, development and wellbeing opportunities. Staff have an annual appraisal conversation which includes the co-creation of a personal development plan and a focus on wellbeing.

All staff have access to our in-house learning and education teams who support them with advice and guidance about internal and external development opportunities, access to funding with the aim of supporting them to develop the skills, knowledge and experience to excel in their roles and progress their careers.

By working with colleagues in Equality, Diversity and Inclusion, Wellbeing, Occupational Health, Organisational Development, Medical Education, Nursing, Allied Health Professionals and many others we have been able to develop new opportunities for students and staff, enabling them to support the Trust to develop as a clinically-led organisation. Knowing that Trusts with a strong learning and educational ethos are safer, have better clinical outcomes, retain staff, and become an employer of choice for applicants, we are committed to continuing to create a supportive and engaging environment in which our staff can develop and grow.

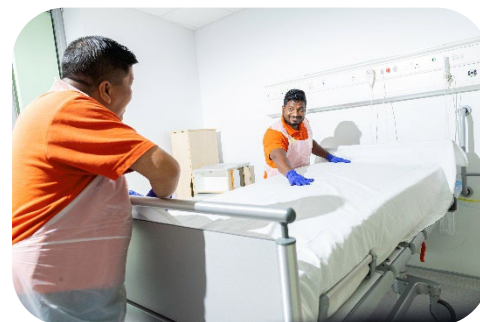
There has been a significant amount of work focused on continuing to develop apprenticeship opportunities within the Trust with over 340 staff being part of a programme in 2022/23 with an associated investment of over £1m made via the apprenticeship levy to support these learners. The team have also supported the development of learners in our partner organisation the South East Coast Ambulance Service (SECAmb) and launched a training initiative via DFN Project SEARCH which supports young people with learning disabilities and/or autism into employment through a transition to work programme.

The hard work and dedication of the teams involved has led to continuous improvements and the introduction of new initiatives to continue to support staff learning, education and development.

As part of the journey for the Trust becoming a well led organisation there has been significant investment in the leadership development of senior staff within the organisation. Over 300 senior leaders have attended the MTW Exceptional Leaders training programme. Following this success, there are plans in place to develop and create leadership programmes for all staff, at all levels so that we can continue to develop high quality leadership across the organisation.

Equal, Diversity and Inclusion (EDI)

We are committed to providing a workplace that is free from discrimination and inclusive of all staff. Over the past 12 months, the Trust has focussed on supporting and educating our staff by developing our staff networks and support groups; by providing training, advice and guidance on both patient and staff inclusion; and creating a workplace that encourages staff to speak out and bring their authentic selves to work. Our EDI team has been additionally resourced to deliver our EDI Strategy which was approved by the Trust Board in January 2023.



Equality achievements in 2022/23

Supporting our staff

We know that staff networks and support groups are critical to providing safe spaces for colleagues to discuss issues affecting each other. Our staff have told us that peer support is vital to wellbeing in the workplace and we created support groups for staff with parental responsibilities, for staff affected by menopause and for staff with autism or who support others with autism and other neuro-diversities. We created a staff health passport which provides opportunities for staff and managers to have discussions about long-term health conditions and how best they can be supported at work; and introduced disability leave for disability related appointments and activities. We also developed a Carer's Network and launched an Inter Faith Network.

Supporting our patients, visitors and staff

The launch of the "Different Not Less" campaign at MTW demonstrated support to promote a better understanding of autism and learning disabilities and to support the delivery of equality in care for all patients. We also had the opportunity of working with an autism simulation company to film and create a simulated learning experience based within a hospital environment. Taking part in the NHS Rainbow Badge Assessment enabled us to benchmark the support we provide to our colleagues and patients from the LGBT+ community and to assess the inclusiveness of our policies and the services we deliver to the public. We were the first NHS Trust in Kent to be awarded Bronze for our work on inclusion.

Supporting our patients, visitors and staff

The last year has enabled us to focus our attention on the education of our staff both to support our colleagues and the experiences of our patients and the public. We have commissioned Trans Awareness Training, Disability Awareness Training and Race Equity Training alongside the delivery of our internally developed EDI overview, white ally training and developing staff to become Safe Space Champions and EDI Recruitment Representatives. Our staff networks have been heavily involved in the development of EDI sessions within our Exceptional Leaders programme, providing their lived experiences to aid the understanding of our leaders in the challenges they face as minority groups. Our leaders have also welcomed workshops providing Divisions with their Workforce Race Equality Standard (WRES) data and understanding more about how diverse and

inclusive working environments create stronger teams. We have supported the Kent and Medway ICS in the commissioning and development of de-biasing recruitment training with recruitment managers in high turnover areas and those who have large areas of responsibility for recruitment have been prioritised. We contribute to the values-based induction and promote EDI as everyone's business.

MTW EDI Strategy

Our EDI Strategy, co-designed with our staff, sets out four strategic aims for inclusion:

- ▶ Proactively seeking opportunities to exceed our legal obligations to eliminate discrimination, harassment and victimisation and ensure equity of opportunity for our staff and patients
- ▶ Having strong leadership evidenced by a well-led environment in which our staff are valued for their diversity and the contributions they bring from their own experiences
- ▶ Developing and embedding an inclusive culture, that encourages and values diversity, uniqueness and experiences of our staff, enabling them to be themselves and bring their whole selves to work
- ▶ Ensuring our staff feel equipped and confident to speak out, and do, when they see bias or discrimination, to ask questions and challenge in a way that encourages constructive conversations and supports positive change



This builds upon the work that has already been taking place with a focus on inclusive recruitment and talent management, promotion of kindness, civility and respect, ensuring staff have a voice and feel engaged, that our leadership team have understanding and role model our leadership behaviours.

Fair and inclusive recruitment

We are embarking upon a journey at the Trust that will see changes to the way we recruit to roles including Consultant grades by introducing EDI Recruitment Champions. These staff have been provided with the skills to identify bias within shortlisting and interview processes and given the confidence to challenge in a supportive manner to ensure that fairness and equity occurs within our recruitment processes.

Please note that the data for Trust Board Members is not included within the "Staff [head count]" data, to avoid double counting, even though 8 of the 18 Trust Board members are substantive members of staff.

Age	Staff [head count]		Trust Board Members	
Less than or equal to 20 years	61 (63)	0.8% (0.9%)	0 (0)	0% (0%)
21 to 25	484 (501)	6.6% (7.2%)	0 (0)	0% (0%)
26 to 30	957 (869)	13.1% (12.5%)	0 (0)	0% (0%)
31 to 35	1055 (1006)	14.4% (14.5%)	0 (1)	0% (5.9%)
36 to 40	906 (767)	12.4% (11.0%)	1 (0)	5.6% (0%)
41 to 45	849 (821)	11.6% (11.8%)	0 (2)	0% (11.8%)
46 to 50	917 (941)	12.5% (13.5%)	3 (1)	16.7% (5.9%)
51 to 55	883 (840)	12.1% (12.1%)	6 (6)	33.3% (35.3%)
56 to 60	685 (670)	9.4% (9.6%)	3 (2)	16.7% (11.8%)
61 to 65	398 (366)	5.4% (5.4%)	2 (2)	11.1% (11.8%)
66 to 70	81 (76)	1.1% (1.1%)	2 (2)	11.1% (11.8%)
71 years or over	38 (31)	0.5% (0.4%)	1 (1)	5.6% (5.9%)

Gender	Staff [head count]		Trust Board Members	
Male	1752 (1653)	24.0% (23.8%)	10 (10)	55.6% (58.8%)
Female	5562 (5298)	76.0% (76.2%)	8 (7)	44.4% (41.2%)
Grand total	7314 (6951)	-	18 (17)	-

Ethnic group	Staff [head count]		Trust Board Members	
A White – British	3863 (3960)	52.8% (57.0%)	15 (14)	83.3% (82.4%)
B White – Irish	44 (53)	0.6% (0.8%)	1 (1)	5.6% (5.9%)
C White - Any other White background	480 (478)	6.6% (6.9%)	0 (0)	0% (0%)
C2 White Northern Irish	1 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
C3 White Unspecified	1 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
CA White English	3 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
CF White Greek	1 (3)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
CK White Italian	2 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
CP White Polish	5 (6)	0.1% (0.1%)	0 (0)	0% (0%)
CU White Croatian	1 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
CX White Mixed	2 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
CY White Other European	11 (14)	0.2% (0.2%)	0 (0)	0% (0%)
D Mixed - White & Black Caribbean	18 (17)	0.2% (0.2%)	0 (0)	0% (0%)
E Mixed - White & Black African	23 (21)	0.3% (0.3%)	0 (0)	0% (0%)
F Mixed - White & Asian	41 (38)	0.6% (0.5%)	0 (0)	0% (0%)
G Mixed - Any other mixed background	43 (43)	0.6% (0.6%)	0 (0)	0% (0%)
GA Mixed - Black & Asian	1 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
GC Mixed - Black & White	1 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
GD Mixed - Chinese & White	0 (0)	0% (0%)	0 (0)	0% (0%)
GE Mixed - Asian & Chinese	1 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
GF Mixed - Other/Unspecified	5 (3)	0.1% (< 0.1%)	0 (0)	0% (0%)
H Asian or Asian British - Indian	710 (662)	9.7% (9.5%)	0 (1)	0% (5.9%)
J Asian or Asian British - Pakistani	94 (93)	1.3% (1.3%)	0 (0)	0% (0%)
K Asian or Asian British - Bangladeshi	24 (29)	0.3% (0.4%)	0 (0)	0% (0%)
L Asian or Asian British - Any other Asian background	349 (347)	4.8% (5.0%)	0 (0)	0% (0%)
LA Asian Mixed	5 (5)	0.1% (0.1%)	0 (0)	0% (0%)
LB Asian Punjabi	0 (0)	0% (0%)	0 (0)	0% (0%)
LE Asian Sri Lankan	0 (1)	0% (< 0.1%)	0 (0)	0% (0%)
LF Asian Tamil	1 (2)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
LH Asian British	2 (2)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
LJ Asian Caribbean	0 (2)	0% (< 0.1%)	0 (0)	0% (0%)
LK Asian Unspecified	5 (4)	0.1% (0.1%)	0 (0)	0% (0%)
M Black or Black British - Caribbean	33 (31)	0.4% (0.4%)	1 (1)	5.6% (5.9%)
N Black or Black British - African	300 (243)	4.1% (3.5%)	0 (0)	0% (0%)
P Black or Black British - Any other Black background	22 (20)	0.3% (0.3%)	0 (0)	0% (0%)
PB Black Mixed	0 (0)	0% (0%)	0 (0)	0% (0%)
PC Black Nigerian	9 (13)	0.1% (0.2%)	0 (0)	0% (0%)
PD Black British	2 (1)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
PE Black Unspecified	0 (0)	0% (0%)	0 (0)	0% (0%)
R Chinese	47 (47)	0.6% (0.7%)	0 (0)	0% (0%)
S Any Other Ethnic Group	182 (164)	2.5% (2.4%)	0 (0)	0% (0%)
SA Vietnamese	0 (0)	0% (0%)	0 (0)	0% (0%)
SB Japanese	4 (4)	0.1% (0.1%)	0 (0)	0% (0%)
SC Filipino	28 (25)	0.4% (0.4%)	0 (0)	0% (0%)
SD Malaysian	1 (3)	< 0.1% (< 0.1%)	0 (0)	0% (0%)
SE Other Specified	3 (4)	< 0.1% (0.1%)	0 (0)	0% (0%)
Z Not Stated / Undeclared	946 (604)	12.9% (8.7%)	1 (0)	5.6% (0%)
Total	7314 (6951)	-	18 (17)	-

Staff sickness absence

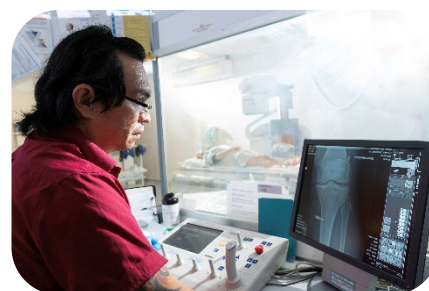
The staff sickness absence for 2022/23 (and 2021/22) is reported below:¹⁹

Reporting period	Figures converted by the Department of Health and Social Care (DHSC) to best estimates of required data items		Statistics produced by NHS Digital from Electronic Staff Record (ESR) Data Warehouse		
	Average Full Time Equivalent (FTE)	Adjusted FTE days lost to Cabinet Office definitions	FTE-Days Available	FTE-Days Lost to Sickness Absence	Average Sick Days per FTE ²⁰
2021/22	6,007	56,640	2,192,610	91,883	9.4
2022/23	6347	66,329	2,316,556	107,600	10.5

N.B. This data is provided via the Department of Health and Social Care (DHSC) (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)²¹. The sickness absence figures reported for 2022/23 are actually for the calendar year 2022 (i.e. January to December 2022). However, the DHSC considers the figures for the calendar year to be a reasonable proxy for the financial year. It should be noted that the reporting requirement was suspended for 2020/21 due to the COVID-19 pandemic, however information for previous reporting periods is available on the [NHS Digital website](#).

Health and Safety at Work

The Trust is committed to ensuring the health and safety of its employees, patients, visitors, volunteers, contractors and others affected by its activities. It aims to provide safe and healthy working conditions and seeks the support of staff in achieving this. The use of risk assessment to identify, assess and manage risk is key to health and safety management within the Trust. During the year:



- ▶ The number of non-patient safety incidents reported increased significantly again in 2022/23. There were 3100 in 2022/23 compared with 2447 in 2021/22, an increase of around 27%.
- ▶ Violence and harassment against staff continues to be an issue. The incidents are largely attributable to patients diagnosed with dementia or those suffering from a mental health crisis. Work is ongoing to mitigate the risk and the Security team have been encouraged to report all incidents.
- ▶ At the end of March 2023, the number of reports to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013 decreased by one to 21 in 2022/23.
- ▶ 2023/24 will see continued construction on both sites, including the student medical accommodation at Tunbridge Wells Hospital and the Kent and Medway Orthopaedic Centre (KMOC) at Maidstone Hospital. The Safety Team are consulted in all relevant matters involved with the construction process.
- ▶ A new risk information management system will be rolled out early in 2023/24. Incidents and risks as well as other modules will soon be launched and there is scope to utilise this system for health and safety audit and monitoring at a later stage, which would improve efficiency and triangulation.
- ▶ The Safety Team has been involved in undertaking and reviewing ligature risk assessments, particularly in areas where there is a greater risk. Work on developing the ligature risk assessment process is ongoing to reduce the risk.

¹⁹ The Electronic Staff Record (ESR) does not hold details of the normal number of days worked by each employee. Data on days available and days recorded sick are based on a 365-day year.

²⁰ Average Annual Sick Days per FTE has been estimated by dividing the estimated number of FTE-days sick by the average FTE, and multiplying by 225 (the typical number of working days per year).

²¹ There may be inconsistencies between this data and the statutory basis for accounts, in terms of the organisation against which staff are reported for a particular month.

“Senior Managers” remuneration



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

It is usually considered that the regular attendees of the entity’s Board meetings are its “Senior Managers”, and the Chief Executive has confirmed that the definition of “Senior Managers” only applies to Trust Board Members (refer to the ‘Directors’

Report’ for further details). With the exception of the Non-Executive Directors (whose remuneration is set by NHSE) all “Senior Managers” are on “Very Senior Manager” (VSM) contracts and salaries are agreed with each individual.

The Trust Board has established a Remuneration and Appointments Committee to advise and assist in meeting its responsibilities to ensure appropriate remuneration, allowances and terms of service for the Chief Executive, Directors and other key senior posts (refer to the Annual Governance Statement for 2022/23 for further details of the Remuneration and Appointments Committee).

The Chief Executive and Directors’ remuneration is reviewed annually 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 NHSE. Remuneration for the Chair of the Trust Board is also set by NHSE.

The Directors are normally on permanent contracts and subject to a minimum of six months’ notice period; the Chief Executive’s notice period is six 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. All Director contracts contain a ‘Fit and Proper Person’ clause stating that the post holder will be unable to continue as a Trust Board Member should they meet any of the criteria for being “unfit” within The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

Termination arrangements are applied in accordance with statutory regulations as modified by Trust or National NHS conditions of service agreements, and the NHS pension scheme. The Remuneration and Appointments Committee will agree any severance arrangements following appropriate approval from NHSE and HM Treasury as appropriate. The figures included in the tables below show details of salaries, allowances, pension entitlements and any other remuneration of the Trust’s ‘Senior Managers’ i.e. non-recurrent awards etc.

There are no staff sharing arrangements in place for any of the Trust’s senior managers.

Salaries and allowances for the year ending 31st March 2023 (subject to audit)Comparatives for the year ending 31st March 2022 are shown in brackets below the figure for 2022/23.

Name and title (alphabetical by surname)	(a) Salary (bands of £5,000)	(b) Taxable expense payments and other benefits in kind, to the nearest £100	(c) Annual performance- related pay and bonuses (bands of £5,000)	(d) Long-term performance- related pay and bonuses (bands of £5,000)	(e) All pension- related benefits (bands of £2,500)	(f) TOTAL (columns a - f) (bands of £5,000)
N.B. Dates of service are for the full 2022/23 year unless otherwise disclosed	£000	£ Λ	£000	£000	£000	£000
Sean Briggs, Chief Operating Officer	145-150 (145-150)	0 (0)	N/A (N/A)	N/A (N/A)	42.5-45.0 (55.0-57.5)	190-195 (200-205)
Maureen Choong, Non-Executive Director	10-15 (10-15)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (10-15)
Karen Cox, Associate Non-Executive Director ±	0 (0)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	0 (0)
Richard Finn, Associate Non-Executive Director	10-15 (10-15)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (10-15)
Neil Griffiths, Associate Non-Executive Director	10-15 (10-15)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (10-15)
Joanna Haworth, Chief Nurse (started 03/08/21)	140-145 (85-90)	0 (0)	N/A (N/A)	N/A (N/A)	85-87.5 (130.0-132.5)	225-230 (220-225)
David Highton, Chair of the Trust Board	45-50 (45-50)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	45-50 (45-50)
Rachel Jones, Director of Strategy, Planning & Partnerships (started 30/05/22)	105-110 (0)	0 (0)	N/A (N/A)	N/A (N/A)	97.5-100 (0)	205-210 (0)
Amanjit Jhund, Director of Strategy, Planning & Partnerships (left 29/04/22)	5-10 (115-120)	0 (0)	N/A (N/A)	N/A (N/A)	7.5-10 (27.5-30.0)	15-20 (140-145)
Peter Maskell, Medical Director Ψ	210-215 (195-200)	0 (0)	5-10 (5-10)	N/A (N/A)	395-397.5 (0)	610-615 (200-205)
David Morgan, Non-Executive Director	10-15 (10-15)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (10-15)
Sara Mumford, Director of Infection Prevention and Control θ, Ψ	185-190 (190-195)	0 (0)	15-20 (15-20)	N/A (N/A)	10-12.5 (82.5-85.0)	210-215 (280-285)
Steve Orpin, Deputy Chief Executive / Chief Finance Officer θ	190-195 (165-170)	0 (0)	N/A (N/A)	N/A (N/A)	0 (95.0 - 97.5)	190-195 (265 - 270)
Emma Pettitt-Mitchell, Non-Executive Director	10-15 (10-15)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (10-15)
Miles Scott, Chief Executive θ	250-255 (235-240)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	250-255 (235-240)
Sue Steen, Chief People Officer	140-145 (140-145)	0 (0)	N/A (N/A)	N/A (N/A)	35.0-37.5 (152.5-155.0)	180-185 (290-295)
Jo Webber, Associate Non-Executive Director	10-15 (10-15)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (10-15)
Wayne Wright, Non-Executive Director	10-15 (1-5)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	10-15 (1-5)
Alex Yew, Associate Non-Executive Director (started 27/03/23)	0-5 (0)	0 (0)	N/A (N/A)	N/A (N/A)	0 (0)	0-5 (0)

Λ £ hundreds are used for taxable expense payments, and other benefits (column (b)). All other columns are in £ thousands

Ψ Drs Maskell and Mumford hold clinical roles in the Trust alongside their responsibilities as Senior Managers. Both doctors receive Clinical Excellence Awards (CEA), these are reported within performance related pay and bonuses. The variance between years relating to pension costs for Dr Maskell was due to changes of circumstances which cross a number of years with additional catch-up payments included within 2022-23 financial year, this has now been resolved and for 2023-24 normal payments will be resumed

θ Steve Orpin, Miles Scott and Dr Sara Mumford took pension recycling adjustments before or during 2022/23. The comparative for Miles Scott has been adjusted to account for the proportion of the recycling relating to the prior year.

± Karen Cox does not receive remuneration from the Trust

α Alex Yew joined the Trust on 27th March 2023. He is a joint appointment with Kent and Medway ICB.

Pension benefits for the year ending 31st March 2023²² (subject to audit)

Name and title ^Ψ (alphabetical by surname)	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500)	(c) Total accrued pension at pension age at 31 st March 2023 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 st March 2023 (bands of £5,000)	(e) Cash Equivalent Transfer Value Λ at 1 st April 2022	(f) Real increase in Cash Equivalent Transfer Value Σ	(g) Cash Equivalent Transfer Value Λ at 31 st March 2023	(h) Employee's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Sean Briggs, Chief Operating Officer	2.5-5.0	0	30-35	0	259	34	302	0
Joanna Haworth, Chief Nurse \pm (started 03/08/21)	5-7.5	5-7.5	55-60	120-125	939	106	1075	0
Amanjit Jhund, Director of Strategy, Planning & Partnerships (left 29/04/22)	0-2.5	0	10-15	0	103	6	114	0
Peter Maskell, Medical Director	17.5-20	45-47.5	50-55	105-110	594	378	990	0
Sara Mumford, Director of Infection Prevention and Control	0-2.5	0-2.5	70-75	90-95	1,223	33	1,302	0
Rachel Jones, Director of Strategy, Planning & Partnerships (started 30/05/22)	2.5-5	5-7.5	50-55	105-110	832	46	967	0
Steve Orpin, Deputy Chief Executive / Chief Finance Officer	0	0	0	0	0	0	0	0
Miles Scott, Chief Executive \yen	0	0	0	0	0	0	0	0
Sue Steen, Chief People Officer	2.5-5	0	10-15	0	117	21	162	0

- Ψ As Non-Executive Directors (and Associate 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. Please however note that the CETV values at 31/03/21 and 31/03/22 may have been calculated using different methodologies, and this may have impacted the "Real increase in Cash Equivalent Transfer Value" figure in the table
- 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
- \yen Miles Scott and Steve Orpin did not make any contributions into the NHS Pension Scheme in 2022/23
- \pm Where new starters have joined throughout 2022-23 they will not have a CETV for the 1st April 2022 but will have a closing CETV value at 31st March 2023.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31st March 2023. HM Treasury published updated guidance on 27th April 2023; this guidance will be used in the calculation of 2023 to 24 CETV figures.

Please also note that the benefits and related CETVs do not allow for a potential adjustment arising from the McCloud judgement (a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design).

Fair pay disclosure (subject to audit)

The remuneration of the highest paid director has increased between 2021-22 and 2022-23. The median pay of all other staff has increased by a higher rate mostly due to the effect of pay awards and a significant proportion of expenditure being on agency staff. The table below shows the changes and analyses remuneration between salary and allowances and performance pay and bonus components.

²² The Trust only makes contributions into the NHS pension scheme and the National Employment Savings Trust (NEST) scheme

Percentage change for the highest paid director:

2022-23	Percentage change for highest paid director	Percentage change for employees as a whole
Salary and allowances	6.32%	8.49%
Performance pay/bonuses	0%	0%

2021-22	Percentage change for highest paid director	Percentage change for employees as a whole
Salary and allowances	0%	4.96%
Performance pay/bonuses	0%	0%

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce. Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25th percentile, median and 75th percentile of salary components of the organisation's workforce.

The banded remuneration of the highest paid director in the financial year 2022/23 was £252,500 (2021/22 £237,500 – nb this is restated from the £227,500 reported in 2021/22 as a result of a backdated pay change from pension recycling that took place in 2022/23). The relationship to the remuneration of the organisation's workforce is disclosed in the pay ratio table below, which has also updated the prior year comparators.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The distinction between total remuneration and salary is performance related pay and bonuses. Bonuses and PRP were not paid to staff in the current year and therefore the figures are the same.

Pay Ratios – highest paid director compared with organisation workforce at 25th, Median and 75th percentile:

Year	25th percentile total remuneration ratio	25th percentile salary ratio	Median total remuneration ratio	Median salary ratio	75th percentile total remuneration ratio	75th percentile salary ratio
2022-23	9.3:1	9.3:1	7.0:1	7.0:1	5.0:1	5.0:1
2021-22	10.3:1	10.3:1	7.4:1	7.4:1	5.2:1	5.2:1

Annualised employee remuneration (including temporary staff):

2022-23 (£)	All employees £	Highest Paid Director £	Ratio
25 th Percentile	27,136	252,500	9.3
Median (50 th) percentile	35,874	252,500	7.0
75 th percentile	50,550	252,500	5.0

2021-22 (£)	All employees £	Highest Paid Director £	Ratio
25 th Percentile	23,059	237,500	10.3
Median (50 th) percentile	32,306	237,500	7.4
75 th percentile	46,031	237,500	5.2

The ratio of the remuneration of the highest paid director to the median pay of all employees has decreased from 7.4: 1 last year to 7.0: 1 this year. Although the remuneration of the highest paid director has increased, the median pay of other staff increased by a greater amount due to pay awards. This pattern is also reflected

in the lower and upper quartile ranges. The relative reduction is greater in the 25th percentile banding, as the pay award was proportionately higher for lower grades of AfC staff.

In 2022-23, 2 (2021-22, 0) employees received remuneration in excess of the highest-paid director / member. Remuneration (including the highest paid director) ranged from £17,979 to £271,492 (2021-22, £13,909 to £225,459). The two employees who received remuneration in excess of the highest-paid director / member were medical agency consultant grade Oncology doctors.

Reporting relating to the review of tax arrangements of public sector appointees

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 2023, for more than £245 per day:

	Number
Number of existing engagements as of 31 st March 2023	0
Of which, the number that have existed...	
for less than one year at the time of reporting =	0
for between one and two years at the time of reporting =	0
for between two and three years at the time of reporting =	0
for between three and four years at the time of reporting =	0
for four or more years at the time of reporting =	0

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

New off-payroll engagements between 1st April 2022 and 31st March 2023, for more than £245 per day:

	Number
Number of new engagements, or those that reached six months in duration, between 1 st April 2022 and 31 st March 2023	1
Of which...	
Number not subject to off-payroll legislation	1
Number subject to off-payroll legislation and determined as in-scope of IR35	0
Number subject to off-payroll legislation and determined as out of scope of IR35	1
Number of engagements reassessed for compliance or assurance purposes during the year	12
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll Board member / Senior Official engagements

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the year	0
Number of individuals that have been deemed "Board members and/or senior officers with significant financial responsibility", during the financial year. This figure includes both off-payroll and on-payroll engagements	19

Expenditure on consultancy staff

The Trust's internal expenditure on consultancy staff for 2022/23 was £279k, a decrease of £2,856k from previous financial year (£3,135k in 2021/22). This decrease related to IT development projects including Electronic Patient Records implementation reducing consultancy required.

Declaration

I confirm adherence to the reporting framework in respect of the Accountability Report.



Miles Scott, Chief Executive

22nd June 2023

Accountability and audit report for 2022-2023: Independent auditor's report to the directors of Maidstone and Tunbridge Wells NHS Trust



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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Maidstone and Tunbridge Wells NHS Trust (the 'Trust') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows²³ and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS England, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2022-23; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or

has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or

- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect to the above matters except on 24 May 2023 we referred a matter to the Secretary of State under sections 30(b) and 30 (a) of the Local Audit and Accountability Act 2014 in relation to Maidstone and Tunbridge Wells NHS Trust's breach of its three-year break-even duty for the three year period ending 31 March 2023 and its planned ongoing breach in 2023/24.

Responsibilities of directors

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 in the form and on the basis set out in the Accounts Directions and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23).
- We enquired of management and the Audit and Governance Committee, concerning the Trust's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, fraudulent

revenue recognition and fraudulent expenditure recognition. We determined that the principal risks were in relation to:

- journal entries which met a range of criteria defined as part of our risk assessment;
 - revenue recognition for material streams of variable patient care income and other income streams; and
 - expenditure recognition given the continued financial challenges of the sector and requirement to meet financial targets.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on journals meeting a range of criteria defined as part of our risk assessment;
 - challenging assumptions and judgements made by management in its significant accounting;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and building valuations.
 - Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the health sector and economy in which the Trust operates
 - understanding of the legal and regulatory requirements specific to the Trust including:
 - the provisions of the applicable legislation
 - NHS England's rules and related guidance
 - the applicable statutory provisions.
 - In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, they will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

Responsibilities of the Accountable Officer

As explained in the statement of the chief executive's responsibilities as the accountable officer of the Trust, the Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(2A)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.


We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Maidstone and Tunbridge Wells NHS Trust for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's directors as a body, for our audit work, for this report, or for the opinions we have formed.

The image shows a stylized signature of John Paul Cuttle in a blue, cursive font.

John Paul Cuttle, Key Audit Partner

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

London

23rd June 2023

Independent auditor's report to the directors of Maidstone and Tunbridge Wells NHS Trust

In our auditor's report issued on 23 June 2023 we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2023, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2023 issued on 23 June 2023 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since 23 June 2023 that would have a material impact on the financial statements on which we gave this opinion.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2023.

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

Responsibilities of the Accountable Officer

The Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under section 21(2A)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Audit certificate

We certify that we have completed the audit of Maidstone and Tunbridge Wells NHS Trust for the year ended 31st March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the

Trust's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's directors as a body, for our audit work, for this report, or for the opinions we have formed.

John Paul Cuttle

John Paul Cuttle, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor London

21st July 2023

Glossary of NHS terms

Term	Definition/explanation
Accident and Emergency (A&E)	Also referred to as Emergency Department (ED).
Acute Care	Acute care refers to the medical and surgical treatment provided by a hospital.
Acute Medical Unit (AMU)	An AMU is the first point of entry for patients referred to hospital as emergencies by their GP and those requiring admission from the Emergency Department.
Allied Health Professionals (AHPs)	AHPs is an umbrella term for therapists, chiropodists, dietitians, occupational therapists, orthoptists, paramedics, physiotherapists, prosthetists, psychologists, psychotherapists, radiographers, and speech and language therapists among others.
Ambulatory (Care)	A service where some conditions may be treated without the need for an overnight stay in hospital.
Acute Stroke Unit (ASU)	An acute neurological ward providing specialist services for people who have had a new suspected stroke.
Care Quality Commission (CQC)	A body that regulates all health & social care services in England. The CQC ensures the quality & safety of care in hospitals, dentists, ambulances, & care homes, and the care given in people's own homes. It is an executive non-departmental public body, sponsored by the Department of Health & Social Care.
Clinical Commissioning Group (CCG)	CCGs are clinically-led statutory NHS bodies, created following the Health and Social Care Act 2012, responsible for the planning and commissioning of health care services for their local area. CCGs are membership bodies, with local GP practices as the members.
Clinical Governance	Clinical Governance is the system through which NHS organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care, by creating an environment in which clinical excellence can flourish.
Commissioning	The process of planning, agreeing and monitoring services, ranging from the health-needs assessment for a population, through the clinically based design of patient pathways, to service specification and contract negotiation or procurement, with continuous quality assessment.
Control total	A figure calculated by NHSE, on a Trust by Trust basis, which represents the minimum level of financial performance, against which the Trust's Board/ Governing Body and Chief Executives must deliver in 2021/22, and for which they will be held directly accountable.
Coronavirus disease	Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. The COVID-19 virus spreads primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes.

Term	Definition/explanation
Cost Improvement Programme (CIP)	Sets out the savings that an NHS organisation plans to make to reduce its expenditure/increase efficiency. It is used to close the gap between the income received by the NHS body and expenditure incurred in any one year.
Commissioning for Quality and Innovation (CQUIN)	Introduced in 2009 to make a proportion of healthcare providers' income conditional on demonstrating improvements in quality and innovation in specified areas of patient care. The key aim of the CQUIN framework is to secure improvements in the quality of services and better outcomes for patients.
Datix	The Trust's incident reporting and risk management system.
Delayed Transfer of Care (DTOC)	According to NHSE, a 'delayed transfer of care' occurs when an adult inpatient in hospital is ready to go home or move to a less acute stage of care but is prevented from doing so. Sometimes referred to in the media as 'bed-blocking', delayed transfers of care are a problem as they reduce the number of beds available to other patients who need them, as well as causing unnecessarily long stays in hospital for patients.
Duty of Candour	The Duty of Candour makes it a statutory obligation for all NHSE organisations to be open and transparent with patients, their families, and their carers about the causes of any unexpected harm that results from a person's treatment.
Elective treatment	Treatment that is not urgent and can be planned.
Electronic Patient Record (EPR)	An EPR is the systematised collection of patient and population electronically-stored health information in a digital format. These records can be shared across different health and care settings.
Emergency Department (ED)	Also known as Accident and Emergency (A&E).
Escalation	The term used to describe circumstances when clinical areas of the Trust, not ordinarily designated for non-elective inpatient care, are required to be used for that purpose due to non-elective demand.
Freedom of Information	The Freedom of Information Act 2000 is an Act of Parliament of the United Kingdom that creates a public "right of access" to information held by public authorities.
Friends and Family Test (FFT)	A feedback tool, launched in April 2013, that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience. It asks people if they would recommend the services they have used and offers a range of responses. When combined with supplementary follow-up questions, the FFT provides a mechanism to highlight both good and poor patient experience.
Getting It Right First Time (GIRFT)	A national programme, led by frontline clinicians and designed to improve the quality of care within the NHS by reducing unwarranted variations. GIRFT tackles variations in the way services are delivered across the NHS, and shares best practice between trusts, identifying changes that will help improve care and patient outcomes, as well as delivering efficiencies such as the reduction of unnecessary procedures and cost savings.

Term	Definition/explanation
Hyper Acute Stroke Unit (HASU)	A dedicated Stroke unit bringing experts and equipment under one roof to provide world class treatment 24 hours a day.
Integrated Care System (ICS)	ICSs brings together local organisations to redesign care and improve population health, creating shared leadership and action to deliver the 'triple integration' of primary and specialist care, physical and mental health services, and health with social care.
Inpatient	A person who stays in hospital for one or more nights.
Length of Stay (LOS)	The period of time a patient remains in hospital or other healthcare facility as an inpatient.
Marginal Rate Emergency Tariff (MRET)	An adjustment made to the amount a provider of emergency services is reimbursed to encourage health economies to redesign emergency services and manage patient demand for those services. A provider is paid a percentage of the national price for each patient admitted as an emergency over and above a set threshold.
NHS England (NHSE)	An executive non-departmental public body, sponsored by the Department of Health and Social Care, which leads the NHS in England. It sets the priorities and direction of the NHS and encourages and informs the national debate to improve health and care.
NHS Oversight Framework (NOF)	This framework outlines NHSE's approach to NHS oversight for 2022/23 and is aligned with the ambitions set out in the NHS Long Term Plan and the 2022/23 NHS operational planning and contracting guidance. It also reflects the significant changes enabled by the Health and Care Act 2022 including the formal establishment of integrated care boards and the merging of NHS Improvement (comprising of Monitor and the NHS Trust Development Authority) into NHS England
Non-elective treatment	Treatment that is not planned, but requires admission to hospital
Outpatient	A person who goes to a hospital for treatment or assessment, but does not stay overnight.
Patient Advice and Liaison Service (PALS)	A service within an NHS Trust offering confidential advice, support and information on health-related matters. It provides a point of contact for patients, their families and their carers.
Pandemic	An epidemic that has spread over several countries/continents, usually affecting a large number of people.
Patient experience	A term used for individual and collective feedback. (1) Individual patient's feedback about their experiences of care or a service e.g. whether they understood the information they were given, their views on the cleanliness of the hospital where they were treated. (2) A combination of all the intelligence held about what patients experience in services, drawing on a range of sources including complaints, compliments, etc.
Patient flow	The course of patients between staff, departments and organisations along a pathway of care.
Patient pathway	The route that a patient will take from entry into a hospital or other healthcare setting until the patient leaves. A template pathway can be

Term	Definition/explanation
	created for common services and operations (e.g. emergency care pathway).
Public Sector Equality Duty	The public sector equality duty (PSED) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.
Provider Sustainability Fund (PSF)	A fund held by NHSE that is available to providers when they have met their control total.
Referral to Treatment (RTT)	The waiting time calculated from the date the Trust receives a referral, to the date the patient either receives treatment or a decision is made that no treatment is required.
Ring-fenced beds	Beds allocated for a specific category of patient / treatment (e.g. Stroke or elective orthopaedic beds), not used for general medical patients when the hospital is busy.
Social Distancing	Measures taken to reduce person-to-person contact in a given community, with a goal to stop or slow down the spread of a contagious disease.
Serious Incident (SI)	Events in health care where the potential for learning is so great, or the consequences to patients, families and carers, staff or organisations are so significant, that they warrant using additional resources to mount a comprehensive response. SIs can extend beyond incidents which affect patients directly and include incidents which may indirectly impact patient safety or an organisation's ability to deliver ongoing healthcare.
Virtual Wards	Virtual Wards provide a community-based service using systems, processes and staffing similar to a hospital ward but without the physical building. Virtual Wards provide multi-disciplinary care to patients at high risk of unplanned hospital admission based on the forecasts of a predictive risk model. Using the staffing, systems and daily routines of a hospital ward with a social worker as a key member of the team, they deliver highly co-ordinated preventive care at home to people at high predicted risk.
Wellbeing	Wellbeing is broadly understood to be the state of being physically and mentally healthy and happy. Wellbeing also refers to how satisfied people feel with their lives as a whole, their sense of purpose, and how in control they feel about their lives, their employment and their social and professional relationships with others.

Financial statements: 2022-2023



Maidstone and Tunbridge Wells NHS Trust

Annual accounts for the year ended 31 March 2023

Statement of Comprehensive Income

		2022/23	2021/22
	Note	£000	£000
Operating income from patient care activities	3	633,662	580,855
Other operating income	4	46,639	43,036
Operating expenses	7, 9	-661,377	-591,438
Operating surplus/(deficit) from continuing operations		18,924	32,453
Finance income	11	738	18
Finance expenses	12	-16,303	-14,528
PDC dividends payable		-5,107	-3,369
Net finance costs		-20,672	-17,879
Other gains / (losses)	13	4	-37
Gains / (losses) arising from transfers by absorption	37	0	0
Corporation tax expense		0	0
Surplus / (deficit) for the year from continuing operations		-1,744	14,537
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	5,755	12,345
Revaluations	18	19,925	4,842
Total comprehensive income / (expense) for the period		23,936	31,724

Note - Adjusted financial performance (control total basis):

The Trust's deficit for 2022/23 was £1.74m prior to adjustments made for the purposes of measuring NHS Trusts financial performance. NHS England excludes the impact of certain transactions - impairments, revaluations, capital grants and the net impact of "push stock" received from DHSC bodies - for the purpose of measuring NHS Trust's financial performance. After adjusting for these transactions, the Trust's adjusted financial performance surplus for the year is £0.16m as shown in the table below. The table does not form part of the Statement of Comprehensive Income and represents a note to the accounts.

Adjusted financial performance (control total basis):

Surplus / (deficit) for the period	-1,744	14,537
Remove net impairments not scoring to the Departmental expenditure limit	1,735	-16,051
Remove I&E impact of capital grants and donations	273	268
Remove net impact of inventories received from DHSC group bodies for COVID response	-106	1,477
Adjusted financial performance surplus / (deficit)	158	231

Statement of Financial Position

		31 March 2023 £000	31 March 2022 £000
	Note		
Non-current assets			
Intangible assets	15	9,464	11,332
Property, plant and equipment	16	373,294	339,794
Right of use assets	19	59,993	0
Receivables	21	2,804	2,891
Total non-current assets		445,555	354,017
Current assets			
Inventories	20	9,249	9,158
Receivables	21	36,283	28,670
Non-current assets for sale and assets in disposal groups	22	179	0
Cash and cash equivalents	23	7,975	11,838
Total current assets		53,686	49,666
Current liabilities			
Trade and other payables	24	-54,276	-45,734
Borrowings	26	-12,293	-7,132
Provisions	28	-1,675	-5,703
Other liabilities	25	-1,804	-3,647
Total current liabilities		-70,048	-62,216
Total assets less current liabilities		429,193	341,467
Non-current liabilities			
Borrowings	26	-225,265	-176,111
Provisions	28	-2,697	-2,421
Total non-current liabilities		-227,962	-178,532
Total assets employed		201,231	162,935
Financed by			
Public dividend capital		288,365	274,005
Revaluation reserve		71,900	46,246
Income and expenditure reserve		-159,034	-157,316
Total taxpayers' equity		201,231	162,935

The notes on pages 6 to 55 form part of these accounts.

Name



Position

Chief Executive Officer

Date

22 June 2023

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	274,005	46,246	-157,316	162,935
Surplus/(deficit) for the year	0	0	-1,744	-1,744
Other transfers between reserves	0	-26	26	0
Impairments	0	5,755	0	5,755
Revaluations	0	19,925	0	19,925
Public dividend capital received	14,360	0	0	14,360
Taxpayers' and others' equity at 31 March 2023	288,365	71,900	-159,034	201,231

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	261,345	29,170	-171,964	118,551
Surplus/(deficit) for the year	0	0	14,537	14,537
Other transfers between reserves	0	-111	111	0
Impairments	0	12,345	0	12,345
Revaluations	0	4,842	0	4,842
Public dividend capital received	12,660	0	0	12,660
Taxpayers' and others' equity at 31 March 2022	274,005	46,246	-157,316	162,935

Information on reserves:**Public dividend capital**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows

		2022/23	2021/22
	Note	£000	£000
Cash flows from operating activities			
Operating surplus / (deficit)		18,924	32,453
Non-cash income and expense:			
Depreciation and amortisation	7.1	23,709	17,777
Net impairments	8	1,735	-16,051
Income recognised in respect of capital donations	4	-360	-377
(Increase) / decrease in receivables and other assets		-6,901	-20,242
(Increase) / decrease in inventories		-91	830
Increase / (decrease) in payables and other liabilities		10,567	5,251
Increase / (decrease) in provisions		-4,242	3,103
Net cash flows from / (used in) operating activities		43,341	22,744
Cash flows from investing activities			
Interest received		738	18
Purchase of intangible assets		-266	-3,004
Purchase of PPE and investment property		-28,181	-24,241
Sales of PPE and investment property		23	42
Receipt of cash donations to purchase assets		360	290
Net cash flows from / (used in) investing activities		-27,326	-26,895
Cash flows from financing activities			
Public dividend capital received		14,360	12,660
Movement on loans from DHSC		-974	-974
Movement on other loans		-461	-361
Capital element of lease liability repayments		-4,427	0
Capital element of PFI, LIFT and other service concession payments		-5,688	-5,402
Interest on loans		-200	-240
Other interest		-3	-4
Interest element of lease liability repayments		-530	0
Interest paid on PFI, LIFT and other service concession obligations		-15,576	-14,291
PDC dividend (paid) / refunded		-6,379	-1,620
Net cash flows from / (used in) financing activities		-19,878	-10,232
Increase / (decrease) in cash and cash equivalents		-3,863	-14,383
Cash and cash equivalents at 1 April - brought forward		11,838	26,221
Cash and cash equivalents at 31 March	23.1	7,975	11,838

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern.

Trust Management have assessed the Trust's ability to continue for the foreseeable future in the light of the GAM guidance. The Trust is planning to compile the 2022/23 accounts on a "going concern" basis following consideration of the following:-

- There has been no expectation raised in the public arena that healthcare services will not continue to be provided from the two hospital sites. There are no plans to dissolve the Trust or to cease services without transfer to any other NHS body.
- National NHS Provider/Commissioner Planning guidance has been published by NHSE that outlines the process and framework for funding arrangements within which NHS Commissioners and Providers will operate during 2023/24.
- The Trust will be submitting a 5 year capital plan to the ICB which manages the overall resource level within the patch with final plans to be submitted in early May 2023 (draft plans submitted February and March 2023).
- The Trust is an active participant and fully engaged in financial planning with both ICS/ICB designate leads as well as locally within the West Kent Health and Care Partnership (HCP) locality.
- The Trust will have signed contracts in place for the provision of healthcare services in 2023/24. The Trust contracts will be held with the local commissioning bodies for patient care in Kent & Medway, Sussex, Surrey Heartlands and South East London. In addition, regional contracts for Specialised Commissioning, Public Health and Health and Justice will be agreed, signed and effective from April 2023 with NHS England. The planned financial regime provides certainty for income and cash flows for the full financial year 2023/24.
- The Trust has no working capital loans and is not anticipating requiring support in 2023/24.
- The Trust does not consider that there are any material uncertainties to the going concern basis.

Note 1.3 Interests in other entities

The Trust does not have interests in Subsidiaries, Associates, Joint Ventures or Joint Operations and the Trust does not consolidate its charitable funds on the basis that the value is not material.

Note 1.4 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments were intended to be accompanied by a variable element to adjust income for actual activity delivered on elective services and advice and guidance services. However national guidance confirmed in March 2023 that no variable element would be applied to Systems, which led to local agreement with both the Trust's main commissioners, the Integrated Care Board and NHSE Specialised Commissioning, to remove the requirement of a variable element to contract payments. Where actual elective activity delivered differs from the agreed level set in the fixed payments, the variable element either increases or reduces the income earned by the Trust at a rate of 75% of the tariff price. In addition, the Trust receives variable payments for High Cost excluded Drugs and Devices from NHS England in relation to Specialised services and the Cancer Drug Fund which are on a pass through basis to offset actual costs incurred during the year.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts.

The Trust also receives income from commissioners relating to Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes as part of the fixed payment within the aligned payment and incentives contracts. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria. No adjustments for actual performance are made through the variable element of the contract payments following a local variation to fix these payments in line with all other activity payments within the contract.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Education Income

The Trust received income from Health Education England (HEE) for education and training of medical and non-medical trainees as well as other associated training support costs. Revenue is in respect of training provided and is recognised when performance obligations are satisfied when training has been performed. All performance obligations are undertaken within the financial year and is as agreed and invoiced to HEE, see note 4.

Non Patient care services to other bodies

The Trust supplies a range of services and goods to a range of customers, and also rents out facilities. For these services, revenue is recognised as and when performance obligations are satisfied during the period covered by the recharge.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

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 which was 3% for 2022/23, the rate remains at 3% from April 2023.

Note 1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.8 Discontinued operations

The Trust does not have any discontinued operations.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g., plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives. In respect of buildings, the trust has determined that it is appropriate to depreciate the component blocks of the two hospital sites 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.

Subsequent expenditure

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

Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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 current value at the date of revaluation less any impairment.

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

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

The financial year 2022/23 is the third year following the five-year cyclical valuation period. In keeping with the Trust's policies, the Trust commissioned professional valuers, Montagu Evans LLP, to carry out a desk top valuation at 31st March 2023. The lead relationship partner from Montagu Evans LLP is qualified to BSc MRICS. The results are recorded in property, plant and equipment notes 16 to 18.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses 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. 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. 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.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. Depreciation commences from the start of the quarter following the one in which the asset first becomes available for use.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

The Trust undertakes impairment reviews on land and property assets using specialised advice from its independent valuer. The Trust also undertakes an impairment review of IT desktop equipment.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

The sale must be probable i.e.:

- Management are committed to a plan to sell the asset;
- An active programme has begun to find a buyer and complete the sale;
- The asset is being actively marketed at a reasonable price;
- The sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- The actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

This includes assets donated to the trust by the Department of Health and Social Care or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Note 1.10 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI transactions which meet the IFRIC 2 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Service received

The fair value of services received in the year is recorded under the relevant expenditure within 'operating expenses' in the Statement of Comprehensive Income.

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 or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use, 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 initial 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 Cost' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allowed 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 NHS 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 accrual 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 in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to 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.

Other assets contributed by the NHS Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the 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.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Buildings, excluding dwellings	20	60
Plant & machinery	2	15
Transport equipment	5	10
Information technology	3	10
Furniture & fittings	10	20

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.11 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

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

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

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

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Information technology	2	7
Software licences	3	8

Note 1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

Since 2020/21 the Trust has received inventories each year including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.13 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.14 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets and financial liabilities at amortised cost

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

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

The Trust does not have any embedded derivatives that have different risks and characteristics to the host contracts; therefore the Trust does not have any financial assets/liabilities at fair value through profit and loss.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

In determining the level of expected credit loss the Trust reviews classes of debtors with common credit characteristics which are grouped together in calculation matrix. The expected credit loss is only applied to trade debtors. The Trust revised its assessment to reflect the situation under the C-19 pandemic to provide for all main trade classes in full over 60 days. For 2022/23 the Trust has carried out its annual assessment and revised the matrix. The assessment took a full year of data relating to 2021/22 trade debtors using the total income of £12.392m and compared it with the total credits and write offs for the same year (representing realised credit risk) of £0.547m. The resulting proportion is 4.41% of realised credit risk.

Therefore the debtor categories excluding NHS, Direct Debit and Overseas that from 0-159 days, provide 4.41% of the value to reflect the potential credit note/write off; and for the debt of 160 days and over, the value is provided for in full (100%).

Overseas visitors will continue to be provided for in full as soon as the debt is recognised as viewed as an inherently riskier class of debtors. This is the largest class of trade debt.

Debtors who are repaying in accordance with a repayment plan through Direct Debits are not provided for and are treated a zero-credit loss assessment unless they default on the payment plan.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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

Derecognition

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

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

Note 1.15 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. 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.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the head lease.

Initial application of IFRS 16

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.16 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 28.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 29 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 29, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.18 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>.

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

Note 1.19 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.20 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.21 Third party assets

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

Note 1.22 Losses and special payments

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

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

Note 1.23 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases - application of liability measurement principles to PFI and other service concession arrangements

From 1 April 2023, the measurement principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the statement of financial position. The effect of this has not yet been quantified. Further guidance on the approach to making the accounting change is awaited from DHSC.

Other standards, amendments and interpretations

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2022-23. These Standards are still subject to HM Treasury FReM adoption.

IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 is yet to be adopted by the FReM, therefore early adoption is not permitted. It is not practicable to provide an estimate of the impact of this standard at this point in time.

Note 1.26 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements. For 2022/23 the Trust has identified the following critical judgements that are required to be disclosed under IAS 1 paragraph 122. All other material judgements within this financial year relate to estimations and are disclosed in the relevant notes:

Assets relating to Land and Buildings are subject to a desktop valuation as at 31st March 2023, completed on an "modern equivalent asset" basis. An existing use value alternative is used which assumes the assets would be replaced with a modern equivalent, i.e. not a building of identical design - but with the same service provision as the existing assets which reflects the challenges healthcare providers face when utilising NHS Estate. Under the Trust's alternative modern equivalent asset valuation, the modern alternative hospitals are of the same service potential but on a smaller physical footprint to serve the catchment area of population.

The Trust's PFI contract at inception was assessed as meeting the IFRIC 12 principles as a service concession arrangement so that the Trust immediately recognised an infrastructure asset and a corresponding finance lease liability, under IAS 17. No change to the underlying contract has subsequently occurred to alter that judgement and the concession continues to be judged as and recognised as on-SOFP.

Note 1.27 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Material areas including estimates within the 2022/23 accounts are as follows:

Property, Plant and Equipment valuation including PFI infrastructure assets; estimation of the valuation of Property and Land is based upon professional valuer methodologies for applying modern equivalent asset concepts to the estimation of depreciated replacement cost. This methodology assumes a modern asset equivalent (MEA) approach to valuation of Trust's specialised assets, with replacement buildings being of the same service potential. Inherent within the MEA valuation approach, using the depreciated replacement cost, is the Build Cost Information Service Indices (BCIS) input.

The carrying value of build assets valued under DRC approach was £304.2m (part of the £317.5m land and buildings disclosed in note 16). The valuer uses the latest BCIS information closest to the date of valuation in valuing the Trust's specialised assets. Significant changes in the BCIS indices used valuations would result in a significantly lower or higher carrying value of building assets held by the Trust. For example a 10% decrease in percentage change in the building assets would result in a decrease in asset values by £30.4m over the next financial year with an estimated decrease to PDC of £0.5m.

Note 2 Operating Segments

Maidstone and Tunbridge Wells NHS Trust reports under a single segment of Healthcare. The Board of Directors, led by the Chief Executive, is the chief operating decision maker within the Trust. It is only at this level that the overall financial and operational performance of the Trust is measured.

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

The Trust's income is predominantly from contracts for the provision of healthcare with Integrated Care Boards and NHS England. Income from patient care services accounts for 93% of the Trust total income. Disclosure of all material transactions with related parties is included within note 34 to these financial statements. There are no other parties that account for more than 10% of total income.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2022/23	2021/22
	£000	£000
Acute services		
Income from commissioners under API contracts*	492,489	502,746
High cost drugs income from commissioners (excluding pass-through costs)	38,176	9,192
Other NHS clinical income	10,081	4,655
Community services		
Income from commissioners under API contracts*	29,040	26,584
Income from other sources (e.g. local authorities)	0	0
All services		
Private patient income	971	922
Elective recovery fund	26,932	15,602
Agenda for change pay award central funding***	12,526	0
Additional pension contribution central funding**	15,337	13,854
Other clinical income	8,110	7,300
Total income from activities	633,662	580,855

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

<https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/>

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

*** In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

Included within Other Clinical Income are Sexual Health contracts with Local Authorities, Overseas Patients, Injury Cost Recovery scheme and bowel screening service.

Note 3.2 Income from patient care activities (by source)

	2022/23	2021/22
	£000	£000
Income from patient care activities received from:		
NHS England	129,292	106,296
Clinical commissioning groups	120,242	462,901
Integrated care boards	372,507	0
Department of Health and Social Care	0	0
Other NHS providers	2,540	3,436
NHS other	0	0
Local authorities	5,781	5,327
Non-NHS: private patients	971	922
Non-NHS: overseas patients (chargeable to patient)	542	400
Injury cost recovery scheme	852	707
Non NHS: other	935	866
Total income from activities	633,662	580,855
Of which:		
Related to continuing operations	633,662	580,855
Related to discontinued operations	0	0

Clinical Commissioning Groups ceased to exist from July 2022, they were replaced with Integrated Care Boards. The income above shows three months of income received from Clinical Commissioning Groups and nine months from Integrated Care Boards.

Injury cost recovery income is subject to a provision for impairment of receivables; previously the Trust has calculated this estimate using historical information for each main site. For 2022/23 the Trust was consistent with the previous years and has provided in full for all debt up and including 2021/22 whilst for debt relating to 2022/23 the Trust is using the DHSC given rate of 24.86% (2021/22 23.76%).

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2022/23	2021/22
	£000	£000
Income recognised this year	542	400
Cash payments received in-year	271	118
Amounts added to provision for impairment of receivables	370	281
Amounts written off in-year	124	337

Note 4 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,753	0	1,753	1,734	0	1,734
Education and training	14,439	1,051	15,490	12,522	792	13,314
Non-patient care services to other bodies	20,491		20,491	16,410		16,410
Reimbursement and top up funding	2,743		2,743	6,441		6,441
Receipt of capital grants and donations and peppercorn leases		360	360		377	377
Charitable and other contributions to expenditure		1,234	1,234		1,970	1,970
Revenue from operating leases		126	126		188	188
Other income	4,442	0	4,442	2,602	0	2,602
Total other operating income	43,868	2,771	46,639	39,709	3,327	43,036

Of which:

Related to continuing operations	46,639	43,036
Related to discontinued operations	0	0

Reimbursement and out of envelope top up funding included within other operating income relates to swabbing and rapid testing costs which are reimbursed through a separate regime to the base contract.

Within Charitable and other contributions to expenditure - In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the Trust received £1,234k of items purchased by DHSC (2021/22: £1,970k).

Note 5 Fees and charges

HM Treasury requires disclosure of fees and charges raised under legislation. The following disclosure is of income from charges to service users where the full cost exceeds £1 million or the service is otherwise material in relation to the accounts.

	2022/23	2021/22
	£000	£000
Income	1,653	889
Full cost	-1,833	-2,115
Surplus / (deficit)	-180	-1,226

The above income relates to Car Parking £1.65m (2021/22 £0.89m)

Analysis of income over £1m:

Car Parking:

	2022/23
	£000
Income	1,653
Cost	-1,833
Surplus/(deficit)	-180

Note 6 Operating leases - Maidstone and Tunbridge Wells NHS Trust as lessor

This note discloses income generated in operating lease agreements where Maidstone and Tunbridge Wells NHS Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

The Trust leases an element of land on the Maidstone Hospital site to a day nursery contractor and also receives income from an arrangement with retail franchise at Maidstone Hospital.

Note 6.1 Operating lease income

	2022/23 £000	2021/22 £000
Lease receipts recognised as income in year:		
Minimum lease receipts	126	188
Variable lease receipts / contingent rents	0	0
Other		0
Total in-year operating lease income	126	188

Note 6.2 Future lease receipts

	31 March 2023 £000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	126
- later than one year and not later than two years	126
- later than two years and not later than three years	126
- later than three years and not later than four years	126
- later than four years and not later than five years	126
- later than five years	531
Total	1,161
	31 March 2022 £000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year;	188
- later than one year and not later than five years;	703
- later than five years.	729
Total	1,620

Note 7.1 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	6,865	7,194
Purchase of healthcare from non-NHS and non-DHSC bodies	22,557	20,127
Staff and executive directors costs	424,466	374,642
Remuneration of non-executive directors	149	149
Supplies and services - clinical (excluding drugs costs)	42,788	46,171
Supplies and services - general	6,111	5,142
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	68,422	60,688
Inventories written down	4	0
Consultancy costs	271	3,135
Establishment	2,674	2,625
Premises	23,145	24,879
Transport (including patient travel)	3,889	2,599
Depreciation on property, plant and equipment and right of use assets	21,683	16,030
Amortisation on intangible assets	2,026	1,747
Net impairments	1,735	-16,051
Movement in credit loss allowance: contract receivables / contract assets	-127	736
Change in provisions discount rate(s)	-104	22
Fees payable to the external auditor:		
audit services- statutory audit	150	104
Internal audit costs	141	117
Clinical negligence	18,494	18,899
Legal fees	-1,201	1,416
Insurance	-575	1,836
Research and development	0	0
Education and training	3,886	2,949
Expenditure on short term leases (current year only)	353	0
Expenditure on low value leases (current year only)	5	0
Operating lease expenditure (comparative only)	0	4,614
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	6,285	5,631
Car parking & security	2,310	3,147
Hospitality	-10	16
Losses, ex gratia & special payments	12	45
Other services, e.g. external payroll	457	300
Other	4,516	2,529
Total	661,377	591,438
Of which:		
Related to continuing operations	661,377	591,438
Related to discontinued operations	0	0

Included within 2021-22 legal fees and insurance are provisions relating for a specific legal case, during 2022/23 the Trust received further information revising the provisions held.

Net impairments within note 7.1 above include reversals for 2022/23, please see note 8.

The audit fees included within note 7.1 above are reported as the gross position, the value excluding VAT for 2022/23 is £125k (2021/22 £86.6k).

Note 7.2 Other auditor remuneration

The Trust has no other auditors remuneration.

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2021/22: £2 million).

Note 8 Impairment of assets

	2022/23 £000	2021/22 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	1,735	-16,051
Total net impairments charged to operating surplus / deficit	1,735	-16,051
Impairments charged to the revaluation reserve	-5,755	-12,345
Total net impairments	-4,020	-28,396

The Trust commissioned its independent professional valuers to undertake a desktop valuation of as at the 31st March 2023 to support its assessment of year end property valuations. The valuers also reviewed the carrying value of a material asset under construction and reviewed the carrying values of the significant IFRS 16 Right of Use property assets.

The result of the Trust Land and Building valuation has been a net increase in property values leading to a net reversal of previous impairments of (£5.63m) credited to the Income and Expenditure account. The valuation of the Kent & Medway Orthopaedic Centre Asset Under Construction reduced the carrying value £5.40m.

The review of IFRS 16 property leases resulted in an impairment of £1.70m relating to the Acute Medical Unit at Maidstone.

In addition an assessment of the current value in existing use has been undertaken for IT devices (PCs, Laptops and iPads) based on the valuation model used by the Trust in accordance with the Trust's policy 1.9. For 2022/23, the impairment totalled £0.27m (2021/22 £0.2m).

Note 9 Employee benefits

	2022/23	2021/22
	Total	Total
	£000	£000
Salaries and wages *	312,398	275,015
Social security costs	32,853	27,959
Apprenticeship levy	1,642	1,376
Employer's contributions to NHS pensions **	50,421	45,592
Pension cost - other	43	35
Temporary staff (including agency)	27,230	24,783
Total gross staff costs	424,587	374,760
Recoveries in respect of seconded staff	0	0
Total staff costs	424,587	374,760
Of which		
Costs capitalised as part of assets	121	117

Further information on staff benefits by category of staff, exit packages and staff sickness absence is reported in the remuneration and staff section of the Trust's annual report.

Note 9.1 Retirements due to ill-health

During 2022/23 there was 1 early retirement from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £95k (£109k in 2021/22).

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

* Included within Salaries and wages is an accrual relating to the recent pay offer for Agenda for Change staff of £12.9m. This has been accrued as an expenses within the 2022/23 accounts, per IAS 19 Employee Benefits.

** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% totalling £15.3m (£13.9m 2021/22 excluding administration charge) from 1st April 2020. For 2022/23, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on provider's behalf. The full cost and related funding have been recognised in these accounts.

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

Included within the employees benefits note are employer contributions to NHS Pension scheme £50.5m (2021/22 £45.6m) and other pension scheme which are NEST and 247 Time (Direct engagement provider) NEST totalling £116k (2021/22 £98k).

The Trust participates in the National Employees Saving 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 phase employer contribution rate of 3% for 2022/23 and remains at 3% for 2023/24. Trust contributions under the NEST scheme for the 2022/23 financial year totalled £43k (2021/22 £35k).

Note 11 Finance income

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	738	18
Total finance income	738	18

The interest was received from the Trust's bank accounts. For the past two years the banks have not paid any interest out due to the then prevailing interest rate. During 2022/23 the banks have slowly increased their interest rates.

Note 12.1 Finance expenditure

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

	2022/23	2021/22
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	200	238
Interest on lease obligations	530	0
Interest on late payment of commercial debt	3	4
Main finance costs on PFI and LIFT schemes obligations	9,251	9,540
Contingent finance costs on PFI and LIFT scheme obligations	6,325	4,751
Total interest expense	16,309	14,533
Unwinding of discount on provisions	-6	-5
Other finance costs	0	0
Total finance costs	16,303	14,528

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

	2022/23	2021/22
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	3	4

Note 13 Other gains / (losses)

	2022/23	2021/22
	£000	£000
Gains on disposal of assets	16	42
Losses on disposal of assets	-12	-79
Total gains / (losses) on disposal of assets	4	-37
Total other gains / (losses)	4	-37

All gains and losses on disposals of assets relates to disposals of Property, Plant and Equipment, primarily on medical equipment and vehicles; and terminations of Right of Use Assets.

Note 14 Discontinued operations

The Trust does not have any discontinued operations.

Note 15 Intangible assets - 2022/23

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	1,976	14,029	2,659	18,664
Additions	0	266	0	266
Reclassifications	0	2,551	-2,659	-108
Valuation / gross cost at 31 March 2023	1,976	16,846	0	18,822
Amortisation at 1 April 2022 - brought forward	755	6,577	0	7,332
Provided during the year	273	1,753	0	2,026
Amortisation at 31 March 2023	1,028	8,330	0	9,358
Net book value at 31 March 2023	948	8,516	0	9,464
Net book value at 1 April 2022	1,221	7,452	2,659	11,332

Note 15.1 Intangible assets - 2021/22

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	2,257	10,567	7,209	20,033
Additions	17	327	2,660	3,004
Reclassifications	108	6,519	-7,210	-583
Disposals / derecognition	-406	-3,384	0	-3,790
Valuation / gross cost at 31 March 2022	1,976	14,029	2,659	18,664
Amortisation at 1 April 2021 - as previously stated	888	8,487	0	9,375
Provided during the year	273	1,474	0	1,747
Disposals / derecognition	-406	-3,384	0	-3,790
Amortisation at 31 March 2022	755	6,577	0	7,332
Net book value at 31 March 2022	1,221	7,452	2,659	11,332
Net book value at 1 April 2021	1,369	2,080	7,209	10,658

Note 16.1 Property, plant and equipment - 2022/23

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2022 - brought forward	13,504	271,801	12,781	89,141	576	18,599	2,506	408,908
Additions	0	5,177	11,508	4,034	11	4,230	0	24,960
Impairments charged to operating expenses	0	-1,536	-5,400	0	0	-268	0	-7,204
Impairments charged to the revaluation reserve	-829	-1,008	0	0	0	0	0	-1,837
Reversal of impairments credited to operating expenses	0	7,169	0	0	0	0	0	7,169
Reversal of impairments credited to the revaluation reserve	0	7,592	0	0	0	0	0	7,592
Revaluations	261	12,434	0	0	0	0	0	12,695
Reclassifications	0	3,197	-9,922	6,255	0	578	0	108
Transfers to / from assets held for sale	0	0	0	-179	0	0	0	-179
Disposals / derecognition	0	0	0	-6,614	0	0	0	-6,614
Valuation/gross cost at 31 March 2023	12,936	304,826	8,967	92,637	587	23,139	2,506	445,598
Accumulated depreciation at 1 April 2022 - brought forward	0	184	0	59,130	139	7,224	2,437	69,114
Provided during the year	0	7,236	0	6,222	47	3,491	20	17,016
Revaluations	0	-7,230	0	0	0	0	0	-7,230
Disposals / derecognition	0	0	0	-6,596	0	0	0	-6,596
Accumulated depreciation at 31 March 2023	0	190	0	58,756	186	10,715	2,457	72,304
Net book value at 31 March 2023	12,936	304,636	8,967	33,881	401	12,424	49	373,294
Net book value at 1 April 2022	13,504	271,617	12,781	30,011	437	11,375	69	339,794

Note - For further analysis on Assets Under Construction can be found in Note 16.5. The balance on the reclassifications line of £0.1k has a contra entry in Intangibles reclassifications line.

Note 16.2 Property, plant and equipment - 2021/22

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	12,454	240,809	9,132	91,252	610	20,130	2,797	377,184
Transfers by absorption	0	0	0	0	0	0	0	0
Additions	0	3,781	12,635	4,380	0	2,834	0	23,630
Impairments charged to operating expenses	0	-1,027	0	0	0	-205	0	-1,232
Impairments charged to the revaluation reserve	-157	-55	0	0	0	0	0	-212
Reversal of impairments credited to operating expenses	0	17,283	0	0	0	0	0	17,283
Reversal of impairments credited to the revaluation reserve	983	11,574	0	0	0	0	0	12,557
Revaluations	224	-1,481	0	0	0	0	0	-1,257
Reclassifications	0	917	-8,986	5,617	236	2,799	0	583
Disposals / derecognition	0	0	0	-12,108	-270	-6,959	-291	-19,628
Valuation/gross cost at 31 March 2022	13,504	271,801	12,781	89,141	576	18,599	2,506	408,908
Accumulated depreciation at 1 April 2021 - as previously stated	0	165	0	64,161	374	11,406	2,626	78,732
Transfers by absorption	0	0	0	0	0	0	0	0
Provided during the year	0	6,118	0	6,998	35	2,777	102	16,030
Revaluations	0	-6,099	0	0	0	0	0	-6,099
Disposals / derecognition	0	0	0	-12,029	-270	-6,959	-291	-19,549
Accumulated depreciation at 31 March 2022	0	184	0	59,130	139	7,224	2,437	69,114
Net book value at 31 March 2022	13,504	271,617	12,781	30,011	437	11,375	69	339,794
Net book value at 1 April 2021	12,454	240,644	9,132	27,091	236	8,724	171	298,452

Note 16.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	12,936	109,607	8,967	31,895	401	12,370	49	176,225
On-SoFP PFI contracts and other service concession arrangements	0	194,660	0	0	0	0	0	194,660
Off-SoFP PFI residual interests	0	0	0	0	0	0	0	0
Owned - donated/granted	0	369	0	1,986	0	54	0	2,409
Total net book value at 31 March 2023	12,936	304,636	8,967	33,881	401	12,424	49	373,294

Note 16.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	13,504	98,234	12,781	27,815	437	11,309	69	164,149
Finance leased	0	0	0	0	0	0	0	0
On-SoFP PFI contracts and other service concession arrangements	0	173,305	0	0	0	0	0	173,305
Off-SoFP PFI residual interests	0	0	0	0	0	0	0	0
Owned - donated/granted	0	78	0	2,196	0	66	0	2,340
Total net book value at 31 March 2022	13,504	271,617	12,781	30,011	437	11,375	69	339,794

Note 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	168	252	0	0	0	0	0	420
Not subject to an operating lease	12,768	304,384	8,967	33,881	401	12,424	49	372,874
Total net book value at 31 March 2023	12,936	304,636	8,967	33,881	401	12,424	49	373,294

Assets Under Construction (AUC) in year additions of £11.5m relates to Build £7.7m, Plant & Machinery £3.5m, IT £0.3m and Intangibles £nil. These are assets at 31st March 2023 which are classed as "work in progress" and were not available for use at the end of 2022/23.

The main AUC projects are: 1) Maidstone Barn Theatre enabling ground works £6.46m; 2) CDC enabling and build works £1.00m; 3) CDC Equipment £2.98m (CT scanners and xray equipment); 4) Diagnostic equipment £0.43m and 5) Barn theatre IT £0.26m .

Note 17 Donations of property, plant and equipment

In the financial year 2022-23 the Trust recognised donated assets of £0.36m. The most significant purchase was a set of Cardiac Output Monitors for £0.26m; the remaining balance related to Bladder scanners, echo machine probes and critical care equipment (total £0.1m).

Note 18 Revaluations of property, plant and equipment

The Trust's depreciation on tangible assets (including donated) in the year was £17m and amortisation for intangible assets £2m.

This is the Trust third year following its full valuation in accordance with the five year cyclical valuation period. In keeping with the Trust previous practice a desktop valuation was commissioned from independent professional valuers, Montagu Evans LLP. This was undertaken on the Trust's Land and Building assets as at 31st March 2023. The lead relationship partner from Montagu Evans LLP is qualified to BSc MRICS.

Specialist properties (main hospitals) have been valued on Depreciation Replacement Cost (DRC) using the Modern Equivalent Assets (MEA) valuation concept and taking into account the Trust's previous approach to the application of MEA e.g. the PFI property valued excluding recoverable VAT. Non specialised buildings and land have been valued on an Existing Use Value (EUV) basis in line with RICS guidelines.

The 31st March 2023 valuation resulted in an overall increase in the carrying value of the Trust's Land and Property assets as at the 31st March of £31.3m. Included in this overall change are impairments and reversals to previous impairments. The in year I&E charge to impairments was £1.54m whilst there were (£7.17m) reversals of previous I&E impairments; the net value is reflected in operating expenses. The in year impairment charge to the revaluation reserve was £1.84m whilst there were (£7.59m) of reversal of previous impairments taken to the revaluation reserve. The upward valuations are driven by an overall increase in the building costs (BCIS) indices reflecting the market. This included some component assets driven by specific BCIS elements there was an increase of £19.92m with no previous reversal to the revaluation reserve. The valuer considered the remaining useful economic lives of the assets taking into account backlog and capital work undertaken between valuations, and the age and condition of the properties.

The valuers also reviewed the carrying value of a material asset under construction - Kent & Medway Orthopaedic Centre Asset Under Construction reduced the carrying value by £5.40m, from £8.92m to £3.52m.

The valuer has reported that at the valuation date property markets are functioning sufficiently to provide an adequate quantum of market evidence on which to base the opinions of value. The valuer has continued to exercise professional judgement in providing the valuation; the Trust has reviewed and challenged the valuation in detail and is satisfied that this remains the best information to the Trust.

Fixtures and Fittings are carried at depreciated historic cost as this is not considered to be materially different from fair value. The Trust has reviewed its Plant and Machinery assets to ensure that both the value and the remaining lives are held at the correct values. An assessment of current value in existing use of IT devices (PCs, Laptops and iPads) assets has been carried out based on a valuation model as advised by Trust's experts, this is in accordance with the Trust's policy 1.9.

Note 19 Leases - Maidstone and Tunbridge Wells NHS Trust as a lessee

The trust leases property and equipment assets for various purposes from both NHS and external partners. The purposes include the provision of staff accommodation, clinical facilities, clinical and non-clinical equipment, office space and facility related property e.g. car parking.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

For further analysis see note 19.1.

Note 19.1 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - adjustments for existing operating leases / subleases	53,463	1,638	55,101	4,739
Transfers by absorption	0	0	0	0
Additions	7,248	0	7,248	33
Remeasurements of the lease liability	3,509	12	3,521	80
Movements in provisions for restoration / removal costs	496	0	496	0
Impairments	0	0	0	0
Reversal of impairments	0	0	0	0
Revaluations	0	0	0	0
Reclassifications	0	0	0	0
Disposals / derecognition	-6	0	-6	-6
Valuation/gross cost at 31 March 2023	64,710	1,650	66,360	4,846
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	0	0	0	0
IFRS 16 implementation - adjustments for existing subleases	0	0	0	0
Transfers by absorption	0	0	0	0
Provided during the year	3,900	767	4,667	733
Impairments	1,700	0	1,700	0
Reversal of impairments	0	0	0	0
Revaluations	0	0	0	0
Reclassifications	0	0	0	0
Disposals / derecognition	0	0	0	0
Accumulated depreciation at 31 March 2023	5,600	767	6,367	733
Net book value at 31 March 2023	59,110	883	59,993	4,113
Net book value of right of use assets leased from other NHS providers				1,267
Net book value of right of use assets leased from other DHSC group bodies				2,846

The Trust has closing Right of Use Asset value is £59.99m for all of the leases recognised under IFRS 16. Of this the majority of the value relates to leases for staff accommodation on both sites and in the localities (£45.34m). These leases range in term from 2 years to 40 years.

The three largest leases for staff accommodation are:

The Trust has a lease of Springwood Road Block B (Kirkland and Barming Houses) staff accommodation from Jedi Developments Ltd. The closing carrying value of the Right of Use Asset is £35.71m. The Trust entered into the arrangement on the 29th March 2019 for a 43 year primary term lease on the new accommodation, with an ultimate option for the Trust to acquire the property for fair value at the end of the arrangement. The rent is subject to RPI uplifts annually, with a cap and collar arrangement (cap at 5%). The Trust manages the short term tenancies with staff and receives staff accommodation income.

The opening balance for Springwood Road Block B was overstated predominantly due to the planned contract variation from 1st June 2022. This resulted in the opening balance of the right of use asset being overstated by £0.83m with a subsequent understatement of the remeasurement in year. There is no impact on the net book value at 31st March 2023.

The Trust has a lease of Springwood Road Block A (Rowan, Birch, Hawthorn and Chestnut Houses) staff accommodation from Jedi Developments Ltd. The closing carrying value of the Right to Use Asset is £5.10m. The Trust entered into the arrangement on the 31st March 2023 for a 20 year lease term. The rent is subject to RPI uplifts annually, with a cap and collar arrangement (cap at 5%). The Trust manages the short term tenancies with staff and receives staff accommodation income.

WGIF - lease of 32 High Street, Pembury for staff residences. The closing carrying value of the Right of Use Asset is £4.53m. The lease is subject to 5 yearly RPI reviews (Feb 2024). The Trust entered into a 25 year arrangement on the 21st February 2019 expiring in February 2044, with a landlord only break clause in February 2033. The Trust manages the short term tenancies with staff and receives staff accommodation income.

Leases of clinical facilities account for £14.57m of the Right of Use closing carrying value. This includes £2.84m relating to arrangements NHS Property Services; £2.88m for Community Diagnostic Centre facilities at an off-site location close to Maidstone Hospital; £1.07m for renting the radiotherapy bunkers at Kent and Canterbury Hospital.

The Trust has two seven year leases for single storey modular car parks (total £2.25m), one at each main hospital site. These commenced on the 31st March 2020.

Trust equipment leases have a value of £0.89m; leases for office space account for £1.13m; other facilities have a value of £0.79m.

Note 19.2 Revaluations of right of use assets

The Trust has engaged with our valuers to review the carrying value of the property elements of the lease register. We agreed that they would assess the valuation for the 5 largest Right of Use assets and consider if any impairment or upward valuation was required.

The outcome of the review was that one property (the Acute Medical Unit at Maidstone Hospital) was considered to be carried at a higher value than a market rent would suggest and this has been impaired as of 31st March 2023. The impairment value was £1.70m reducing the carrying value to £2.25m and is shown in note 19.1.

Note 19.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 26.1.

	2022/23
	£000
Carrying value at 31 March 2022	0
IFRS 16 implementation - adjustments for existing operating leases	55,101
Transfers by absorption	0
Lease additions	7,248
Lease liability remeasurements	3,521
Interest charge arising in year	530
Early terminations	-6
Lease payments (cash outflows)	-4,957
Carrying value at 31 March 2023	61,437

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Income generated from subleasing right of use assets in £0k and is included within revenue from operating leases in note 4.

Note 19.4 Maturity analysis of future lease payments at 31 March 2023

	Total	Of which leased from DHSC group bodies:
	31 March 2023	31 March 2023
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	4,942	728
- later than one year and not later than five years;	15,085	2,294
- later than five years.	41,410	1,109
Net lease liabilities at 31 March 2023	61,437	4,131
Of which:		
Leased from other NHS providers		1,274
Leased from other DHSC group bodies		2,857

Note 19.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The Trust had no finance lease liability obligations previously determined to be finance leases under IAS 17.

Note 19.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

	2021/22
	£000
Operating lease expense	
Minimum lease payments	5,204
Contingent rents	0
Less sublease payments received	-590
Total	4,614
	31 March 2022
	£000
Future minimum lease payments due:	
- not later than one year;	6,217
- later than one year and not later than five years;	20,396
- later than five years.	46,638
Total	73,251
Future minimum sublease payments to be received	-46,892

Note 19.7 Leases - other information

The Trust entered into a contract for the provision of medical student and education accommodation with 144 rooms on the Tunbridge Wells Hospital site on the 23rd May 2022. The facility is owned and leased to the Trust by Just Retirement Ltd for a term of 50 years. The building is still in construction and is expected to reach practical completion by February 2024. The Trust will recognise the lease under IFRS 16 at the point of which the facility is made available for use. The rent is subject to RPI uplifts annually, with a cap and collar arrangement (cap at 5%). The lease value commences at an annual value of £669.7k per annum.

The staff accommodation property leases with the most significant carrying values have variable inflation/rent review arrangements linked to RPI. The lease liability will be remeasured at each point that the relevant variable change is due. The arrangements are detailed in Note 19.1.

The leases for the Acute Medical Unit at Maidstone and the multi storey car parks on each hospital site are fixed rent arrangements not subject to review during the term.

The leases with NHS Property Services are reviewed annually and are agreed on a case by case basis.

Note 19.8 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 15.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022
	£000
Operating lease commitments under IAS 17 at 31 March 2022	73,251
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	69,587
Less:	
Commitments for short term leases	-858
Commitments for leases of low value assets	-33
Other adjustments	-13,595
Total lease liabilities under IFRS 16 as at 1 April 2022	55,101

Note 20 Inventories

	31 March 2023 £000	31 March 2022 £000
Drugs	3,964	4,074
Work In progress	0	0
Consumables	1,351	1,204
Energy	148	224
Other	3,786	3,656
Total inventories	9,249	9,158
of which:		
Held at fair value less costs to sell	0	0

Inventories recognised in expenses for the year were £83,655k (2021/22: £67,261k). Write-down of inventories recognised as expenses for the year were £4k (2021/22: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the Trust received £1,234k of items purchased by DHSC (2021/22: £1,970k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 21.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	24,095	19,649
Allowance for impaired contract receivables / assets	-1,127	-1,589
Prepayments (non-PFI)	8,120	6,308
PDC dividend receivable	659	0
VAT receivable	3,407	3,386
Other receivables	1,129	916
Total current receivables	36,283	28,670
Non-current		
Contract receivables	1,296	1,127
Allowance for impaired contract receivables / assets	-1,296	-1,127
PFI lifecycle prepayments	1,522	1,565
Other receivables	1,282	1,326
Total non-current receivables	2,804	2,891
Of which receivable from NHS and DHSC group bodies:		
Current	20,448	8,919
Non-current	1,282	1,326

The majority of trade is with Integrated Care Boards (ICB) as commissioners for NHS patient care services. As ICBs are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary. The calculation for the allowance of other impaired receivables has been amended to reflect the change in IFRS 9 accounting standards for provision of expected credit losses. Please see note 21.2 for further information.

The most significant elements within current contract receivables are 1) £12.5m payaward 2) £5.2m invoiced nhs debt of which £1.6 Kent and Medway ICB and £1.1m East Kent University Hospital Foundation Trust 3) £2.5m invoiced Trade debt.

Note 21.2 Allowances for credit losses

	2022/23		2021/22	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	2,716	0	2,282	0
Prior period adjustments			0	0
Allowances as at 1 April - restated	2,716	0	2,282	0
Transfers by absorption	0	0	0	0
New allowances arising	2,042	0	2,320	0
Changes in existing allowances	0	0	0	0
Reversals of allowances	-2,169	0	-1,584	0
Utilisation of allowances (write offs)	-166	0	-302	0
Changes arising following modification of contractual cash flows	0	0	0	0
Foreign exchange and other changes	0	0	0	0
Allowances as at 31 Mar 2023	2,423	0	2,716	0

Following the implementation of IFRS 9 in 2018/19 the Trust is required to measure the loss allowance of lifetime expected credit losses at initial recognition of the debt being raised. This is assessed by looking at classes of debtor with common credit characteristics.

The expected credit loss is only applied to trade debtors. NHS organisation are excluded from the calculation as NHS debt is considered to be part of "intra-company" transactions. It does also apply to Local Authorities.

Under IFRS 9 the Trust attributed the trade debtors into six categories grouped by similar characteristics with assessment based on prior year debt write off levels. The assessment took a full year of data relating to 2021/22 trade debtors using the total income and compared it with the total credits and write offs for the same year (representing realised credit risk). This results in 4.41% of realised credit risk.

The length of time was assessed that it took for each of the invoices within trade receivables to be paid resulting in invoices still being paid up to 160 days. Therefore taking both these factors in to consideration, the Trust is providing 4.41% of the debt as soon as any debt is raised and then when the debt reaches over 160 days this is provided in full.

Overseas visitors will continue to be provided for in full as soon as the debt is recognised as this is viewed as an inherently riskier class of debtors.

Debtors who are repaying in accordance with a repayment plan through Direct Debit are not provided for and are treated as a zero-credit loss assessment unless they default on the payment plan.

Injury Cost recovery – The Trust is continuing with the same approach for 2022/23 as it took in 2021/22. The Trust has provided in full for all prior year debt, and for 2022/23 the Trust will be using the DHSC given rate of 24.86% (2021/22 - 23.76%).

Note 21.3 Exposure to credit risk

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

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

Note 22 Non-current assets held for sale and assets in disposal groups

	2022/23	2021/22
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	0	0
Transfers by absorption	0	0
Assets classified as available for sale in the year	179	0
Assets sold in year	0	0
Impairment of assets held for sale	0	0
Reversal of impairment of assets held for sale	0	0
Assets no longer classified as held for sale, for reasons other than sale	0	0
NBV of non-current assets for sale and assets in disposal groups at 31 March	179	0

The assets held for sale relate to laundry equipment that is planned for disposal in 2023/24. The Trust has outsourced its laundry services and therefore this equipment is surplus to operational requirements. The equipment will go for auction at a specialist trade forum.

Note 23.1 Cash and cash equivalents movements

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

	2022/23	2021/22
	£000	£000
At 1 April	11,838	26,221
Net change in year	-3,863	-14,383
At 31 March	7,975	11,838
Broken down into:		
Cash at commercial banks and in hand	25	23
Cash with the Government Banking Service	7,950	11,815
Total cash and cash equivalents as in SoFP	7,975	11,838
Total cash and cash equivalents as in SoCF	7,975	11,838

Note 23.2 Third party assets held by the trust

Maidstone and Tunbridge Wells NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March	31 March
	2023	2022
	£000	£000
Bank balances	0	0
Monies on deposit	0	1
Total third party assets	0	1

Note 24.1 Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	6,847	8,862
Capital payables	2,558	5,813
Accruals	36,159	29,915
Social security costs	4,414	161
Other taxes payable	4,174	177
PDC dividend payable	0	613
Pension contributions payable	8	76
Other payables	116	117
Total current trade and other payables	54,276	45,734
Of which payables from NHS and DHSC group bodies:		
Current	3,439	5,251
Non-current	0	0

Included with the accruals values is an estimate for annual leave untaken of £0.18m (£4m 2021/22).

Within social security costs and other taxes payable are values that relate to March's Tax and NI, in 2021/22 the Trust paid its March's Tax and NI contributions in March 2022, but for 2022/23 these will be paid in April 2023.

Included within accruals is an estimate relating to the recent pay offer for Agenda for Change staff of £12.9m. This has been accrued as an expenses within the 2022/23 accounts, per IAS 19 Employee Benefits.

Note 24.2 Early retirements in NHS payables above

The Trust has no early retirements.

Note 25 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	1,804	3,647
Total other current liabilities	1,804	3,647

Note 26.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Loans from DHSC	983	983
Other loans	376	461
Lease liabilities*	4,942	0
Obligations under PFI, LIFT or other service concession contracts	5,992	5,688
Total current borrowings	12,293	7,132
Non-current		
Loans from DHSC	3,484	4,458
Other loans	195	571
Lease liabilities*	56,495	0
Obligations under PFI, LIFT or other service concession contracts	165,091	171,082
Total non-current borrowings	225,265	176,111

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 19.

The Trust has two remaining capital investment loans totalling £4.5m with the Department of Health and Social Care. The £11m (current remaining balance £1.5m) loan received on the 15th March 2010 has a final repayment date of 15th March 2025, with a fixed interest rate of 3.91% and the loan of £6m (current remaining balance £3m) taken out on the 15th December 2010 has a final repayment date of 15th September 2035 at a fixed rate of 4.73%.

The Trust also has Salix loans total value of £0.6m which appears in "other loans" in both current and non current borrowings, this relates to improving the energy efficiency of the Trust. These loans are repayable over 5 years and is interest free. Salix Finance Ltd provides interest-free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills.

Under IFRS 9 the loan values also include their associated interest charges.

Note 26.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Loans from DHSC £000	Other loans £000	Lease Liability £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2022	5,441	1,032	0	176,770	183,243
Cash movements:					
Financing cash flows - payments and receipts of principal	-974	-461	-4,427	-5,688	-11,550
Financing cash flows - payments of interest	-200	0	-530	-9,250	-9,980
Non-cash movements:					
Impact of implementing IFRS 16 on 1 April 2022	0	0	55,101	0	55,101
Additions	0	0	7,248	0	7,248
Lease liability remeasurements	0	0	3,521	0	3,521
Application of effective interest rate	200	0	530	9,251	9,981
Early terminations	0	0	-6	0	-6
Carrying value at 31 March 2023	4,467	571	61,437	171,083	237,558

Note 26.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC £000	Other loans £000	Lease Liability £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2021	6,417	1,392	0	182,173	189,982
Cash movements:					
Financing cash flows - payments and receipts of principal	-974	-361	0	-5,402	-6,737
Financing cash flows - payments of interest	-240	0	0	-9,541	-9,781
Non-cash movements:					
Application of effective interest rate	238	0	0	9,540	9,778
Other changes	0	1	0	0	1
Carrying value at 31 March 2022	5,441	1,032	0	176,770	183,243

Note 27 Other financial liabilities

The Trust has no other financial liabilities.

Note 28.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Legal claims	Lease dilapidations	Capitalised Lease dilapidations under IFRS 16	2019/20 Clinicians' pension reimbursements	Other	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022	468	3,346	2,641	0	1,350	319	8,124
Change in the discount rate	-104	0	0	0	0	0	-104
Arising during the year	23	603	0	496	0	302	1,424
Utilised during the year	-26	-55	0	0	0	0	-81
Reversed unused	0	-3,210	-1,528	0	-8	-239	-4,985
Unwinding of discount	-6	0	0	0	0	0	-6
At 31 March 2023	355	684	1,113	496	1,342	382	4,372
Expected timing of cash flows:							
- not later than one year;	26	684	523	0	60	382	1,675
- later than one year and not later than five years;	102	0	590	0	104	0	796
- later than five years.	227	0	0	496	1,178	0	1,901
Total	355	684	1,113	496	1,342	382	4,372

Pension Injury Benefit costs relates to two ill health injury benefits calculated by current payment made by NHS Pensions Agency adjusted for average life expectancy using tables published by the National Statistics Office. Legal Claims include estimates notified by NHS Resolution.

Legal claims are notified at year end to the Trust from NHS resolution and other solicitors that the Trust uses.

Lease dilapidations relates to provisions of leased properties of £1.1m, the Trust has released the Laundry equipment dilapidation provision of £1.5m upon disposal of the equipment interest in the lease.

The Clinicians' Pension Scheme relates to clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in the previous tax year (2019-20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme. The NHSE have used the information provided by Government Actuary's Department (GAD) and Business Services Authority (BSA) and calculated a national 'average discounted value per nomination'. The Trust has followed the guidance and based its provision on this estimated value and applied it to the Trusts data as reported in the NHS Digital's NHS workforce Statistics - November 2019' consultant headcount data which is the same basis that NHSE have used for the National provision within its accounts.

Note 28.2 Clinical negligence liabilities

At 31 March 2023, £321,267k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Maidstone and Tunbridge Wells NHS Trust (31 March 2022: £407,689k).

Note 29 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	-62	-30
Gross value of contingent liabilities	-62	-30
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	-62	-30
Net value of contingent assets	0	0

Contingent liability for 2022/23 relates to legal claims notified by NHS Resolution of £62k.

Note 30 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	5,108	2,355
Intangible assets	0	120
Total	5,108	2,475

The main commitments at March 2023 are build works for the Kent and Medway Orthopaedic Centre (£4.65m) and build works for the Community Diagnostic Centre (£0.27m).

Note 31 Other financial commitments

The Trust has no commitments to make under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements).

Note 32 On-SoFP PFI, LIFT or other service concession arrangements

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 2022/23 year was 8.18%. The RPI uplift for 2023/24 is 13.84%.

Note 32.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2023 £000	31 March 2022 £000
Gross PFI, LIFT or other service concession liabilities	276,133	291,071
Of which liabilities are due		
- not later than one year;	14,939	14,939
- later than one year and not later than five years;	57,620	58,559
- later than five years.	203,574	217,573
Finance charges allocated to future periods	-105,050	-114,301
Net PFI, LIFT or other service concession arrangement obligation	171,083	176,770
- not later than one year;	5,992	5,688
- later than one year and not later than five years;	25,097	24,728
- later than five years.	139,994	146,354

Note 32.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2023 £000	31 March 2022 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	823,362	769,146
Of which payments are due:		
- not later than one year;	32,787	28,747
- later than one year and not later than five years;	141,629	124,181
- later than five years.	648,946	616,218

Note 32.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2022/23 £000	2021/22 £000
Unitary payment payable to service concession operator	28,499	26,345
Consisting of:		
- Interest charge	9,251	9,540
- Repayment of balance sheet obligation	5,688	5,402
- Service element and other charges to operating expenditure	5,910	5,428
- Capital lifecycle maintenance	1,325	823
- Revenue lifecycle maintenance	0	0
- Contingent rent	6,325	4,751
- Addition to lifecycle prepayment	0	401
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	375	203
Total amount paid to service concession operator	28,874	26,548

Note 33 Financial instruments

Note 33.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. 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.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

The majority of the Trust's revenue comes from contracts with other public sector bodies within the NHS. This debt considered to have a low exposure to credit risk as NHS bodies are able to access revenue support from NHS England in order to meet their debts. The Trust's maximum exposures as at 31 March 2023 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 Integrated Care Boards, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its capital resourcing limit as approved by Kent and Medway ICB and DHSC. The Trust is not, therefore, exposed to significant liquidity risks.

Note 33.2 Carrying values of financial assets

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Carrying values of financial assets as at 31 March 2023				
Trade and other receivables excluding non financial assets	24,026	0	0	24,026
Other investments / financial assets	0	0	0	0
Cash and cash equivalents	7,975	0	0	7,975
Total at 31 March 2023	32,001	0	0	32,001

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Carrying values of financial assets as at 31 March 2022				
Trade and other receivables excluding non financial assets	18,953	0	0	18,953
Other investments / financial assets	0	0	0	0
Cash and cash equivalents	11,838	0	0	11,838
Total at 31 March 2022	30,791	0	0	30,791

Note 33.3 Carrying values of financial liabilities

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2023			
Loans from the Department of Health and Social Care	4,467	0	4,467
Obligations under leases	61,437	0	61,437
Obligations under PFI, LIFT and other service concession contracts	171,083	0	171,083
Other borrowings	571	0	571
Trade and other payables excluding non financial liabilities	44,871	0	44,871
Other financial liabilities	0	0	0
Provisions under contract	0	0	0
Total at 31 March 2023	282,429	0	282,429

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2022			
Loans from the Department of Health and Social Care	5,441	0	5,441
Obligations under leases	0	0	0
Obligations under PFI, LIFT and other service concession contracts	176,770	0	176,770
Other borrowings	1,032	0	1,032
Trade and other payables excluding non financial liabilities	40,878	0	40,878
Other financial liabilities	0	0	0
Provisions under contract	0	0	0
Total at 31 March 2022	224,121	0	224,121

Note 33.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	2023 £000	2022 £000
In one year or less	65,951	57,263
In more than one year but not more than five years	74,765	61,547
In more than five years	246,785	219,614
Total	387,501	338,424

Note 33.5 Fair values of financial assets and liabilities

The Trust uses the book value (carrying value) as a reasonable approximation of fair value.

Note 34 Losses and special payments

	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	29	42	19	13
Fruitless payments and constructive losses	0	0	0	0
Bad debts and claims abandoned	96	125	182	545
Stores losses and damage to property	0	0	0	0
Total losses	125	167	201	558
Special payments				
Compensation under court order or legally binding arbitration award	0	0	0	0
Extra-contractual payments	0	0	0	0
Ex-gratia payments	37	11	60	525
Special severance payments	0	0	0	0
Extra-statutory and extra-regulatory payments	0	0	0	0
Total special payments	37	11	60	525
Total losses and special payments	162	178	261	1,083
Compensation payments received				

The Trust has no individual cases that exceed £300k.

In keeping with policy 1.22 this note includes losses and compensations paid and accrued but excludes provisions which are reported under Note 28.

Note 35 Gifts

There were no gifts made by the Trust in 2022/23.

Note 36 Related parties

During the year none of the Department of Health and Social Care Ministers, Trust Board members or members of the key management staff, or parties related to any of them, have undertaken any material transactions with Maidstone and Tunbridge Wells NHS Trust.

The Department of Health and Social Care (DHSC) is regarded as a related party. During the year 2022/23 the Trust has received £14.36m capital funding in the form of PDC. The trust also has loans with DHSC, interest paid within the year £0.21m, principal repayment of £1m. The Trust has also had a significant number of material transactions with other entities for which the Department is regarded as the parent department e.g.: NHSE. Other public sector bodies are recognised as relevant who are not part of the DHSC group e.g. HMRC. A disclosure is required if a transaction (or a series of transactions) is material on either side, i.e. if a transaction is immaterial from the entity's perspective but material from a related party viewpoint then the entity must disclose it.

Health Education England

NHS Kent and Medway ICB

NHS Sussex ICB

Kent and Medway CCG (3 months)

East Sussex CCG (3 months)

NHS England

NHS England

Sussex Community

HMRC

NHS Pension Authority

NHS Resolution

Supply Chain Co-Ordination LTD

	Creditor 2022- 23 £000's	Expenditure 2022-23 £000's
Teletracking	0.12	0.93
NHS innovations South East	0.00	0.01

The Trust has also received revenue and capital payments from the Charitable Funds that it controls, the Trustees for which are also members of the Trust Board. The Trust has not consolidated the Charitable Funds on the funds of materiality to the Trust (see policy note 1.3). The transactions between the Trust and the Charity (Maidstone and Tunbridge Wells NHS Charitable Fund - charity registration number 1055215) are however material to the charity and therefore are disclosed below. Please note that this disclosure is based on the draft unaudited position of the charity. The audited accounts of the charity will be available later this year.

	2022-23 £000's	2021-22 £000's
Total charitable resources expended with the Trust	330	210
closing creditor (monies owed to the Trust by the Charity)	210	43
Total income received by the Charity in the reporting period	104	202
Total Charitable Funds at end of the reporting period	889	1,104

Note 37 Prior period adjustments

The Trust has not made any prior period adjustments.

Note 38 Events after the reporting period

The Trust has no events after the reporting date.

Note 41 Better Payment Practice code

	2022/23	2022/23	2021/22	2021/22
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	128,108	283,598	116,545	263,629
Total non-NHS trade invoices paid within target	123,262	270,775	111,769	245,894
Percentage of non-NHS trade invoices paid within target	96.2%	95.5%	95.9%	93.3%
NHS Payables				
Total NHS trade invoices paid in the year	2,426	35,040	2,448	34,396
Total NHS trade invoices paid within target	2,040	34,616	2,061	33,284
Percentage of NHS trade invoices paid within target	84.1%	98.8%	84.2%	96.8%

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 valid invoice, whichever is later.

Note 42 External financing limit

The trust is given an external financing limit against which it is permitted to underspend.

	2022/23	2021/22
	£000	£000
Cash flow financing	6,673	20,306
Leases taken out in year (Finance leases in prior year)	0	0
Other capital receipts	0	0
External financing requirement	6,673	20,306
External financing limit (EFL)	7,259	20,306
Under / (over) spend against EFL	586	0

Note 43 Capital Resource Limit

	2022/23	2021/22
	£000	£000
Gross capital expenditure *	35,995	26,634
Less: Disposals	-24	-79
Less: Donated and granted capital additions	-360	-377
Plus: Loss on disposal from capital grants in kind	0	0
Charge against Capital Resource Limit	35,611	26,178
Capital Resource Limit	36,809	26,627
Under / (over) spend against CRL	1,198	449

* Gross capital expenditure includes the in year capitalised Right of Use assets and remeasurements under IFRS 16 (£10.77m).

Note 44 Breakeven duty financial performance

	2022/23	2021/22
	£000	£000
Adjusted financial performance surplus / (deficit) (control total basis)	158	231
Remove impairments scoring to Departmental Expenditure Limit	0	0
Add back non-cash element of On-SoFP pension scheme charges	0	0
IFRIC 12 breakeven adjustment	520	0
Breakeven duty financial performance surplus / (deficit)	678	231

Note 45 Breakeven duty rolling assessment


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		189	1,710	300	129	(12,374)	157	(23,413)
Breakeven duty cumulative position	(3,260)	(3,071)	(1,361)	(1,061)	(932)	(13,306)	(13,149)	(36,562)
Operating income		311,889	322,176	345,101	367,391	375,714	403,310	400,930
Cumulative breakeven position as a percentage of operating income		(1.0%)	(0.4%)	(0.3%)	(0.3%)	(3.5%)	(3.3%)	(9.1%)
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
	£000	£000	£000	£000	£000	£000	£000	
Breakeven duty in-year financial performance	(10,918)	(10,790)	20,324	7,587	330	231	678	
Breakeven duty cumulative position	(47,480)	(58,270)	(37,946)	(30,359)	(30,029)	(29,798)	(29,120)	
Operating income	430,502	440,269	473,169	513,056	564,196	623,891	680,301	
Cumulative breakeven position as a percentage of operating income	(11.0%)	(13.2%)	(8.0%)	(5.9%)	(5.3%)	(4.8%)	(4.3%)	

The Trust's last formal 3 year break-even cycle commenced in 2013/14 and was not met by the period 2015/16. The Trust has achieved in year break even duty surpluses and met it NHSE control totals in each of the last five financial years. The Trust is not in any formal recovery regime relating to recovering its historic accumulated deficit but is required to achieve the in year breakeven position agreed as part of the overall Kent & Medway Integrated Care System (ICS) control total. The Trust reported a surplus of £0.158m in 2022/23 against its system control total requirement of breakeven on the "adjusted financial performance" line; the IFRC 12 (PFI) technical adjustment is further removed for statutory breakeven purposes. Against breakeven duty the trust reported a surplus of £0.678m for 2022/23.

Thank you for your support

A handwritten signature in black ink, appearing to read 'Miles Scott'.

Miles Scott, Chief Executive

A handwritten signature in black ink, appearing to read 'David Highton'.

David Highton, Chair of the Trust Board

The Trust receives support and well wishes from patients, carers, stakeholders, volunteers, and fundraisers.

This support is expressed in a varied number of ways, including compliments sent directly to the Trust; letters sent to the local media; comments posted on social media; participation in the Patient Experience Committee; attendance at Trust Board meetings and the Annual General Meeting and fundraising to buy much needed equipment, to name but a few. This support is highly valued by the Trust's staff and the Board - without this, the Trust's task would be far harder. Thank you all.

taking
p r i d e

Maidstone and Tunbridge Wells NHS Trust

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Our PRIDE values

