Kent and Medway Mental Health NHS Trust

AGENDA

Title of Meeting Extraordinary Trust Board Meeting (Public)
Date 18th June 2026
Time 8.45 to 09.15
Venue MS Teams

Agenda Item	DL	Description	FOR	Format	Lead	Time
TB/26-27/28	1.	Welcome, Introductions & Apologies		Verbal	Chair	8.45
TB/26-27/29	2.	Declaration of Interests		Verbal	Chair	
YEAR END DOCUMENTATION						
TB/26-27/30	3.	Annual Report & Accounts 2025/26	FA	Paper	SS/NB	8.50
TB/26-27/31	4.	External Audit Report	FD	Paper	NB	8.55
TB/26-27/32	5.	Letter of Representation	FN	Paper	NB	9.00
TB/26-27/33	6.	Audit and Risk Committee Annual Report	FN	Paper	Chair	9:05
TB/26-27/34	7.	Audit and Risk Committee Chair Report	FN	Paper	Chair	9.10
CLOSING ITEMS						
TB/26-27/35	8.	Any Other Business			Chair	9.15
TB/26-27/36	9.	Questions from Public			Chair	
	Date of Next Meeting: Thursday 30th July 2026					

Members:		
Dr Jackie Craissati	JC	Trust Chair
Stephen Waring	SW	Non-Executive Director (Senior Independent Director)
Kim Lowe	KL	Non-Executive Director
Julius Christmas	JCh	Non-Executive Director
Sean Bone-Knell	SBK	Non-Executive Director
Kevin Corrigan	KC	Non-Executive Director
Julie Hammond	JH	Associate Non-Executive Director
Pam Craven	PCr	Associate Non-Executive Director
Sheila Stenson	SS	Chief Executive
Donna Hayward-Sussex	DHS	Chief Operating Officer and Deputy Chief Executive
Dr Afifa Qazi	AQ	Chief Medical Officer

Nick Brown	NB	Chief Finance and Resources Officer
Julie Kirby	JK	Interim Chief Nurse
Ali Layne-Smith	ALS	Interim Chief People Officer
Dr Adrian Richardson	AR	Director of Partnerships and Transformation
In attendance:		
Tony Saroy	TS	Trust Secretary
Daryl Judges	DJ	Deputy Trust Secretary (Minutes)
Apologies:		
Mickola Wilson	MW	Non-Executive Director
Margaret Dalziel	MD	Non-Executive Director
Kindra Hyttner	KH	Director of Communications and Engagement

Key: DL: Diligent Reference FA- For Approval, FD - For Discussion, FN – For Noting

Trust Board meeting

Kent and Medway Mental Health NHS Trust

Meeting details

Date of meeting:	18th June 2026
Title of paper:	Annual Report and Accounts 2025/26
Author:	Sheila Stenson, Chief Executive and Nick Brown, Chief Finance and Resources Officer
Executive Director:	Sheila Stenson, Chief Executive and Nick Brown, Chief Finance and Resources Officer

Purpose of paper

Purpose:	Approval
Submission to Board:	Regulatory requirement

Overview of paper

The papers set out the Trust's Annual Report, which includes the Annual Governance Statement and the Trust's Annual Accounts.

Issues to bring to the Board's attention

The Audit and Risk Committee reviewed and recommended for Board to approve the Annual Report, Annual Accounts and Letter of Representation on 9th June 2026.

These documents will be submitted at the end of June 2026 in line with the national reporting deadlines.

Governance

Implications/Impact:	There is a regulatory requirement to submit the audited Annual Report and Accounts to NHSE
Assurance:	Reasonable assurance / Audited by the Trust's external auditors
Oversight:	Trust Board and Audit and Risk Committee

Version 2 - **Public**

NHS
Kent and Medway
Mental Health
NHS Trust

Annual Report 25–26

Doing well together

2025–2026 at a glance

1590 people cared for in our hospitals

63,500 people looked after in the community

36,300 people supported by Mental Health Together

9 in 10 seen within 1 hour in liaison psychiatry

Dialog+ in action across all community teams

83% of wards completed allyship training

88% ☆☆☆ positive feedback in Friends and Family test: proud to care for our patients

85% of patients seen within 4 hours by crisis response

160 people received Protected Characteristics training

Harm incidents reduced by **64%** 269 to 112

Bronze NHS England Work Experience Quality Standard

Global Majority representation at Band 7+ increased to **31.1%** from **26.7%**

New identity, vision values and name shaped by colleagues, patients and partners

National voice Dr Afifa Qazi joined Parliament group calling for more workforce support

HSJ and industry awards recognising areas of national excellence

62.3% dementia diagnosis rate

Average wait time for memory assessment is 13.2 weeks, down from 27.1 weeks

Over 540 colleagues White Belt trained and **163** trained in Yellow Belt improvement methodology

Retained Carers Trust 2-star triangle of care rating

Financial savings and continued financial stability

Segment 1, NHSE National Oversight Framework

We have bettered our recording of ethnicity data by **4.4%** through the Patient and Carer Race Equality Framework (PCREF) improvement work.

Contents

CEO's statement

Caring | Inclusive | Curious | Confident

Over the past year, our trust has continued to make meaningful progress in strengthening mental health care across Kent and Medway. From reducing waiting times to improving access to care - at a time of system-wide sustained pressure and rising demand for services across the region - our teams have improved performance in key areas, adapted at pace and worked closely with partners to deliver better outcomes for the people who rely on us.

We are moving confidently in the direction mental health services have long advocated for. Towards stronger partnership working, greater focus on prevention, and more integrated, community based support. This is increasingly reflected in how we work as an organisation. This progress has reinforced the importance of being clear about our priorities, focused on what will have the greatest impact, and determined in how we turn ambition into sustained improvement. This is something the CQC also recognised during their well-led review in March 2026 as well as our clear improvement journey, strong values, motivated staff and progress in research and inclusion. They also highlighting the need to strengthen governance, risk management and consistency in decision-making and assurance.

When I became Chief Executive, I was clear that I wanted us to be open with ourselves and each other. Over the past year, that has meant taking a deliberate, honest look at how we operate, lead and govern, and how we consistently deliver safe, high quality care. That openness, and the confidence to look honestly at ourselves, is central to our values and the kind of organisation we want to be.

2025 has been a year of strengthening accountability and improving transparency, while taking a clearer view of where our foundations need to be stronger. We invited external scrutiny, listened more closely to feedback from our colleagues, patients, communities, and partners and used independent reviews to better understand what gets in the way of consistent, high-quality care.

This transparency has been crucial. It allows us to focus effort where it will have the greatest impact and gives teams confidence that challenges are understood as we prepare for the next chapter in mental health care.

That chapter began with our new identity, Kent and Medway Mental Health NHS Trust. The change in name marks a symbolic moment for us. It's a small part of a wider transformation that reflects who we are becoming. It lays the groundwork for the improvements we need to make. Uniting our services under a shared culture and values, a shared identity and ambition to deliver excellent mental health care across Kent and Medway and help people live well.

There is much I am proud of, and this annual report is testament to the hard work of our people. Throughout the year we have seen outstanding pockets of performance. Examples of what is possible when priorities are clear and teams have the right support:

- Community mental health waiting times reduced by 12.3% since April 2025.
- Dementia diagnosis performance now among the strongest in the country, with waiting times halved and the number of patients waiting over 52 weeks reduced by 92%, taking us to almost the best performing trust in the country.
- Crisis services have strengthened, with over 90% of people seen within four hours.
- Liaison psychiatry now seeing almost nine in ten patients within an hour.
- From 1 April 2026, responsibility for children and young people's mental health services transferred to the trust, creating a more consistent, joined up approach for families across Kent and Medway. A landmark moment for our trust as it is the first time all aged mental health care has been with one provider in Kent and Medway.

These improvements did not happen by accident. They are the result of focused leadership, stronger partnership working, and the determination of staff to deliver better care, even when under pressure. They also reflect the early impact of our improvement programme, Doing Well Together, which is changing how we empower people to improve our services.

Staff led innovations, such as new self care approaches on female wards and improved medicines management, have reduced harm and freed up valuable clinical time. Leading research such as our use of innovative AI technology is testing a new portable scanner with Canterbury Christ Church University, to make it easier and quicker to check for dementia without travelling to a hospital.

> The change in name marks a symbolic moment for us. It's a small part of a wider transformation that reflects who we are becoming. It lays the groundwork for the improvements we need to make."

Partnership remains one of our greatest assets. Whether through our collaboration with Kent Community Health Foundation NHS Trust, our work with voluntary and community partners through Mental Health Together, or joint working with primary care. The opening of the Medway Crisis and Recovery House this year is just one example of how working together can improve outcomes for those who rely on us.

Financially, we remain disciplined and stable, reducing corporate costs and targeting savings where they do not compromise safety. These have been difficult decisions, but our approach remains rooted in protecting patient care first and supporting the long term stability of mental health services across the region.

Looking ahead, 2026 and beyond marks a new chapter with lots to look forward to. Our new five year strategy, shaped by the voices of our patients, carers, staff and partners, strengthens alignment between strategy, improvement and assurance, and reflects what our data and communities tell us matters most.

We will continue to align our priorities with the NHS 10 year plan, focusing on prevention, early intervention, digital and integrated neighbourhood care. We are actively involved in working with our partners in East Kent designing the future of integrated neighbourhood care. Alongside this ambition, the year ahead will see a continued and deliberate focus on our core operational fundamentals, particularly safety, quality and consistency of care, recognising that these are essential to delivering sustainable improvement. We will also have a strong focus on improving governance across the organisation, including floor to Board assurance.

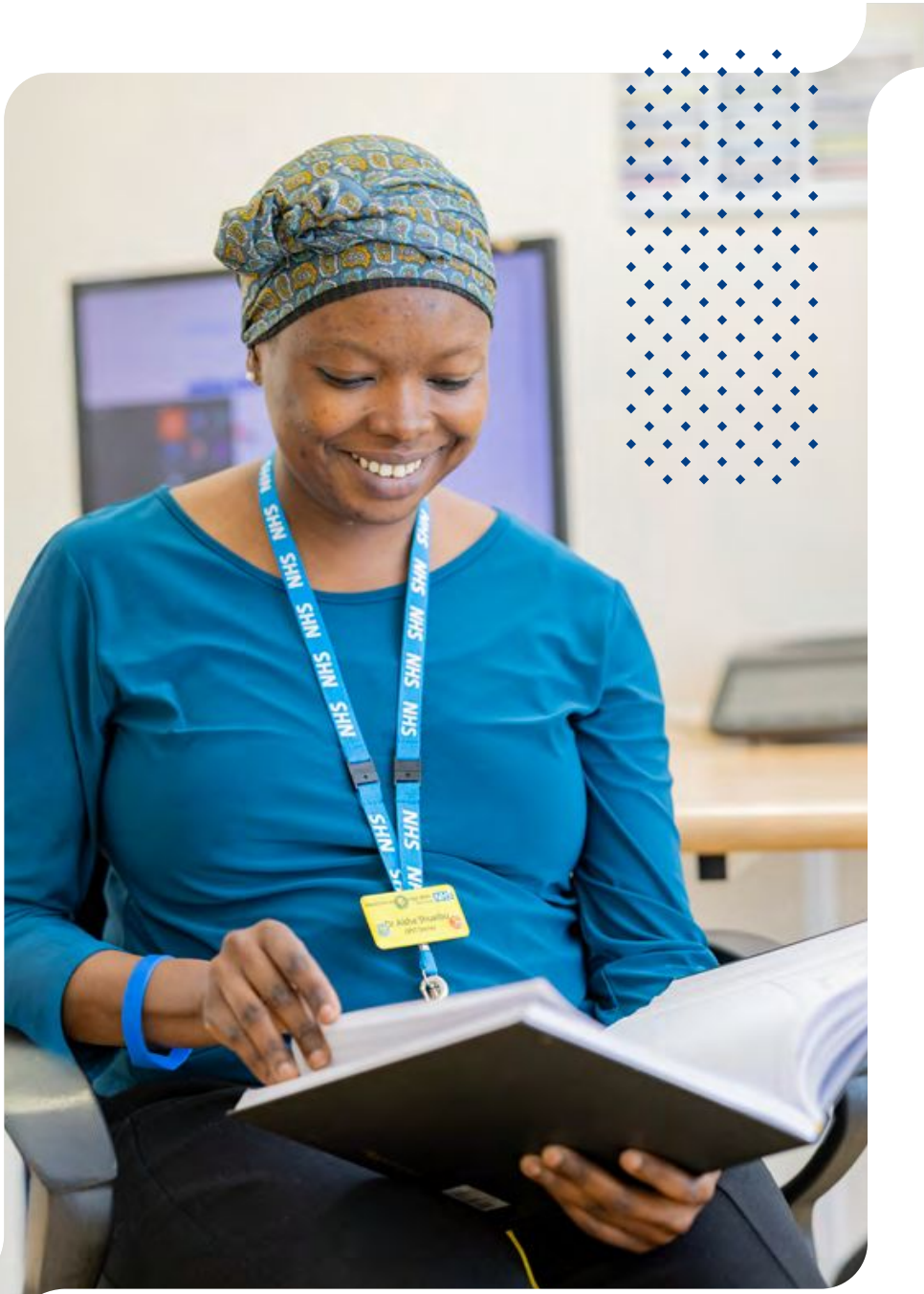
We will be welcoming new faces into our Board, bringing new perspectives and experience, including a Joint Chair working across our trust and Kent Community Health NHS Foundation Trust from July 2026. A step that strengthens our partnership and reflects our shared ambition to deliver more integrated care for the people of Kent and Medway.

I want to take this opportunity to express my sincere thanks to our Chair, Dr Jackie Craissati, who this year will conclude her term. Jackie has brought wisdom, challenge and unwavering commitment to our organisation, and her leadership has helped shape the strong foundations we now build on.

Finally, an enormous thank you to all our colleagues for their extraordinary commitment this year. Your honesty, resilience and compassion continue to inspire me. Together, we are building the capability and stability we need for the future. And together, we will make the next year our most important yet in helping communities stay well and live well with their mental health.

S Stenson

Sheila Stenson
Chief Executive Officer, Kent and Medway Mental Health NHS Trust



Chair's statement

As I write my final statement as Chair of this trust, I reflect on an extraordinary period for the NHS and for services in Kent and Medway.

We are working within a system under significant strain, facing rising demand, workforce pressures, financial constraint and deep health inequalities across our communities. These wider system challenges do not sit outside mental health; they directly shape what we are able to deliver and how people experience care. Against this backdrop, it has been an immense privilege to serve this organisation and see first-hand the commitment, compassion and professionalism of our staff, who continue to support people at their most vulnerable.

On behalf of the Board, I extend my deepest thanks to every single member of staff. Your work matters enormously, and it has been a privilege to champion it.

Over the past year, the Board has spent significant time reflecting honestly on what needs to change to build confidence in the organisation. Independent review has challenged us to be realistic about where systems, controls and assurance are not yet strong enough. Our response has been to focus on becoming a more open, confident and learning organisation. One that listens carefully to staff, patients and partners, and aligning our strategy, improvement efforts and assurance around a smaller number of priorities that matter most.

We have seen important and meaningful improvements. Our dementia diagnosis performance is now among the strongest in the country; crisis services are more responsive; community mental health waiting times are reducing; and liaison psychiatry services are now consistently delivering timely care in our local hospitals. These improvements reflect focused leadership, better use of data, stronger system partnerships, and the determination of our teams.

We have also continued to play a leading role in how we work in partnership across Kent and Medway, thinking differently about how services come together to support people. Our work with the Integrated Care System, local authorities, primary care, and the voluntary and community sector demonstrates what is possible when we support people holistically, not in isolation. Initiatives such as the Medway Crisis and Recovery House are examples of compassionate, community based care that align strongly with the NHS 10 year plan and the future model of integrated neighbourhood support.

It is remarkable that we enter the next year with financial discipline and a more stable platform to build from. In a national climate of constraint and operating in truly financially challenged system, the trust has demonstrated a commitment to responsible decision making, protecting quality and focusing resources where they can have the greatest impact. This is a huge achievement for the executive team, and Board.

It has been my privilege to lead and support a maturing executive team. Their leadership over the past year has been marked by openness and a bravery to confront difficult issues. They have balanced realism with ambition, acknowledging the challenges ahead while setting a clear course for improvement and a focus on what matters most. With the launch of our new five year strategy and aligning more closely with the NHS 10 Year Plan, I have every confidence that this team, supported by a strong and experienced non-executive, will take the organisation forward with integrity and purpose.

As I come to the end of my term, I do so with gratitude and optimism. I am proud of what the trust has achieved, but even more so of the groundwork in place for the years ahead: a clearer identity, a focus on improvement, a more open culture, deeper partnership, and a workforce that continues to exemplify compassion and professionalism.

I have been particularly proud of the exemplary way we have worked with North East London NHS Foundation Trust and our system partners to deliver the transfer of children and young people's services, prioritising safety, continuity of care and support for staff throughout the transition. This is a significant step for Kent and Medway, and a meaningful moment on which to conclude my time as Chair.

Thank you to my fellow Non Executive Directors for their challenge, wisdom and camaraderie; to the executive team for their dedication and candour; to our partners for their collaboration; to our fantastic staff who make this organisation what it is; and, most importantly, to the people of Kent and Medway for the trust they place in us.

Dr Jackie Craissati MBE
Chair, Kent and Medway Mental Health NHS Trust

> Our dementia diagnosis performance is now among the strongest in the country; crisis services are more responsive; community mental health waiting times are reducing; and liaison psychiatry services are now consistently delivering timely care in our local hospitals.

Overview

The annual report provides a balanced and transparent overview of our Trust. It highlights our achievements and reports on the key measures we are required to meet.

This Performance Report sets out our progress against 2025 – 2026 final year of our three-year strategy. It gives readers a clear understanding of who we are, our purpose, and how we have performed for the people of Kent and Medway over the past year.

As it's the end of our 2023 to 2026 organisational strategy, this report also shares the success we've had over this strategic reporting period.

About Kent and Medway Mental Health NHS Trust

We provide all-age specialist secondary mental health, learning disability, autism and eating disorder services all for around 1.9 million people across Kent and Medway.

In 2026 we became an all-age specialist mental health service. By expanding our services for children and young adults and all-age eating disorders, we now expect to care for more than 1,700 people in our hospitals and over 81,000 people through our community and neighbourhood services.

We are proud to have a workforce of over 4,700 people from 76 nationalities, and to serve an increasingly diverse range of communities across rural and urban areas. Together they show expertise, compassion and dedication, often supporting people at the most difficult moments in their lives.

We are part of the Kent and Medway Integrated Care System, working with partners to improve health and care for local people. As the only NHS provider covering all of Kent and Medway, we play a key role in ensuring the voice of mental health and our communities is heard.

Working alongside our partners, we are the lead provider delivering Mental Health Together, a new approach to community mental health care. This programme brings NHS, local authorities and voluntary organisations together, so people receive joined-up support in their communities and access help more easily.

In February 2022 we retained our 'good' overall rating from the Care Quality Commission and were rated as 'outstanding' for effective and caring.

In March 2026 we were inspected by the CQC as part of a well-led review. We are waiting for the final draft report which will be published later this calendar year.

Performance overview and analysis: Strategic focus for 2025-2026 and summary against our six priorities

This was the third and final year of our three-year strategy, which set out our intention to provide outstanding care and work in partnership to deliver this in the right place, for every service user, every time.

Our 2023–26 Trust Strategy set out an ambitious programme of change, recognising the scale of improvement needed across the organisation and addressed a number of key organisational risks including waiting times for memory assessment services and community mental health services, organisational culture, in-patient flow and patient safety (self-harm). It brought together 73 outcomes under three ambitions: delivering safe, high quality, person centred care; being a great place to work with engaged staff living our values; and working in partnership to reduce health inequalities and improve lives.

As the strategy evolved, we sharpened our focus on what would make the greatest difference for patients, staff and partners. This included clearer priorities, stronger leadership support and more consistent ways of tracking progress. An early milestone was the introduction of six priorities following Sheila Stenson's appointment as Chief Executive in November 2023.

In 2025, the Board agreed a refined set of six strategic priorities: timely access, equitable access, reducing inpatient harms, staff engagement, increasing contact time and reducing delays for patients ready for discharge. Together, these priorities support our new vision of helping communities stay well and live well with their mental health.

During this time, we also introduced the Doing Well Together improvement programme, establishing a single improvement approach to build capability across the organisation and strengthen the connection between strategy and frontline delivery.

These have been supported by a range of trust-wide initiatives and projects to drive improvement across services. This focused approach has also led to a reduction in scoring of some the most significant organisational risks identified on the Board Assurance Framework (BAF).

In delivering our services, the Trust has had due regard to the Public Sector Equality Duty and remains committed to promoting equitable and timely access and outcomes for all communities we serve. This includes a continued focus on addressing health inequalities and improving experience and access for protected groups, through our focus on PCREF and 'About Me' work (see page 38), as well as our strategic priorities. Below is an overview of progress against these priorities in 2025/26.

Timely access

People are accessing support more quickly in a number of areas. In dementia services, average waiting times for diagnosis reduced from 27.1 weeks to 13.2 weeks, and the number of people waiting over a year fell from 260 to 19. This has significantly reduced the organisational risk around memory assessment although improvement work continues, to ensure a sustainable approach going forward. Crisis response services have improved, with more than 90% of people seen within four hours over the last six months, compared with below 80% in September 2024. Liaison psychiatry teams are now seeing nearly nine in ten people within one hour in emergency departments. In community mental health services, the waiting list has reduced by 12.3%, with most people now waiting under 18 weeks and 23.4% seen within four weeks.

Equitable access

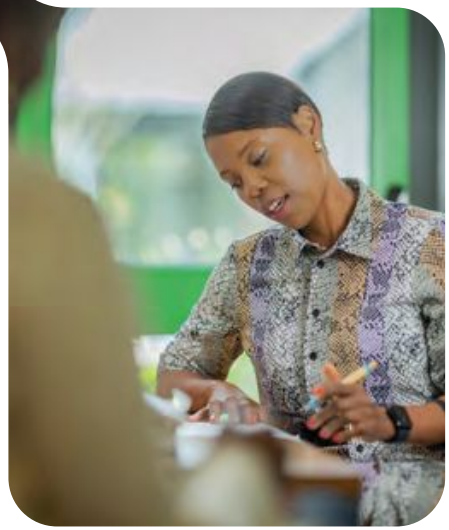
We've strengthened how we understand and address inequalities in access and outcomes. Cultural competence and protected characteristics training has been delivered to leaders with over 176 trained since January 2026. New Patient Ethnicity Diversity and Inclusion dashboards are improving insight into the people we support and giving staff the confidence to apply learning into practice. Recording has improved through RiO, supported by our new 'About Me' initiative (see case study page 38). Services have also been made more accessible through the rollout of 'Recite Me', a website accessibility tool that includes text-to-speech functionality, dyslexia support and translation tools. Improving data quality and demonstrating stronger progress on reducing inequalities remain priorities.

Reducing inpatient harms

We've also made progress in reducing harm on inpatient wards. Reported harms fell from 269 incidents in October 2024 to 112 in January 2026, with a low of 105 in November 2025, representing a 64% reduction. Focused work to reduce self-harm among female inpatients has also contributed to safer wards, supported by staff training, practical interventions and clearer patient information. While variation remains, this work has made wards safer and will continue as a priority along with focused work on reducing self-harm in the community to further address organisational risk and keep patients safe.

Staff engagement

This year also saw important progress in strengthening our identity and culture as a Trust. We launched our co-created organisational identity, name and values following extensive engagement with staff, patients, carers and partners. Inspectors noted progress in values and behaviours. Representation of Global Majority staff in Band 7 and above roles has increased to 31.1%, supported by cultural competency and allyship training. Staff support has also improved through mediators, early reconciliation processes, a Staff Council pilot and regular engagement sessions with the Chief Executive. Staff engagement continues to be an area for continued focus, but these changes are helping to build a more inclusive culture and improve how staff are supported to speak up.



Increasing contact time

We've laid the foundations for increasing clinical contact time and improving productivity. Work to establish a baseline for consultant and psychologist contact time is underway and will carry forward as a strategic priority in our new strategy. Alongside this, the Getting the Basics Right initiative has reduced unoutcomed appointments by more than 60%, improved trust-cancelled appointments and standardised key processes. A review of administrative activity across more than 100 teams has helped identify opportunities where we can free up our time through new processes, ways of working and systems which will also continue in the new strategy.

Reducing delays for patients ready for discharge

Supporting safe and timely discharge remains a priority. The High Intensity User Project has reduced referrals by 35% and admissions by 34%, while the Red to Green approach is helping teams identify delays in patient journeys. Work with partners includes developing a centralised Health Based Place of Safety, Crisis Houses and short-term beds. Despite this, the number of patients who are clinically ready for discharge remains high and bed occupancy is above target at 97.8%, with housing and wider partner capacity continuing to affect discharge pathways. This work will continue into our new five-year trust strategy as a strategic ambition.

Oversight of performance, quality and risk is managed through the trust's established governance arrangements, with detailed reporting provided through the Integrated Quality Performance Report (IQPR) and Board Assurance Framework (BAF) contained within the Trust Board papers held on our website. These arrangements ensure that performance against our priorities, key risks and data quality are regularly reviewed, with further detail set out in the Accountability Report on page 61.

The IQPR also contains performance delivery against quality improvement priorities and the most pertinent indicators in the NHS Oversight Framework.

Our 2023–2026 Strategy

Our mission

Our mission is what we set out to do every day - we deliver brilliant care through brilliant people.

Our vision

To provide outstanding care and to work in partnership to deliver this in the right place, for every service user, every time.

We will achieve this vision through our strategic ambitions (also known as the three ps)

People we care for

We deliver outstanding, person-centred care that is safe, high quality and easy to access.

People who work for us

We are a great place to work and have engaged and capable staff living our values.

Partners we work with

We lead in partnership to deliver the right care and to reduce health inequalities in our communities.

Which are supported by our strategic enablers

We use technology, data and knowledge to transform patient care and our productivity.

We are efficient, sustainable, transformational and make the most of every resource.

We create environments that benefit our service users and people.

All of this is underpinned by our core values

Respect | Working Together | Open | Innovative | Accountable | Excellence

Becoming Kent and Medway Mental Health NHS Trust

In 2025, we became Kent and Medway Mental Health NHS Trust. This was more than a name change, but a significant change in who we are, what we stand for and redefining the experience people can expect from us.

We worked with colleagues, patients and partners to co-create a new identity, vision, mission and values. In response to feedback, we also changed our name to better reflect who we are and what we do.

The new identity is at the heart of everything we do. For our staff it focuses our efforts on a clear mission and vision, helping people live well. Our four new values: Caring, Inclusive, Curious and Confident guide how we behave shape our decisions from board to ward.

Our new identity gives our patients clarity on who we are and how we can help. Our values also guide a kinder experience that is consistent and warm. Everything from how we write to the experience of our wards.

For partners it means we improve how we work together as we position ourselves as a confident mental health care provider.

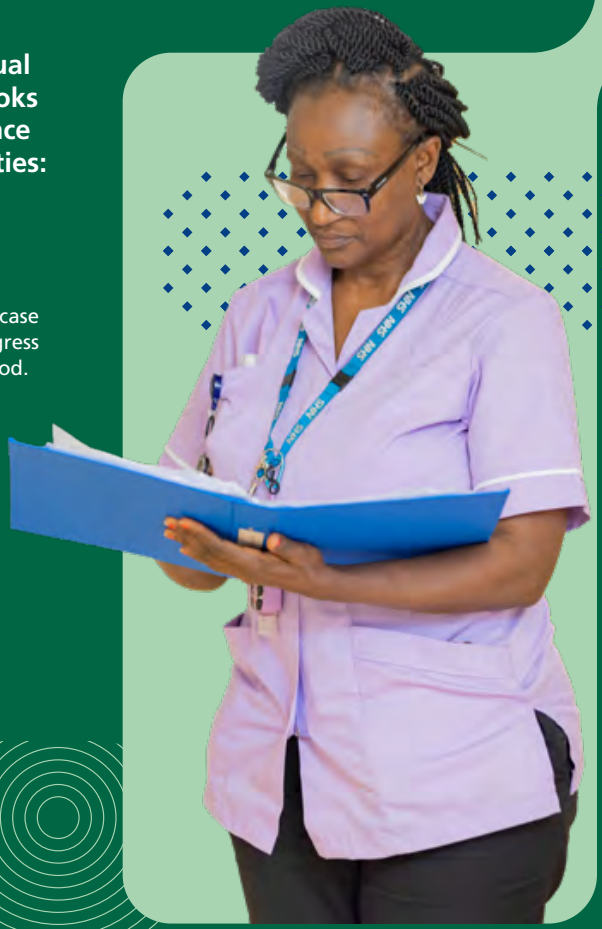
We now have stable foundations to build on by uniting our services under a shared culture and values, a shared identity, and a shared ambition to deliver excellent mental health care across Kent and Medway and help people live well.

Performance Report

This section of the Annual Report and Accounts looks at the Trust's performance against our three priorities:

- **The people we care for**
- **The people who work for us**
- **The partners we work for**

This section provides a series of case studies to demonstrate the progress made during this reporting period.



People we care for

Introduction

The people we care for are, of course, at the centre of everything we do. We want care to feel safe, high quality and easy to access but, just as importantly, we want people to feel listened to, involved and supported throughout their care.

Over the past year, we've focused on areas that can be more complex and sensitive. Building greater consistency in care will be a key priority as this work continues.

That includes developing a clearer, more joined-up approach to supporting people who self-harm on our wards, with better guidance, training and practical tools for staff. We've also worked with partners to improve access, including reducing waiting times for dementia support and making sure care is more closely shaped around individual needs. Improvements here now mean we're recognised as one of the nationally best performing trusts for dementia diagnosis rates.

Despite this progress, improving parity across Kent and Medway remains a priority, as performance still varies between areas across the county.

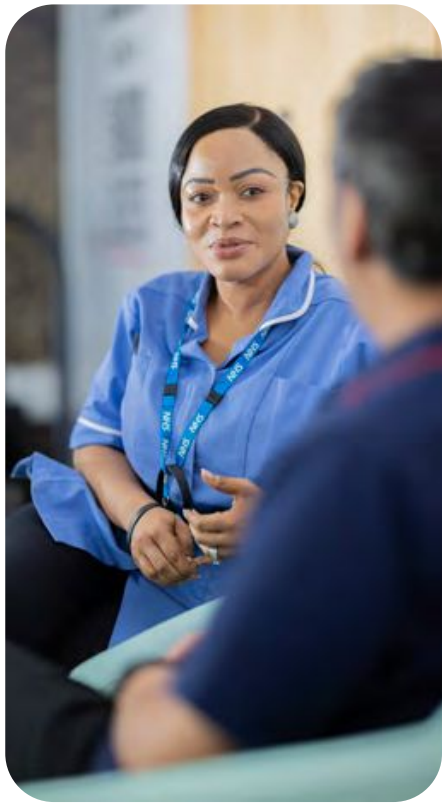
CASE STUDY 1

Seeing dementia differently: a partnership approach to improving diagnosis for care home residents

Up to 70% of care home residents may be living with dementia, yet many do not have a formal diagnosis. Without one, people can miss out on the right care and support, and families lose vital time to plan for the future. For people with advanced dementia, traditional memory clinic pathways can also be confusing and distressing, contributing to long waits and unequal access to diagnosis.

To address this, led by the Kent and Medway Provider Collaborative, Kent and Medway Mental Health NHS Trust, the Integrated Care Board, primary care, care homes and voluntary sector partners came together to design a new community-based diagnostic model.

> People with dementia often stay around ten days longer in hospital than those without the condition. With the right diagnosis and community support, many admissions – and the distress they bring – can be avoided. This training makes a real difference; it's about early recognition, early help, and dignity for residents."



At its heart is the DiADeM (Diagnosing Advanced Dementia Mandate) tool, which helps care home staff recognise advanced dementia symptoms and work closely with GPs to support diagnosis in the place the person knows best – their own care home. This creates a more accessible, compassionate pathway for residents and their families.

Care home staff receive practical training in spotting functional decline, using the 6-CIT (Cognitive Impairment Test), gathering histories and applying structured diagnostic tools. They are supported by webinars, easy access to clinical advice and a clear, co-designed pathway that sets out each step.

A Test and Learn Group – including clinicians, professionals and people with lived experience – helped shape and refine the approach so it is both safe and realistic for everyday practice.

In the first two pilot phases in East Kent, 68 care home staff completed the training. Participants reported significant increases in confidence when recognising dementia symptoms and escalating concerns, with improvements ranging from 23% to 71%.

The programme has also strengthened local partnerships, reducing duplication and improving access to post-diagnostic support in care homes through Dementia Coordinators. It has already been recognised regionally, reaching the finals of the 2025 Kent Dementia Friendly Awards in the Community and Partnership Dementia Project category.

> If we're serious about transforming dementia care, health and social care must continue to work hand in hand. Whether through better information sharing or small digital improvements, collaboration is what will turn good practice into everyday reality."
>
> **Dr Rakesh Koria**
> Clinical Lead for Ageing and Dying Well ICB in Kent and Medway

> This training isn't about statistics or theory, it's about giving care home staff practical, step-by-step tools they can use every day. With DiADeM, they can recognise symptoms sooner, record what they see, and work confidently with GPs to secure a timely diagnosis."
>
> **Mark Kitchingham**
> Dementia Transformation Clinical Lead,
> Kent and Medway Provider Collaborative

Up to **70%**
of care home residents may be living with dementia, yet many do not have a formal diagnosis.

68
care home staff completed training during the first two pilot phases in East Kent.

Participants reported increases in confidence ranging from
23% to **71%**

The programme is creating a more accessible and compassionate pathway to dementia diagnosis in care homes.

Following the success of the pilot, the programme will now roll out across all Health Care Partnerships in Kent and Medway ahead of go-live in April 2026. Ongoing webinars, resource packs and drop-in sessions will support wider adoption and help embed a more sustainable, integrated approach to dementia diagnosis.

> We've worked across Kent and Medway to improve and standardise memory assessment services so people can access support more consistently. Waiting times have dropped from around 28 weeks to just under 13, with many teams diagnosing patients within six weeks. This progress is significant and reflects how our teams have taken ownership and driven real improvement. There is more to do, but everyone should feel proud of the difference this is making for patients, families, and carers."
>
> **Adrian Richardson**
> Director of Transformation and Partnerships at Kent and Medway Mental Health NHS Trust

CASE STUDY 2

Supporting people who self-harm through practical, person-centred approaches

Supporting people who self-harm is a complex and sensitive part of care. Feedback from our patients highlighted how difficult the first days on a ward can be. Feelings of distress, loss of control and low self-worth were often contributing factors.

In response, our occupational therapists developed the Minimal Risk Activity Pack (MRAP), led by occupational therapy apprentice Kate Merlini-Moorcroft. The idea was then progressed through the Trust's Innovation Den programme. Drawing directly on what patients shared about their experiences, the packs are designed to offer safe, calming and meaningful activities at times when people feel most overwhelmed. They include simple creative activities alongside small self-care items, helping people re-focus, manage distress and build a sense of self-worth.

The approach was piloted over 16 weeks on two female acute wards at Priority House in Maidstone. The results were significant. Self-harm incidents reduced by 47% on Upnor Ward and 64% on Chartwell Ward.

While a number of wider improvements were taking place across the wards during this period, MRAP was identified by teams as one of the most meaningful factors in supporting these reductions.

Teams also reported fewer restrictive interventions, creating a safer and more positive experience for patients.

Following the success of the pilot, MRAP is now being introduced more widely as part of everyday therapeutic care, supporting safety, dignity and recovery across our services.

> "Patients told us that self-harm often comes from feeling low, empty or out of control. The activity packs give women something positive to do when they need it most. The self-care items help build self-worth and remind people that they deserve kindness. It's a small change that can make a big difference."

Kate Merlini-Moorcroft
Occupational Therapy Apprentice, Kent and Medway Mental Health NHS Trust

> "Since introducing MRAP on two female acute wards, we've seen a strong and lasting reduction in self-harm over 16 weeks. We also saw fewer restrictive practices than usual, which meant patients had a safer, more positive experience. The results are very encouraging, and we are now working on rolling out MRAP across the trust so more services can benefit."

Chelsey Wahoviak
Improvement Practitioner and Co-Lead, The Innovation Den, Kent and Medway Mental Health NHS Trust

- Fewer restrictive interventions and a safer ward environment
- Minimal Risk Activity Pack is now being introduced across the Trust as part of everyday care

People who work for us

Introduction

Our people make the biggest difference to the care we provide. Creating a workplace where staff feel safe, valued and able to thrive is central to our strategy, alongside building a sustainable workforce and strengthening leadership at every level.

This year, we've focused on what matters most to our people's day-to-day experience. That includes strengthening our response to racialised violence as part of our wider Equality, Diversity and Inclusion Action Plan, helping teams manage challenging situations, and refining how we recruit, retain and develop staff. We've also invested in leadership development, building clearer expectations, more effective line management practice and more consistent ways of working to create more stable, well-resourced teams across the Trust.
While we have pockets of excellence trust wide, our ambition is this is felt across the whole organisation.

> High performing teams demonstrate what's possible, with visible leadership and positive team cultures. Our focus now is on building on this so that the same experience is felt across all teams.

There are clear signs of progress. Vacancy levels have reduced, retention has remained strong, and medical recruitment has improved workforce stability, helping teams stay fully staffed and reducing reliance on temporary cover.

Feedback from our 2025 staff survey shows positive movement in some areas. Appraisal quality has increased and is now above the national benchmark, with more staff reporting that appraisals help them be more effective in their role. Line management also continues to perform well. However, we recognise there is more work to do to improve our overall survey scores.

High performing teams demonstrate what's possible, with visible leadership and positive team cultures. Our focus now is on building on this so that the same experience is felt across all teams. This includes an increased focus with staff in East Kent to improve staff experience and engagement scores using bespoke organisational development support and our new Staff Voice forums.

Our people have continued to gain both local, regional and national recognition. This year over 570 staff and 159 teams were nominated for our Values in Practice awards.

Our staff also won, and were finalists for, prestigious awards that attract high levels of applications from across the country.

Perinatal Mental Health Services
Winner
2026 Healthwatch Recognition Awards

Jo Rodda
Consultant in Old Age Psychiatry and Dementia Research Theme Lead
Winner
2026 Healthwatch Recognition Awards

Kent and Medway Provider Collaborative
Nominated
2025 Dementia Friendly Kent Award for Level 1 DiADeM dementia training for GPs and care home workers

Dawn Horne
Former Psychiatric Nurse and now Dementia Envoy
Nominated
2025 Dementia Friendly Kent Award

Forget Me Nots Dementia engagement group
Nominated
2025 Dementia Friendly Kent Award

Daryl Judges
Deputy Trust Secretary
Winner
Beatrice Reid Award for achieving the highest examination result in Development of Strategy

CASE STUDY 1

Reducing racialised violence through allyship and a whole-organisation approach

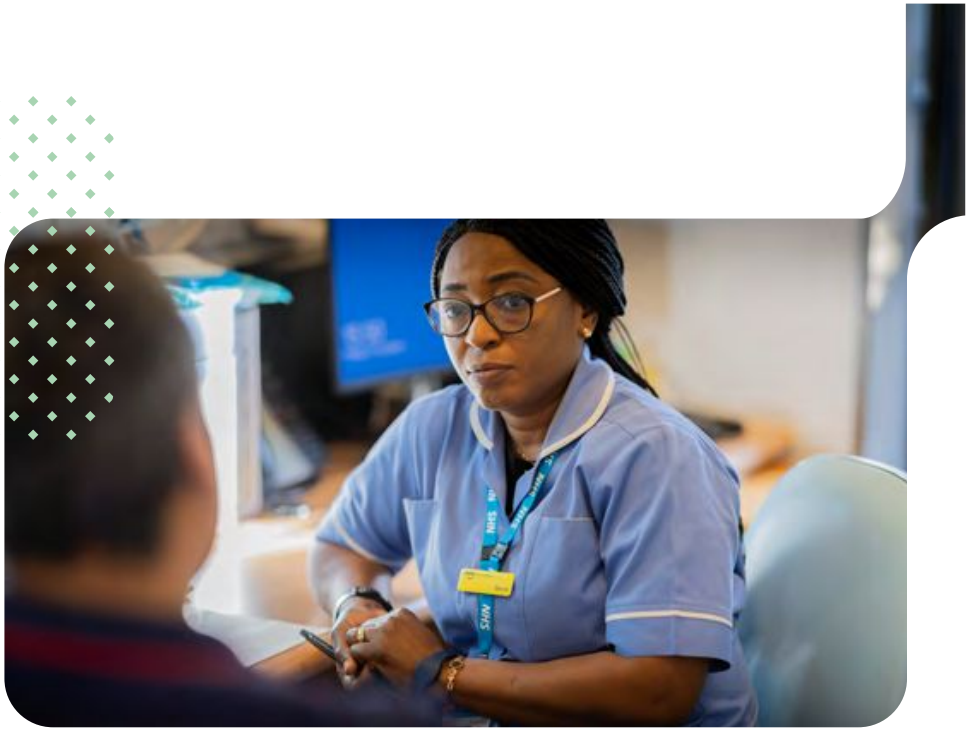
Staff across our inpatient services told us they were experiencing high levels of racially motivated violence and aggression from some patients. This came through listening sessions, incident data and staff survey feedback. Many described being racially abused during their shifts and feeling unsupported and unsure how to respond – particularly when behaviour was understood in the context of a person's mental health needs.

We began by listening. Through ward visits and online sessions, colleagues shared their experiences openly, often for the first time. Working with an external partner to support analysis, we themed these insights and presented them, with recommendations, to the Executive Management Team. Together we developed six focus areas, which now form our Equality, Diversity and Inclusion Plan for 2024–2026. Addressing racialised violence and aggression was one of the earliest priorities.

From January 2025 we introduced allyship training on inpatient and forensic wards. This training gives staff practical tools to safely step in and support colleagues, alongside guidance on trauma informed support following incidents. To deliver this at scale, we developed a train the trainer model, equipping over 30 colleagues to co facilitate sessions and reach over 800 staff. At the same time, we improved how we communicate expectations to patients, with clear ward based messaging that discrimination, harassment and abuse will not be tolerated.

So far, 84% of ward staff have completed allyship training. Sessions will continue until all ward staff have had the opportunity to attend, with community teams beginning their training from April. Staff report greater awareness of the impact of behaviour, more colleagues actively stepping into ally roles, and stronger, more consistent team responses following incidents.

Additional actions are reinforcing this approach, including consequence letters that senior clinicians can issue in response to incidents, trauma-informed support for staff, and visible anti-discrimination messaging across all sites.



This work will continue into 2026–2027, extending to community and children and young people's services and supported by plans to train 20 colleagues in restorative justice facilitation.

84%

of ward staff have completed allyship training, supporting more confident and consistent responses to incidents

> Staff report greater awareness of the impact of behaviour, with more colleagues actively stepping into ally roles and stronger, more consistent team responses."

CASE STUDY 2

Recruitment and retention: growing and supporting our workforce

We've taken a targeted and sustained approach to growing our workforce, improving retention and creating clearer career pathways across both nursing and medical roles.

Supporting nurses to build careers and stay in our teams

Our international recruitment campaigns have played an important role in strengthening our Band 5 nursing workforce and supporting more stable teams across the Trust.

Between 2021 and 2025, these campaigns brought a significant number of nurses into Band 5 roles across multiple services. This helped fill a large proportion of vacancies and improved staffing levels, giving teams more consistent support in delivering care.

By the start of 2025, Band 5 nurse vacancies were at very low levels across the Trust, demonstrating the lasting impact of earlier international recruitment on staffing and continuity of care.

This has also been reflected in the day-to-day stability of teams. Many of the nurses recruited have remained in post, while others have progressed into Band 6 roles. This has supported retention, created opportunities for development and helped build a more experienced workforce.

Band 5 nurse turnover has reduced consistently over the past five years, falling from 18.43% in 2021–2022 to 10.50% year to date in 2025–2026.

With fewer vacancies to fill, we adapted our recruitment approach in 2025–2026. Rather than running a large-scale campaign, we introduced a more targeted model aligned to service need. All eligible nursing students and newly qualified nurses applying for Band 5 roles were guaranteed an interview, supporting a fair and consistent route into employment.

"Coming from an adult nursing background and adjusting to a new country wasn't easy, but the kindness and support from my colleagues helped me settle in and grow. The training and guidance I've received have built my confidence, and I now feel proud to be part of the Trust and the work we do."

Staff Nurse
St Martin's Hospital

Band 5 nurse turnover reduced to

10.50%

in 2025–2026 (year to date)

Down from

18.43%

in 2021–2022

Growing our psychiatry consultant and training workforce

Over the past year, we've boosted medical recruitment across our psychiatry services through a coordinated approach to attraction, development and retention.

A focused consultant recruitment drive has increased our permanent consultant workforce from 86 (80.20 FTE) in April 2024 to 99 (92 FTE). This has reduced vacancy rates and improved continuity of care across key services. We also introduced a specialist grade role, creating a flexible senior pathway for experienced doctors and adding expertise within clinical teams.

We've prioritised career development for Specialty and Associate Specialist (SAS) doctors, with structured support for the CESR pathway. Workshops, leadership development and portfolio support have enabled more doctors to progress towards consultant roles, strengthening internal progression and improving retention. Six SAS doctors are currently on this pathway.

Investment in higher psychiatry training has supported longer-term workforce sustainability. Higher specialty trainee numbers have increased from 15 to 36 over the past two years, alongside growth in core trainees from 15 to 47. Early engagement, mentorship and clear pathways into substantive roles are helping us retain doctors trained within the Trust.

We've also expanded international recruitment, streamlined onboarding and improved relocation support. Job design, flexible working options and targeted incentives have helped attract staff to hard-to-fill roles.

This combined approach has improved recruitment outcomes, reduced vacancies and built a stronger pipeline of future consultants.

Consultant workforce increased from
86 to **99**
in one year

» Higher psychiatry trainee numbers more than doubled over two years

"At the heart of this progress is our commitment to people. We want every doctor to feel supported, valued and be able to progress in their career. By creating real opportunities, from training and mentorship to flexible career pathways, we are helping colleagues build long-term futures within our services."

Dr Mohan Bhat
Consultant Old Age Psychiatrist and Deputy Chief Medical Officer,
Kent and Medway Mental Health NHS Trust

Partners who work with us

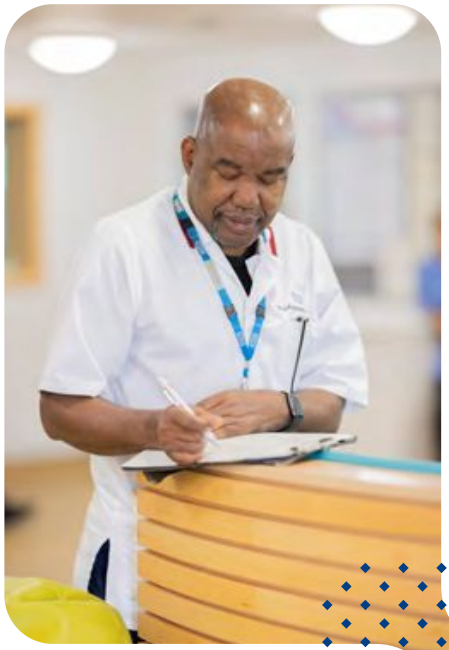
Introduction

Good care doesn't happen in isolation. It depends on strong relationships with partners who understand the communities we serve and the wider factors that shape people's health, from housing and employment to social connections.

Kent and Medway is home to a wide range of communities, each with different needs and experiences. Working alongside local organisations helps us respond to that more effectively, bringing together different skills, knowledge and local insight.

In practice that has included developing alternatives to hospital care for people in mental health crisis, as well as new ways of managing referrals so people can access help earlier and more easily through community-based services.

These approaches are helping create clearer, more flexible pathways into care and make better use of shared expertise across the system.



"Working alongside Mental Health Navigators has allowed clinicians to focus on people with the most complex needs, while ensuring everyone receives early support and clear guidance about the help available to them."

Jasmine Sherwood-Dickens
Operational Team Manager, Medway and Swale Mental Health Together, Community Service, Kent and Medway Mental Health NHS Trust

CASE STUDY 1

From local pilot to county-wide model: improving access to community mental health support

A new way of managing community mental health referrals, first piloted in Medway and Swale, is now helping to shape our new Community Mental Health Model of Care across Kent and Medway.

The approach was developed through partnership working between Kent and Medway Mental Health NHS teams, employment charity Shaw Trust, and homeless charity Porchlight, with the pilot led by both charities. The aim was simple. Make it easier for people to get the right support, more quickly, and use clinical time where it's needed most.

In the new model, Mental Health Navigators from Shaw Trust work alongside clinicians to look at new referrals and contact people early. They have a conversation about what the person needs, explain what support is available and help them find the right options in their community. Clinicians stay closely involved where there's higher risk or more complex needs.

Shaw Trust created a Better Understanding Session (BUS) as part of this. It is an early, person-centred conversation that explores someone's situation and the different types of support that might help, including social and community options, not just clinical care.

The pilot showed that this approach makes a real difference. Over six weeks of BUS assessments, 60% of people were safely supported outside secondary mental health services, with clear signposting to community support. The remaining 40% went on to have a DIALOG+ assessment, meaning clinical input focused on those with more complex needs. While waiting for DIALOG+, people continued to receive information and support rather than being left with no contact.

Waiting times also improved. Before the pilot, people were waiting an average of 62.8 days for a DIALOG+ assessment. After the new approach was introduced, this dropped to 19.3 days on average.

Staff and partners who took part in local engagement events were very positive about the model. Their feedback has helped confirm that the Medway and Swale approach should inform how we roll out the refined Community Mental Health Model of Care across the county.

CASE STUDY 2

A partnership approach to improving support for people in mental health crisis

A new community-based approach to supporting people in mental health crisis is now in place, following the opening of a 24/7 crisis and recovery house in June 2025.

The Medway Crisis and Recovery House was developed through a collaboration between Kent and Medway Mental Health NHS Trust, Pears Foundation and Hestia. It's the first time an NHS organisation and a charitable foundation have worked together in this way to establish a crisis house in the area.

The house offers an alternative to hospital-based care, providing a safe, calm environment where people can access support in a more home-like setting.

Guests are supported by trained mental health staff to understand their needs, develop coping strategies and plan their recovery. The focus is on helping people regain a sense of stability and build skills they can use when they return home. They're encouraged to take part in activities that support wellbeing and social connection, and staff can help them access other local services depending on their needs.

The house is staffed 24 hours a day, seven days a week. It offers private ensuite rooms alongside shared spaces, including a kitchen, lounge and garden. People can manage their own routines, cook and spend time in the community, while still having support available when they need it.

Referrals are made through our services, helping make sure people can access this support at the right time.

This approach supports a wider shift towards more community-based care. It helps people get support earlier, and in a setting that better meets their needs, while also reducing pressure on emergency departments.

This partnership brings together our clinical expertise, charitable funding and specialist support from Hestia to create a more flexible and responsive offer for people in crisis.

"The opening of the Medway Crisis and Recovery House is a great example of how the NHS can collaborate effectively to make a positive difference for people we care for. The success of this partnership comes from focusing on their needs. We know that a crisis and recovery house provides an alternative service for our patients needing immediate support and assistance."

Sheila Stenson
Kent and Medway Mental Health NHS Trust

"We are pleased to be offering this vital community-based support to anyone in Kent and Medway experiencing a mental health crisis. Hestia currently provides two other crisis and recovery houses in London and the south east, and so we know from our experience that this sort of support can have a life-changing impact. It is essential that we work together to help those who have experienced mental health crisis to find safety, hope and purpose."

Patrick Ryan
Chief Executive, Hestia

"We've been so impressed and uplifted by how the NHS team in Kent has worked collaboratively with their local emergency service partners to transform the emergency response for people in mental health crisis. A crisis and recovery house is an important part of that mix, offering people in distress a calm place where they can feel safe and supported to deescalate. My family and I are proud to provide this building, a tangible example of philanthropy working in partnership with the NHS."

Sir Trevor Pears CMG
Executive Chair, Pears Foundation

Strategic enablers

Introduction

A lot of what makes good care possible sits behind the scenes. Our strategic enablers cover the systems, spaces and ways of working that help everything run more smoothly. From how we use technology and data to how we manage our buildings and reduce our environmental impact.

Across these areas, we've been making practical changes that make a difference day to day. That includes improving how information is recorded and shared so teams spend less time on duplication, making better use of our resources through more sustainable procurement and energy use, and continuing to improve the environments where care takes place. While this work is often less visible, it plays an important role in supporting staff, improving experiences and helping us deliver care more effectively.

Using technology and data

Putting patients in control with My Health and Care Record

We've introduced My Health and Care Record, a digital portal that gives people secure, 24/7 access to their mental health information through the NHS App or the Patients Know Best (PKB) website. It means patients can see their information when they need it and take a more active role in their care.

Before this, most information was sent by post. This could lead to delays, missed appointments and frustration for patients trying to keep track of their care. Staff also spent time answering routine queries over the phone. To address this, we connected PKB to Rio, our electronic patient record system, so appointments and key information are shared online automatically. Patients are invited to register by email, with a simple opt-out. Alongside this, staff have been supported to use the new portal through e-learning and drop-in sessions.

Early results are encouraging. Around 65% of eligible patients have registered, exceeding our 40% target, and more than 18,000 appointments have been shared through the portal since December 2025. Around a third of registered users log in each week, helping them stay informed and more involved in their care. Staff report fewer phone calls and less time spent on paperwork, giving them more time to focus on direct care.

We've worked closely with service users throughout the project to make sure the portal meets their needs and feels easy to use. We're continuing to strengthen data quality and safeguards in Rio to support the next phase. This will allow us to share more documents, care plans and resources through the portal from June 2026.

> "I feel more included now, more in control. I have the info I need to self-advocate."
>
> **Service user**

> "A game-changer for service users' confidence and engagement."
>
> **Staff member**

A new digital portal that gives people secure,

24/7

access to their mental health information and more control over their care.

Using digital tools to improve patient information and support equitable care

During 2025/26 we launched a new 'About Me' form in our Rio electronic health record system. This is a major digital change that makes it easier for staff to record important information about people in our care in one place and in a consistent way.

Previously, staff had to enter and view patient information in several different parts of Rio. This took extra time and often meant people were asked the same questions repeatedly. To solve this a team of clinical, digital, safeguarding, equality, diversity and inclusion, and business intelligence colleagues worked together to design a single, streamlined form to replace multiple older documents.

The new About Me form brings together key details such as demographics, reasonable adjustments, protected characteristics, personal history, housing, employment and digital accessibility in one view. This improves data quality, reduces duplication for staff and patients, and supports more equitable, person-centred care. Making it easier for staff to identify and respond to different needs and circumstances.

To make the change as efficient as possible, we used automated data migration so existing information could be moved into the new form. This avoided 10,931 hours of manual work. The automation itself required only 72.5 hours of staff time, while removing the risks associated with large-scale manual data handling.

Alongside the launch staff took part in a face-to-face 'Understanding Protected Characteristics' course to support them further.

» A major digital change that makes it easier for staff to record important information about people in our care.

> Quick, easy for us… will find all information under one roof. It holds all the information in one place… valuable and saves a lot of time for newly qualified staff, agency and international nurses."
>
> **Staff feedback**

Powering a greener future across our estate

As energy prices continue to rise, finding more sustainable ways to power our buildings has become increasingly important for the Trust. Without action, we remain exposed to volatile energy markets and rising costs that could otherwise be invested in patient care.

During 2025-26, our Sustainability Team led a major programme to install new solar arrays across seven Trust-owned buildings. This work has significantly increased our ability to generate clean energy on site, supporting our commitment to becoming a more sustainable organisation.

The new systems allow the Trust to generate over 300,000 kWh of electricity each year, helping to power our buildings and create greener therapeutic environments for patients and staff.

To make the project possible, the team successfully secured full funding from the GB Energy Fund, distributed via NHS England, covering the entire cost of the programme.

The systems are expected to generate approximately 330,000 kWh of electricity annually, reducing the Trust's electricity bill by more than £74,000 each year and removing around 8 tonnes of CO_2e from our carbon footprint.

By generating more of our own power, we're improving the Trust's long-term energy security and reducing our reliance on unpredictable energy markets.

Following the success of this programme, we are now seeking additional funding to expand solar generation across our estate and continue progressing towards our Net Zero target by 2040.

» Finding sustainable ways to power our buildings protects resources that can be invested in patient care.

> The NHS spends billions on energy every year, which is money that could be funding frontline care for millions of patients. This programme is a great example of how NHS trusts can take meaningful action on energy costs and carbon at the same time. Delivering 314kW across seven hospital sites is no small undertaking, but we're pleased with the progress made so far, and it's exactly the kind of work Carbon3 exists to support."
>
> **Arianna Lee**
> Marketing Manager, Carbon3,
> our primary contractor delivering the solar programme

7 buildings
Solar arrays installed across Trust sites

8 tonnes
CO_2e removed from our carbon footprint each year

330,000 kWh
Electricity generated every year

£74,000 saved
Annual reduction in electricity costs

100% funded
Programme funded by the GB Energy Fund via NHS England

A full review of the trust's performance can be found later in the Annual Report.

Procurement supporting sustainable value across the Trust

Over the past year, our Procurement Team has supported Kent and Medway Mental Health NHS Trust by driving sustainable value, supporting patient care and improving staff experience. All while making sure we're getting the best value from every purchase.

By streamlining processes, renegotiating contracts and introducing smarter digital tools, we've cut admin and boosted efficiency – giving staff more time to focus on patient care. Sustainability shapes everything we do, from working with responsible suppliers and reducing waste to creating local training and employment opportunities that deliver real social value.

Some of the key highlights include:

- Joining a collaborative £12 million IT Hardware Services contract with five other NHS organisations across the South East. Awarded to Softcat Plc in September 2025, the contract is expected to save around £1.1 million while supporting the Trust's rollout of Windows 11 and Microsoft 365.
- Working with our Procurement and Estates & Facilities teams, our catering partner ISS was recognised with the Partners in ESG Award at the Premises & Facilities Management Awards 2025 – celebrating our shared commitment to inclusive employment, local engagement and sustainable services.
- Supporting the creation of the Redrow Retreat at St Martin's Hospital – a tranquil summer house therapy space in Webb's Garden. It was delivered in partnership with Redrow South East, partner contractors and Health Heart Hope, and backed by a £10,000 donation, providing patients with a calm place to support recovery.
- Completing a Trust wide tender for DBS and Fit and Proper Person checks with Certn – a five year contract that introduces a standardised process for the first time and strengthens safeguarding across the Trust.
- Reviewing more than 110 contracts and building flexibility into agreements ahead of the April 2026 transfer of CAMHS services from North East London NHS Foundation Trust, helping ensure a smooth transition and continuity of care.

> Our achievements this year demonstrate the power of procurement. By working collaboratively with colleagues, suppliers and partners, we've created opportunities for local people, supported inclusive employment and helped build spaces that enhance wellbeing across the Trust. At the same time, we've strengthened our procurement practices, driving better value from our contracts and securing vital savings in a challenging financial climate. I'm incredibly proud of what we've achieved together and of the positive impact our work continues to have across the Trust."
>
> **Jo Newton Smith**
> Associate Director of Procurement

Improving care environments alongside our patients and staff

Creating environments that support dignity, wellbeing and recovery is an important part of delivering high-quality mental health care. The Patient-Led Assessments of the Care Environment (PLACE) put patient and carer views at the centre of how we review our facilities and the spaces where care is delivered.

Our most recent PLACE assessments showed positive progress across all six categories compared with the previous year. Scores for cleanliness, food, privacy and dignity, maintenance, dementia and disability all increased, with the Trust also exceeding the national average in five of the six assessed categories.

This progress reflects our continued focus on improvement across our sites. A new catering contract introduced in February 2025 improved menu options, ordering processes and ward-based service delivery, contributing to a 3.37% increase in food scores. At the same time, a strengthened partnership with maintenance provider Mears helped address long-standing estates issues through targeted refurbishments and the launch of a five-year redecoration programme, lifting condition and maintenance scores by 6.22%.

Volunteer assessors noted improvements during their site visits, particularly in outdoor spaces and overall standards across several sites.

6 of 6 Categories Improved | **5 of 6** Categories Exceeding National Average

99.09% Cleanliness Highest 2025 score

Detailed Scores by Category

Category	National Avg	KMPT 2024	KMPT 2025	Change
Cleanliness	98.55%	97.09%	99.09%	+2.00% ▲
Food	92.13%	92.66%	96.03%	+3.37% ▲
Privacy, Dignity & Wellbeing	89.37%	95.16%	97.78%	+2.62% ▲
Condition, Appearance & Maintenance	97.00%	90.26%	96.48%	+6.22% ▲
Dementia	85.68%	90.97%	91.10%	+0.13% ▲
Disability	87.12%	88.36%	91.90%	+3.54% ▲

▲ indicates year-on-year improvement. Scores exceeding the national average are highlighted in the chart above.

Performance Against National Average

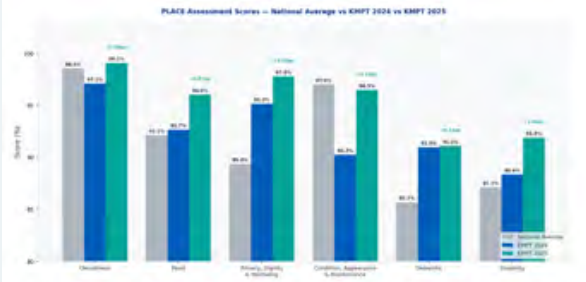


Figure 1: PLACE scores by category — National Average, KMPT 2024 and KMPT 2025. Annotation shows percentage point change 2024→2025.

They also identified areas for further improvement, including seating provision and the condition of some acute ward environments. The Trust is addressing these through targeted redecoration, re-grouting and furniture replacement across affected wards, with action plans due for completion by March 2026.

By listening to patient and carer feedback, and working closely with operational partners, we continue to improve the environments that support care, recovery and wellbeing.

> It is clear to see the staff working across all of the TGU wards care about the service users… On Penshurst Ward, the domestic team knew the service users by name and took pride in keeping the environment as clean as possible."

Volunteer Assessors
Trevor Gibbens Unit
(Staff & Ward Environment)

> The courtyard area for service users is bright and inviting. The summerhouse has been designed to look like a pub environment which makes the area feel welcoming and homely."

Volunteer Assessors
Sevenscore Ward
(Green Spaces)

An update about our trust charity

Our charity, Health, Heart, Hope (HHH) has grown from strength to strength, this year marking its most successful year yet supporting our patients and staff. From improving everyday experiences of care to supporting colleague wellbeing, the charity plays an important role across the Trust.

Key highlights

Here are some of the key highlights from the past year – and how that support is being brought to life across our services:

£36,923
raised through individual donations, supporting day-to-day care

£3,000+
raised through skydiving events, bringing people together for a shared cause

£180,000+
worth of corporate volunteering, bringing skills and partnership into our services

£712,000
worth of volunteer time, providing connection, support and added capacity for staff

Highest performing
mental health trust in the country for volunteering

National recognition
for corporate volunteering, reflecting strong partnerships

£1,500 raised
and
£2,500
in essential items donated, supporting vulnerable communities

£10,000
largest single donation, helping fund therapeutic environments

Investing
in staff wellbeing spaces, supporting those delivering care

Supporting
music therapy and learning programmes for patients

Funding
therapeutic spaces that support calm and recovery

Duke of Edinburgh
provider status, creating opportunities for young people

One example of how funding is being used is Webb's Garden, supported in part by the donation from Redrow Homes.

FOCUS

Creating spaces that support wellbeing and recovery

Webbs Garden is a valued therapeutic green space supporting wellbeing and recovery for people accessing services within Kent and Medway Mental Health NHS Trust. The garden offers opportunities for patients, volunteers and staff to take part in gardening, spend time outdoors and connect with others in a calm and supportive setting.

However, the space lacked a sheltered area, limiting how the garden could be used during colder months and reducing opportunities for therapeutic activities and social connection throughout the year.

Health, Heart, Hope, the Trust's charity, identified an opportunity to enhance the space and developed a corporate partnership to support the project. Through its partnership programme, the charity worked with leading UK housebuilder Redrow to design and build a new summer house within the garden.

Redrow provided a £10,000 donation – the charity's largest cash contribution to date – alongside significant in-kind support, including materials, skilled labour and construction expertise.

The new summer house has created a welcoming and accessible space that can be used throughout the year for gardening sessions, group activities and quiet reflection. It strengthens the garden's therapeutic environment and creates more opportunities for people to connect with nature and with each other.

The space is also available for staff to book for small meetings or reflective time, alongside the refurbished Tea Hut at Webbs Garden.

Redrow's financial contribution, materials and professional expertise represent an estimated project value of £65,000. The partnership demonstrates how Health, Heart, Hope can work with corporate partners to enhance environments that support mental health recovery.

Looking ahead, the charity will continue to develop corporate partnerships to support therapeutic green spaces across Trust sites.

"It's been an honour to steward the charity over the past year, projects such as the Redrow Summer House is a testament to the public acknowledgement of the incredible work that happens within our Trust. The Summer House gives a unique outdoor therapeutic space for our patients.

People believe in what we do and the journeys that we can offer our patients through some of the most difficult times in their lives. The partnership with Redrow is a fantastic flagship partnership that will steer the direction of our charity as we grow, and positively impacting the lives of our people in years to come.

I can confidently say, this is just the beginning. I know the wider Charity and Volunteering Team are excited and committed to the incredible projects that we can achieve through partnership working."

Kirsty McInnes
Charity and Volunteering Lead, Health, Heart, Hope – The official charity of Kent and Medway Mental Health NHS Trust

Looking back: Our 2023–2026 organisational strategy

Over the last three years, we've made clear, measurable progress against our Trust strategy. Together with patients, carers, staff and partners, we've improved safety, reduced waiting times, strengthened our culture and built firmer foundations for the future.

This data is correct as of March 2026.

People we care for

Incidents of self harm for women on our wards reduced by **62.9%**

205 incidents in Oct 2024 → **76** in Nov 2025; **89** in Jan 2026

Dementia diagnosis rate reached **62%** - the highest ever in Kent and Medway

90%+ of people now seen within four hours by crisis services (up from below 80% in Sept 2024)

Average waiting time reduced from **27.1 weeks** to **13.2 weeks**

90% of staff completed autism awareness training (Year 1)

Dialogue+ rolled out across community teams to support meaningful conversations about recovery

People waiting over a year dropped from **260** to **19**

Liaison psychiatry response within one hour improved from **3 in 10** to nearly **9 in 10** people

Developed Quality plan

Countywide rollout of **Recite Me** improved accessibility for patients and carers

Invested in a new involvement and engagement team embedding a new co-creation framework

People who work for us

259
leaders completed cultural competence training

Co created
Trust name, identity and values launched in October

31.1%
of Band 7+ roles now held by Global Majority staff

Allyship and Oliver McGowan
training exceeded targets

CEO
led monthly staff engagement sessions

CQC
well led inspection recognised visible progress in values and behaviours

163 staff completed Yellow Belt training;

540 staff completed White Belt or awareness training

Doing Well Together
Improvement Programme expanded across the Trust

Staff council
piloted in Forensics and set to roll out Trust wide

Talent and Succession Planning Toolkit
deployed to support consistency

Vacancy rate at **10.4%**
(below 14% target)

Agency spend at **1.3%**
(below 3.2% target)

Partners we work with

Mental Health Together delivered with Porchlight, Shaw Trust and Invicta Health

Waiting list reduced by **12.3%** (Mar 2025–Jan 2026)

77% waiting under 18 weeks;

23.4% seen within 4 weeks

Better patient flow through the High Intensity User Project

35% reduction in referrals

34% reduction in admissions

New Red to Green approach reduced delays in patient journeys.

Strategic enablers

Remained financially stable

and balanced the books while supporting system deficit reduction

Delivered a **4.5%** Cost Improvement Plan, above national benchmark

25% of trust fleet fully electric

17% reduction in waste volumes year-on-year

50% reduction in carbon emissions from 2019/20 baseline

Introduced

near real-time intelligence dashboards for clinicians

Leading

the system's financial recovery pillar

Significant

improvements to clinical system, RIO

Over **1000** trees planted across the estate

Opened **Ruby Ward** – a state of the art, dementia friendly ward

Over **160** digital champions embedded into frontline helping co-produce technology with clinicians

Reduced

DNAs and un-outcomed appointments

Standardised

Standard Operating Procedures and governance

Implemented

digital skills framework to increase digital literacy, achieving national recognition

Launched

My Health and Care Record – new digital portal for patients

Year-on-year

improvements in PLACE (Patient led assessment of the care environment) beating national average in 5 out of 6 categories.

Strategic intent

Successfully shifted mid strategy to become lead provider for:

Children and Young People's Mental Health Services

All Age Eating Disorder Services

In summary, the 2023–26 strategy has delivered measurable progress across a number of our priorities, while also highlighting areas where we need to strengthen delivery and oversight. Challenges around data quality, sustained engagement, system pressures and a lack of focus from too many competing priorities have at times limited our ability to demonstrate consistent impact and provide robust assurance. Feedback from external reviews and regulatory scrutiny has reinforced the need to strengthen governance, improve clarity of outcomes and ensure more consistent oversight of risk. These lessons are reflected in our new strategy, which takes a more focused and outcome-led approach, underpinned by stronger governance, clearer accountability and consistent improvement methods. This provides a stronger foundation to manage risk, sustain progress and improve the timely access, quality, safety and equity of care for our patients, our people and our communities.

Looking ahead: Our 2026–2031 organisational strategy

The year ahead, marks an important milestone for Kent and Medway Mental Health NHS Trust as we launch Doing Well Together, our new five year strategy shaped with colleagues, patients, carers and partners across our communities.

The needs of the people we serve are changing. Demand for mental health support continues to grow, and too many people still struggle to access timely, joined up care. Patients and families told us they want clearer communication, more consistent experiences and greater involvement in decisions about their care. Staff told us they want simpler processes, better technology and a culture that supports them to deliver high quality care every day.

Our strategy sets out how we will respond to these challenges and opportunities. It focuses on five strategic ambitions, called True Norths, that mean we priorities for staff, patients and partners:

- Timely access
- Safe care
- Positive experiences
- Smarter working
- Staying well

Our strategy will provide a clear, measurable framework for how we will improve outcomes and achieve our vision: Helping communities stay well and live well with their mental health.

Doing well together

Our organisational strategy (2026 to 2031)

Our purpose - why we exist

We exist to make mental health care easier to access, use and trust in our communities

Our vision - the future we want to shape

Helping communities stay well and live well with their mental health

Our mission - how we will shape our future vision

A proactive, united mental health service for our communities across Kent and Medway

What we are committed to

High quality care | Shaping services together | Working as one system

Our five priorities

Timely access
Help when you need it

Safe care
Keeping people safe in our care

Positive experiences
For patients, families and staff

Smarter working
Using our time and resources well

Staying well
Preventing crisis and supporting long-term health

What will help us deliver this

Improved quality | Better technology | Stronger workforce | Modern spaces | Financial stability

Open culture | Clear communication | Leadership accountability

How we will work

Caring | Inclusive | Curious | Confident

Summary of financial performance in 2025-26

We ended the 2025-26 financial year delivering a surplus of £2.2m.

In year we have continued to work in collaboration with our system colleagues and working with our main commissioners we have continued as the Lead Provider for the Community Mental Health Framework (CMHF) and this is the first full year for Perinatal services. Increases to income levels are due to inflationary uplifts, along with additional MBU income, Liaison investment and provider collaborative risk share. In addition, we continue to see changing demands on our services, particularly for our beds, which has reflected in some of the ways we utilised our funding in year.

We delivered an extensive capital programme totalling £17.49m in 2025-26. A key component of our capital programme was the major build projects in relation to a Health Based Place of Safety and Female Psychiatric Intensive Care unit. Reduced ligature works to ensure patient safety on our wards also featured highly along with Digital projects including device replacement.

The table below sets out the final financial position against KMMH's plan.

Statement of Comprehensive Income

	Plan	Actual	Variance
	£000s	£000s	£000s
Income	309,685	322,121	12,436
Expenditure	(302,595)	(315,071)	(12,476)
Operating Surplus/(Deficit)	**7,090**	**7,050**	**(40)**
Finance Costs	(5,082)	(5,173)	(91)
Surplus/deficit	**2,008**	**1,877**	**(131)**
Impairments and impact of technical adjustments	192	370	178
Surplus/(Deficit) for Control Total Purpose	**2,200**	**2,247**	**47**

Income - £322.12m

The Trust received £322.12m of income in 2025/26, £21.65m higher than the previous financial year. This includes its clinical services funding but also funding from NHS England to cover the NHS pension contribution central funding and the impact of the 2025/26 NHS pay settlements.

KMMH received the majority of its income from Kent and Medway ICB under a block contract, with ICB income accounting for 76.1% of total income.

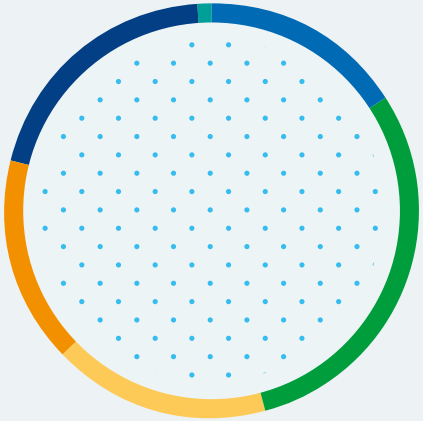
Specialist Services were commissioned through NHS England and make up 2.0% of our total income. The Trust received income for our Forensic inpatient and community services from Sussex Partnership Trust as the host of the provider collaborative.

Further details regarding income are identified on pages 138 to 152, notes 1, 3 and 4 of the accounts.

Expenditure - £315.07m

Operating expenditure in 2025/26 was £315.07m, which is £22.27m higher than the previous year. The largest area of spend for KMMH is employee expenses which totalled £243.46m and accounted for 77.3% of total operating expenditure. Employee expenses has increased by £14.38m in year, which is due to annual pay awards and the National Insurance rate increase. Other factors include investment in service delivery for programmes such as the CMHF. Non-pay related costs totalled £71.61m and the graphs below provides a summary of how we spent our money in 2025-26. Further details can be found in Notes 1 and 6 of the annual accounts, pages 138 to 155.

Pay spend by staff group



16% Medical

30% Nursing

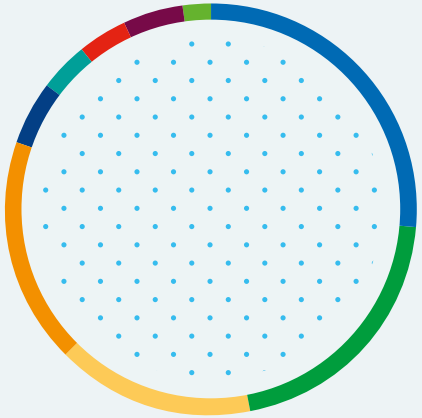
17% Scientific, Therapeutic & Technical

16% Healthcare Assistants

20% Admin, Clerical & Management

1% Other Non Clinical

Non-Pay expenses



27% Premises & Transport

21% Purchase of healthcare from NHS & Non-NHS bodies

16% Depreciation & amortisation

18% Supplies & Services

0% Impairments

5% Drugs

4% Establishment

4% Education & training

5% Other

2% Clinical Negligence

Cost Improvement Programme

The Trust had a planned cost improvement programme of £17.64m for the financial year 2025/26 which was fully delivered. This programme sought to ensure that the trust was able to offer sustainable services that reflected the operational needs of the Trust.

Capital Expenditure

KMMH spent £17.49m on capital expenditure in 2025/26, this included significant investment into the following:

→ £4.95m
on backlog maintenance, investing in our estate to support the delivery of patient care. This includes £0.9m of expenditure on reduced ligature work on our wards and £0.8m in relation to heating systems.

→ £2.40m
on IT infrastructure to support delivery of KMMH's clinical technology strategy and IT devices replacement.

→ £5.50m
in relation to the Health Based Place of Safety estates project

→ £2.12m
in relation to the Female Psychiatric Intensive Care Unit.

Looking forward to 2026-27

In March 2026, the Trust submitted revenue and capital plans for 2026/27. Our financial focus remains on long term financial sustainability. The continued demand for healthcare efficiency has resulted in an extensive efficiency programme with planned savings of £10.35m.

Our capital programme is significant in the coming year, and has been carefully planned due to the current challenges regarding the national funding allocations. The Trust has prioritised schemes to be completed and the plan will address high risk backlog maintenance, ward refurbishments and digital investment.

Audit

Our external auditor is Grant Thornton. They conducted work during the year on audit services at a cost of £167k + VAT. This work included annual accounts, governance and performance work.

Our annual accounts for 2025/26 have been examined by our external auditor, and their report is set out on page 125.

Accountability Report

The Directors' Report

We are led by the Board of Directors (the 'Board') who hold the overarching responsibility for how well our Trust is performing and how it is managed. This responsibility includes setting the overall strategy for the organisation and monitoring progress, while ensuring resources are efficiently and effectively used to meet the needs of its service users and the public. The Board does this by holding the Trust to account for the delivery of the strategy through seeking assurance that the systems of control are robust and reliable. The Board works in partnership with patients, carers, the Integrated Care Board (ICB), local health organisations, local government authorities and others to provide safe, accessible, effective and well-governed services that meet the needs of patients, carers and KMMH's local population. The Board receives assurance that KMMH meets the needs of the population it serves, its stakeholders and staff in a way that is wholly consistent with public sector values, including the Nolan Principles of Public Life.

In order to carry out their duties and responsibilities, Board members convene at Board meetings. The Board comprises Executive Directors (EDs) and Non-Executive Directors (NEDs), including the Chair, supported by the Trust Secretary. As a Unitary Board, they share collective responsibility for our success. Our Associate NEDs, Chief People Officer, and Director of Transformation and Partnerships also contribute to these discussions as non-voting directors. Additionally, the Director of Communications and Engagement also attends all Board meetings.

The EDs are paid employees of the Trust. They are responsible for managing the organisation on a day-to-day basis and in their capacity as members of the Board they are also responsible for the leadership of the Trust. This managerial role distinguishes the EDs from the NEDs, who do not have a managerial role. The Trust has a Scheme of Delegation which sets out the delegated authority to the Executive Team and relevant officers of the Trust.

The NEDs are responsible for supporting and constructively challenging the EDs in their decision-making, as well as assisting them with the formation of the Trust's strategy. While EDs are employees of the Trust under a permanent contract of employment, NEDs are appointed for a set term. The Board approves the Annual Report and Accounts prior to its submission to Parliament. The Annual Report and Accounts is prepared by the Board, who confirm that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

"The Board met formally in public seven times and eight times in private during 2025-26. Public board meetings have been broadcast live during 2025-26 and two public Board meetings were held in-person."

During 2025-26 there have been a number of changes to Board membership. Dr MaryAnn Ferreux's tenure as a NED and Peter Conway's tenure as NED and Deputy Chair ended at the end of March 2026, at which point Kevin Corrigan was appointed a NED of the Trust, with a start date of 1st April 2026, having gone through a competitive recruitment exercise and an additional competitive recruitment exercise was commissioned to seek a Clinical NED to replace Dr MaryAnn Ferreux, with a closing date scheduled for 22nd April 2026. Andy Cruickshank, Chief Nurse, commenced a two-year secondment as Chief Nursing Officer for the Integrated Neighbourhood Health programme in January 2026, with Julie Kirby appointed as Acting Chief Nurse in the interim.

The Board met formally in public seven times and eight times in private during 2025-26. Public board meetings have been broadcast live during 2025-26 and two public Board meetings were held in-person. People who have experienced our services presented to the Board, enabling members to hear first-hand how services work for users and carers, and areas of improvement. The Board also receives updates at every meeting on quality improvement.

Board Membership 2024-25 & Board Attendance

Board Member	Role	Board Meeting Attendance
Jackie Craissati	Trust Chair	6/7
Peter Conway	Non-Executive Director, and then Deputy Chair from November 2024	7/7
Julius Christmas	Non-Executive Director	7/7
Kim Lowe	Non-Executive Director	7/7
Sean Bone-Knell	Non-Executive Director	6/7
Mickola Wilson	Non-Executive Director	6/7
Dr MaryAnn Ferreux	Non-Executive Director	6/7
Stephen Waring	Non-Executive Director, and then Senior Independent Director from November 2024	6/7
Pamela Creaven	Associate Non-Executive Director	7/7
Dr Julie Hammond	Associate Non-Executive Director	7/7
Sheila Stenson	Chief Executive from	7/7
Dr Afifa Qazi	Chief Medical Officer	6/7
Julie Kirby	Acting Chief Nurse	2/2
Nicholas Brown	Chief Finance and Resources Officer	7/7
Donna Hayward-Sussex	Chief Operating Officer and Deputy Chief Executive	7/7
Dr Adrian Richardson	Director of Partnerships and Transformation	7/7
Sandra Goatley	Chief People Officer	7/7
Andy Cruickshank	Chief Nurse	5/5

Declarations of interests

We have an obligation under the NHS Code of Governance for NHS provider trusts to compile and maintain a register of interests of directors, which might influence their role. The register is available to the public, in accordance with the Freedom of Information Act 2000 and is also published twice a year within the Board's meeting packs. We are required to publish in this Annual Report the directorships of any member of the Board in companies that are likely to, or seek to, conduct business with the NHS.

Register of Board members interests

A copy of the Register of Board Members' interests is publicly available on the Trust's website.

Performance appraisal

All Board members are subject to annual appraisal to review performance against objectives and as members of a unitary board. The Chair is appraised by NHS in its capacity of oversight of non-executive Board member appointments. KMMH has also appointed a senior independent director from among its non-executive members whose role includes assessing opinion on the Chair's performance. The Chair appraises NEDs, and the Chief Executive appraises the EDs. The Remuneration and Terms of Service Committee receives assurance that executive appraisals have been conducted in accordance with NHS England guidance and agrees the Chief Executive's appraisal based on the Chair's assessment.

Trust Chair

Dr Jackie Craissati MBE
Trust Chair

Jackie joined the Board in May 2016 and became Trust Chair in July 2020. Prior to this she was Chair of the Quality Committee and Deputy Chair of the Board.

She is a Consultant Clinical and Forensic Psychologist and was previously Clinical Director of the Forensic and Prisons Directorate at Oxleas NHS Foundation Trust. After 26 years in the NHS, she left in January 2016 to set up her own not for profit community interest company - Psychological Approaches CIC - offering consultancy and training to those working with complex mental health and offending behaviour, as well as leading independent investigations into serious incidents as commissioned by NHS England.

Jackie has been appointed Chair of Dartford & Gravesham NHS Trust. She is also Chair of Crohn's & Colitis UK and an Independent Governor of the University of East London.

Executive directors

Sheila Stenson
Chief Executive

Sheila has a proven track record of leading teams within challenged trusts across acute, foundation and mental health services; led and been part of significant change, including service redesign, transformation, restructuring, implementing new systems, technology and governance, and developing robust financial processes and controls.

Joining KMMH in 2017 as Chief Finance and Resources Officer, becoming deputy Chief Executive in October 2022, under her leadership, KMMH eradicated its underlying financial deficit and began ambitious programmes to make estates sustainable and transform digital services.

In November 2023, Sheila joined Kent and Medway's Integrated Care Board as partner member for community and mental health, representing KMMH and Kent Community Health Foundation Trust.

A chartered management accountant, Sheila has been awarded a number of Healthcare Financial Management Awards (HFMA) including an honorary fellowship for her dedication to the NHS and HFMA.

Dr Adrian Richardson
Director of Partnerships and Transformation

With over 20 years' experience working within the NHS Adrian qualified as a doctor in 2001 transitioning from a Geriatrician into leadership roles in successful organisations across the South. He has extensive experience in transformation, partnership working, strategy, improvement and engagement.

He trained with Virginia Mason in transformation and lead the Patient First programmes at Western Sussex Hospitals and Brighton and Sussex Hospitals.

He moved to Frimley Health establishing their improvement programme and was part of the team implementing their Electronic Patient Record system. He delivered a portfolio management system and designed initiatives to support change as well as recovery from Covid-19.

Since joining KMMH he has redesigned the trust transformation function and is leading the implementation of our Doing Well Together programme.

He strongly believes in a collaborative approach to transformation and improvement, empowering everyone to deliver change.

Dr Afifa Qazi
Chief Medical Officer

Dr Qazi is a consultant psychiatrist and CMO at KMMH she won the prestigious HSJ award in 2016 and the EAHSN Health Innovation award in 2014, for transforming crisis services for people with dementia. In 2022 she won the Psychiatrist of the Year award from the Royal College of Psychiatrists (MRCPsych) and was commended by the judges on her person-centred approach. In 2024 she was the Finalist for the HSJ Clinical leader of the year.

She has been instrumental in partnership working with the Kent and Medway Medical School where she takes an active part in teaching and holds a Clinical lecturer post.

She has ensured that KMMH offers robust training, with the majority of resident doctors staying in the county. She has had significant successes in medical recruitment and retention with huge reduction in agency doctor usage in KMMH.

She is the executive lead for the BME network.

Andy Cruickshank

Chief Nurse until January 2026

Andy is an experienced mental health nurse who has held several senior nurse leadership and management positions within East London NHS Foundation Trust, including the Director of Nursing for the London Mental Health Services for ELFT, prior to coming to KMMH in March 2022.

For many years Andy worked in CAMHS, developing acute admission and intensive care services for adolescents at Guy's Hospital and then in East London.

He led projects to reduce violence within inpatient units and developed frameworks to use Quality Improvement to tackle some of the most difficult issues within services.

Julie Kirby

Acting Chief Nurse from January 2026

Julie Kirby is an experienced mental health nurse and senior clinical leader whose career has taken her across inpatient, community, CAMHS and leadership roles throughout the Southeast.

After beginning her training in Birmingham and later restarting her studies in Kent, she built a varied clinical background within Kent and Medway Mental Health NHS Trust, Sussex Partnership and SLaM (South London and Maudsley NHS Foundation Trust), including developing CAMHS (Child and Adolescent Mental Health Services) crisis services and managing the Staplehurst CAMHS unit.

Julie returned to Kent and Medway Mental Health NHS Trust as Deputy Chief Nurse before becoming Acting Chief Nurse, where she now leads on delivering the organisation's quality plan and supporting the development of an all age mental health service for Kent. She holds a master's in healthcare leadership through the Elizabeth Garrett Anderson programme and a Postgraduate Certificate in Higher Education and remains driven by a long standing commitment to compassionate, patient centred care inspired by her early work supporting older adults.

He trained as an Improvement Advisor at the Institute for Healthcare Improvement and is a Fellow at the Health Foundation. he has a Masters in Leadership for Improvement.

Donna Hayward-Sussex

Chief Operating Officer and Deputy Chief Executive

Donna joined the Trust in March 2022 from her previous role as Service Director at South London and Maudsley Foundation Trust. In this role, Donna led several transformation programmes including the development of the Mental Health Alliance in Lewisham and the trust wide redesign of crisis services. Donna became Deputy Chief Executive in November 2023.

Donna is a psychotherapist by background and combines a strong management background with extensive experience in operationally leading and developing mental health services in the NHS and voluntary sector. Her previous role in Buckinghamshire Mind led to a partnership with Oxford Health NHS Foundation Trust delivering CAMHS and adult services across the county.

Donna is passionate about service provision and is committed to working in partnership to provide excellent care across Kent and Medway. She is particularly keen to develop integrated services that blur the boundary between the voluntary and statutory sector.

Sandra Goatley

Chief People Officer, Chartered Fellow CIPD

Sandra was appointed to the Trust Board as Director of Workforce and Organisational Development in March 2016. Sandra has worked for a number of organisations as HR and OD director covering both the private and public sector.

These include Amicus Horizon (social housing), Legal Services Commission (public sector) and the Morleys Stores Group (private sector). Whilst Sandra had not worked in the NHS previously, she brings a wealth of HR and OD experience with a specific focus on employee engagement and change management.

Non-executive directors

Nicholas (Nick) Brown

Chief Finance and Resources Officer

Nick is an experienced senior finance professional who has fulfilled a variety of roles during his career in the NHS. He has a proven track record of working within financially challenged systems.

Having begun his career as a National Finance Trainee he worked across a number of mental health providers before moving into commissioning roles within South East London. He is a Chartered Management Accountant and has over twenty years' experience in the NHS.

He has led and been part of significant change in his NHS career, which has included service redesign, transformation, implementation of new financial systems and governance and developing robust financial processes and controls.

He joined KMMH from Southeast London ICB where he was Director of Financial Management.

Nick graduated from the De Montfort University with a BA Honours Degree in Business Studies.

Peter Conway

Non-Executive Director, and from November 2024, Deputy Chair

Peter has a background in banking and finance spanning 29 years, latterly as a Finance Director with Barclays Bank PLC. He has been a Non-Executive Director with the NHS since 2006, is a Non-Executive Director of the West Kent Housing Association, and was the Audit Committee Chair of Medway NHS Foundation Trust until 31.3.2026

He has held a portfolio of public sector roles in the past including:

- Non-Executive Director and Audit Committee Chair, Rural Payments Agency
- Non-Executive Director and Audit Committee Chair, NHS West Kent
- Independent Member of the Audit Committees of the Home Office, Ministry of Justice, DEFRA, Health and Safety Executive and Child Maintenance and Enforcement Commission
- Trustee Director, Citizens Advice North and West Kent

Peter chaired the Audit and Risk Committee and was a member of the Finance and Performance Committee. He left the Trust on 31.03.26.

Kim Lowe

Non-Executive Director

Kim joined the Board in August 2020 as an associate non-executive director (NED) before being appointed as a NED in November 2020. She has spent most of her career at John Lewis Partnership and for over 36 years she has worked across people, customer service, employee engagement, HR and business.

She was appointed Managing Director of John Lewis Bluewater in 2014. In 2007 she was appointed Partnership Board Director, and also as a member of the audit and risk and remuneration committees.

Her final role was to lead the pension review at John Lewis before leaving John Lewis in 2020 to continue to build her portfolio NED career in the public and private sector, including John Lewis Partnership, Central Surrey Health and Council Lay Member at University of Kent.

Kim has become the Chair of the People Committee.

Mickola Wilson

Non-Executive Director

Mickola joined the Board in August 2020 and is a non-executive director (NED).

She is an Executive Director at Seven Dials Fund Management, a real estate investment Consultancy and has a number of non-executive roles. She is a NED the Mailbox Investment Holdings PLC and an advisor to the Mercers Livery Company.

She is also a very active member of the Chartered Surveyors Livery leading a programme to support students from disadvantaged backgrounds through university.

Mickola is Chair of the Finance and Performance Committee and a member of the Remunerations Committee.

Sean Bone-Knell

Non-Executive Director

Sean joined the Board in August 2020 as an Associate NED before being appointed as a NED in September 2021. He retired from his role as the Kent Fire and Rescue Service, Assistant Chief Fire Officer and Director of Operations in March 2020. During his 33 years of service he progressed through the ranks developing operational and strategic experience and in 2019 he was awarded the Kent Medal for Outstanding Service.

In the Queen's Birthday Honours list 2020 he was awarded the Queen's Fire Service Medal.

Sean previously held a National Portfolio with the National Fire Chiefs Council for the areas of Road Safety, Marine Firefighting and Dementia. Whilst holding the Dementia portfolio, he worked as part of the Prime Minister's Challenge Group on Dementia with the Alzheimer's Society.

Sean is the Chair of the Mental Health Act Committee and the Charity Committee, and a member of the Quality Committee.

Stephen Waring

Non-Executive Director, and from November 2024, Senior Independent Director

Stephen has had a long and varied public sector career. At the Department of Health his roles included private secretary to the Secretary of State for Health, Head of the National Cancer Programme and chief of staff for a former Chief Executive of the NHS. He ran a whole health economy NHS reconfiguration programme in south west London, and led the production of the cross-Government Mental Health Strategy, 'No Health without Mental Health'.

Stephen has been a non-executive director at Kent and Medway Mental Health NHS Trust since January 2023. He worked for a number of years on an interim, part-time basis for the Greater London Authority on health and care policy and partnership working.

Stephen also served a six-year term of office as vice chair of trustees for a leading national charity that works alongside people with an acquired brain injury and physical disabilities, offering specialist community-based and residential support to help them live as independently as possible.

Dr MaryAnn Ferreux

Non-Executive Director

MaryAnn joined the Board in February 2023 as an Associate Non-Executive Director and was appointed as a Non-Executive Director in March 2024.

MaryAnn has international experience working across both the Australian and UK health system, with specialist qualifications in health system leadership, management, and public health. She has held Board level roles as a medical leader in both primary and secondary care and is passionate about improving the patient experience and delivering better integrated care. She is currently the Chief Medical Officer at Health Innovation Kent Surrey Sussex.

She is a Fellow of the Royal Australasian College of Medical Administrators, Australasian College of Health Service Management and Faculty of Clinical Informatics, as well as being a Certified Health Executive and leadership coach. She has a special interest in researching health equity and the impact of the social determinants of health; her current doctoral studies will explore health inequalities within the Kent and Medway region. She left the Trust on 31.03.26.

Julius Christmas

Non-Executive Director

Julius Christmas was appointed to the Board in December 2024 and brings Board-level expertise and experience in digital transformation, innovation, technology and cyber risk management. He is the Non-Executive lead for Digital transformation.

Julius has had a long career in technology and change working across multiple commercial sectors. This experience has involved leading large-scale technology, change and transformation functions, as well as having accountability for the delivery of major technology-enabled change and transformation programmes.

Julius was Group Chief Information Officer at Saga PLC, where he was a member of the Executive Leadership team and led the technology and cyber functions. Additionally, he has been an active "30% club" mentor and an industry board member and computer science curriculum adviser at the University of Kent. Julius is also the digital lead NED for Dartford and Gravesham NHS Trust.

Dr Julie Hammond

Associate Non-Executive Director

Dr Hammond is a multi-award-winning NHS GP and health columnist for The Voice Newspaper. She has a specialist interest in women's health and mental health and is a passionate health equity advocate committed to improving healthcare accessibility.

She has experience in multiple leadership roles including Steering Group Member for the London Inspire Programme, Kent Community NHS Foundation Trust Health Governor, NHS Clinical Entrepreneur, Core20 NHS Ambassador, BMA EDI Advisory Group Member, and UN Women UK delegate. As a Trustee of West Kent Mind and Chair of its DEI subgroup, she champions mental health inclusivity. She also actively collaborates with NHS England and grassroots organisations to tackle health inequalities.

Pamela Creaven

Associate Non-Executive Director

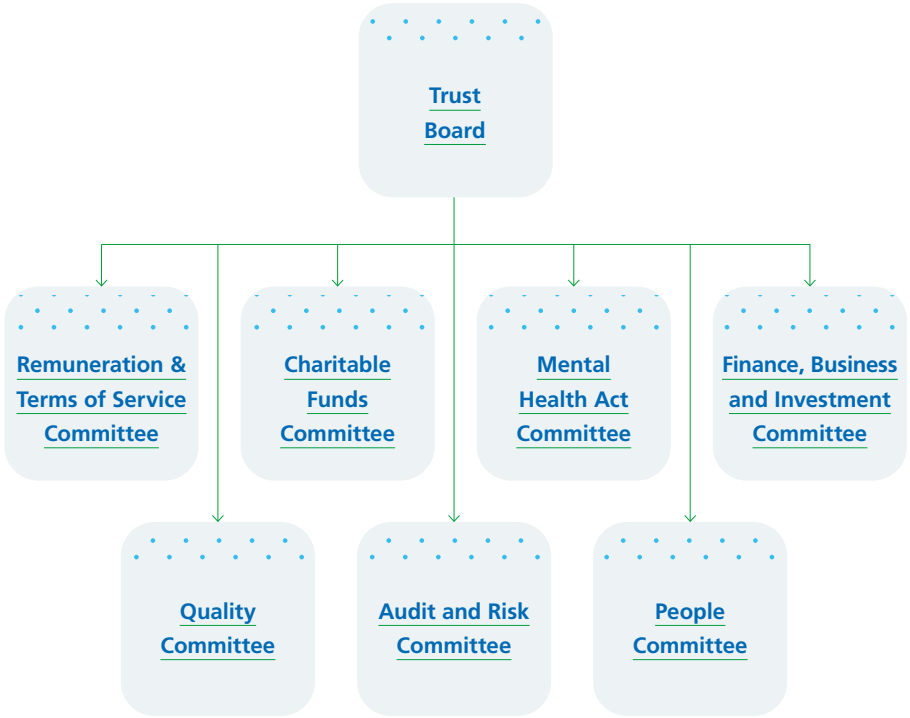
Pam joined the Board in February 2025 as Associate Non-Executive Director. She has extensive cross-sector experience. She worked for many years in local government before joining the NHS as a Non-Executive Director. This led to her taking up a substantive Director post for the NHS in Bexley. Following this as Borough Director she led joint commissioning, alongside public health and health improvement.

Finally, before leaving the NHS Pam fulfilled the role of Managing Director at NHS Southeast London Bexley Business Support Unit. In 2012 Pam moved to work in executive roles in the charitable sector, spending 10 years with Age UK and more recently supporting adults with autism and complex needs.

Board committees

The Board has seven permanent committees to support it in discharging its duties fully.

The chair of each committee presents a report at each formal Board meeting.



A summary of each committee is detailed below:

Audit and Risk Committee (ARC)

Audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Every NHS Board has an audit committee. The independent audit committee is a means by which the Board ensures effective internal control arrangements are in place. In addition, the committee provides a form of independent check upon the executive arm of the Board. All Members are non-executive directors.

During 2025-26 members included Peter Conway (Chair), Julius Christmas, Kim Lowe and Stephen Waring.

Quality Committee (QC)

The purpose of this is to provide the Board with assurance concerning all aspects of quality and safety relating to the provision of care and services in support of getting the best clinical outcomes and experience for patients.

During 2025-26 members include Stephen Waring (Chair), Sean Bone-Knell, Dr Julie Hammond and Dr MaryAnn Ferreux.

Finance, Business and Investment Committee (FBI)

The purpose of the committee is to provide the Board with assurance concerning all aspects of finance and resource relating to the provision of care and services in support of getting the best value for money and use of resources.

Members include Mickola Wilson (Chair), Peter Conway and Julius Christmas.

People Committee (PC)

The purpose of the committee is to provide the Board with assurance concerning all aspects of workforce and organisational development relating to the provision of care and services in support of getting the best clinical outcomes and experience for patients and staff.

Members include Kim Lowe (Chair), Peter Conway, Dr MaryAnn Ferreux and Pam Creaven.

Mental Health Act Committee

The purpose of the committee is to ensure there are systems, structures and processes in place to support the operation of and to ensure compliance with the Mental Health Act 1983 (as amended 2007) and other related legislation within inpatient and community settings.

Members include Sean Bone-Knell (Chair) and Dr Julie Hammond.

Remuneration and Terms of Service Committee

The purpose of the committee is to ensure that remuneration and terms of service for the Chief Executive, other executive directors and other senior employees are appropriate and commensurate with their roles and responsibilities and are comparable with similar positions within the NHS.

Dr MaryAnn Ferreux was the Chair of the Remuneration and Terms of Service Committee. All non-executive directors are members of this committee.

Charitable Funds Committee

The purpose of the Committee is to act on behalf of the Corporate Trustee, with delegated responsibility for overseeing, monitoring and evaluating all charitable activities to ensure they are in accordance with the charity's objectives.

Members include Sean Bone-Knell (Chair), Kim Lowe, Pamela Creaven and Dr MaryAnn Ferreux.

Board Committee Attendance

Board Member	Audit and Risk Committee	Quality Committee	Finance, Business and Investment Committee	People Committee	Mental Health Act Committee	Remuneration and Terms of Service Committee	Charitable Funds Committee
Jackie Craissati						2/2	
Peter Conway	5/5		6/6	4/6		1/2	
Mickola Wilson			6/6			0/2	
Sean Bone-Knell		7/9			4/4	1/2	4/4
Kim Lowe	4/5			6/6		2/2	
Stephen Waring	5/5	9/9				2/2	
Dr MaryAnn Ferreux		5/9				2/2	
Julius Christmas	4/4		5/6			2/2	
Pamela Creaven				6/6		2/2	4/4
Dr Julie Hammond		2/9			4/4	1/2	3/4
Sheila Stenson	1/1						
Dr Afifa Qazi			6/6	4/6	4/4		
Julie Kirby	1/1	7/7			1/4		
Donna Hayward-Sussex		7/7	6/6				
Nicholas Brown	5/5		6/6				4/4
Sandra Goatley				6/6			
Dr Adrian Richardson							4/4

Annual Governance Statement

Chief Executive's Framing Statement

2025–26 has been a year of significant challenge and significant learning. Independent reviews and regulatory scrutiny have provided a clear and consistent diagnosis of the Trust's governance maturity.

This statement reflects that diagnosis with candour. It sets out the weaknesses in our system of control, the actions we are taking to address them, and the disciplined approach the Board is taking to ensure improvement is both evidenced and sustained. Staff across the Trust have shown commitment, compassion and resilience throughout this period, and early signs of improvement are visible. The Trust is acting with focus and transparency to build a reliable system of governance.

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 responsible for ensuring that the NHS trust is administered prudently and economically, and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the NHS Trust Accountable Officer Memorandum.

During 2025–26, the Trust was subject to sustained regulatory scrutiny, including one CQC s29A warning notice (two parts), multiple inspections across community and inpatient services. As a result of seven community incidents during the year up to the 1st November as accountable officer I commissioned two independent governance reviews which took place in the latter part of quarter 3 and finalised during quarter 4. These, alongside internal audit, external audit and Board oversight, inform this Annual Governance Statement.

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 Kent and Medway Mental Health 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 Kent and Medway Mental Health NHS Trust for the year ended 31 March 2026 and up to the date of approval of the annual report and accounts.

All sources of information point to the same conclusion: the Trust's governance system is established in design but not yet reliable in operation.

Capacity to handle risk

The Board, comprising executive and non-executive directors, sets the Trust's strategy and annual priorities, ensuring effective organisational oversight. There is a longstanding approach to risk management, regularly reviewing the Board Assurance Framework (BAF), which is also reviewed by the Audit and Risk Committee (ARC) to assess the effectiveness of assurances and controls.

The Trust operates an integrated approach to risk management, supported by ARC and Board sub-committees, with terms of reference reviewed annually. Risks are also considered through Trust Strategy Deployment Reviews (SDRs) and subject matter expert groups.

ARC oversees the effectiveness of governance, risk management and internal controls, including counter fraud, financial controls, audit, health and safety, fire safety, and emergency preparedness. Internal audit provides a planned programme of reports, including an annual assessment of risk management and the BAF.

The Chief Executive and Executive Team provide leadership on risk through the Trust Leadership Team (TLT), which reviews the BAF and oversees escalation to and from the BAF, with the Chief Nurse holding accountability for reporting and scrutiny.

The Trust supports staff to manage risk effectively through training. Non-clinical risks are managed via a digital system, providing a single source of truth and enabling real-time reporting for committees. Staff have access to relevant policies, procedures and guidance, with additional support and training provided by the Trust Risk Manager.

During 2025–26:

- ARC oversaw governance, risk management, internal control, counter fraud and audit.
- Quality Committee oversaw quality, safety, regulatory compliance, and the Quality Plan.
- The Trust Leadership Team (TLT) reviewed BAF, Trust risk registers (TRR), corporate risks, escalation and delivery of improvement plans, based on our Doing Well Together improvement approach.
- A digital risk management system (inphase) provided a single point of truth for non clinical risks.

An independent review in year found that risk ownership, escalation discipline and the reliability of safety critical controls require significant strengthening.

The Risk and Control Framework

As Accountable Officer, I hold overall responsibility for ensuring effective risk management and integrated governance systems are in place, in line with the NHS Provider Licence. This includes oversight of:

- effectiveness of governance structures
- responsibilities of director and sub-committees
- reporting lines and accountabilities between the Board, its sub-committees and the Executive Team
- the submission of timely and accurate information to assess risks to compliance with the trust's licence and,
- the degree and rigour of oversight the Board has over the trust's performance

The Board is responsible for delivering the Trust's objectives and maintaining robust risk management and internal controls, including counter-fraud, audit, and financial governance.

The Trust's Non-Clinical Risk Management Framework provides a clear process for identifying, assessing and managing risk, supported by policy and standard operating procedures. Risks are scored based on likelihood and impact, tracked against target levels, and managed by designated owners with defined actions. Risks scoring 15 (extreme) are escalated to the Trust risk register, with those affecting strategic objectives considered for inclusion on the BAF.

The Board establishes a risk appetite for high levels on a risk-by-risk basis and maintains oversight through ongoing review of risks to achieving its strategic objectives. The six strategic objectives were:

- We deliver outstanding, person-centred care that is safe, high quality and easy to access.
- We are a great place to work and have engaged and capable staff living our values
- We lead in partnership to deliver the right care and to reduce health inequalities in our communities
- We use technology, data and knowledge to transform patient care and our productivity
- We are efficient, sustainable, transformational and make the most of every resource

As of 31 March 2026, twelve significant risks to the Trust's strategic objectives are recorded on the BAF, with key risks remaining broadly consistent and subject to regular review and reporting.

During this year I commissioned two independent reviews set out below.

Independent Rapid Review of Community Incidents
(McCallion, Hasler & Scott, December 2025)

The review identified weaknesses in risk assessment, safety planning, incident investigation, documentation, communication with families, data quality and thresholds for reporting self harm.

Independent assessment of governance effectiveness
(Moorhouse, January 2026)

The review concluded that:

Quality governance is 'Developing with significant Lagging features' in safety critical controls, governance discipline, assurance confidence, risk management, regulatory readiness and organisational culture.

Key findings included:

- Inconsistent reliability of core safety controls
- Fragmented governance architecture
- Weak closed-loop assurance
- Data quality and documentation issues
- Patient and family voice not yet adequately heard
- Regulatory readiness not yet evidenced

The Trust CQC Well Led inspection took place in March 2026. The high-level feedback is set out below.

Well-Led Regulatory Feedback
(CQC, March 2026)

The CQC recognised motivated staff, leaders committed to the Trusts mission, an emerging leadership capability and positive examples of learning.

The CQC also identified:

- The BAF and Corporate Risk Register require development
- Significant risks missing from the corporate risk register
- Risk mitigations lacked clarity on ownership
- Quality Impact Assessments were inconsistently applied
- Committee workplans and data scrutiny require strengthening
- Agency rostering oversight requires improvement

Incident Reporting

The Trust's risk management approach is centred on learning and continuous improvement. Incident reporting is actively encouraged through a digital system, capturing incidents and near misses to enable investigation, learning and action. Governance leads and the patient safety function support analysis and drive improvements.

Learning is embedded through supervision, reflective practice, reviews, feedback, audit, and investigation of incidents and complaints.

Insights and good practice are shared via the Patient Safety and Incident Response Framework (PSIRF) governance arrangements and relevant clinical and non-clinical forums, including SDR meetings.

Complaints and compliments are also valued as key indicators of service quality, with learning from feedback used to support ongoing improvement.

Clinical Risk and Patient Safety

Clinical risk and patient safety are overseen by the Quality Committee (QC) for assurance, with operational leadership provided by the Chief Nurse, Chief Medical Officer and Chief Operating Officer. The Board receives oversight through the Integrated Quality and Performance Report. Further enhancements are planned to strengthen the focus on quality and safety, following feedback from the external reviews.

The QC monitors compliance and risks to quality, receiving reports from sub-committees including Patient Safety, Patient Experience and Clinical Effectiveness. This includes regular reporting on clinical audit, Never Events, Serious Incidents and complaints, alongside actions taken.

Analysis is supported through the Quality Digest, which reviews incidents by severity, theme, directorate and location, identifying trends and benchmarking against national indicators. Resulting actions are monitored for effectiveness.

The QC also oversees the development of the annual Quality Account and monitors delivery against its priorities.

NHS England Well-Led Framework

The NHS England Well-Led Framework outlines the key characteristics of high-performing provider organisations that ensure quality services are provided:

- leadership capacity and capability
- clear vision and credible strategy
- culture of high-quality care
- clear responsibilities, roles and systems of accountability
- clear and effective processes for managing risks
- robust and appropriate information effectively processed and challenged
- people using services, the public, staff and partners engaged and involved
- robust systems and processes for learning, continuous improvement and innovation.

In October 2025, the Trust completed the Provider Capability Self-Assessment, receiving 'Confirmed' ratings in four of six domains, and 'Partially Confirmed' ratings in quality of care and access and delivery of service domains.

Independent reviews and CQC feedback confirm:

- Inconsistent governance discipline
- Variable triangulation of intelligence
- Narrative based assurance rather than evidence based assurance
- Weak golden thread from priorities to measurable outcomes

The Trust has initiated a Governance Improvement Programme to strengthen governance architecture, decision rights, assurance flows, committee discipline, BAF redesign and Board development.

NHS Oversight Framework

As of 31 March 2026, the Trust was rated Segment 1 under the NHS Oversight Framework, ranking 13th out of 61 mental health and community providers. It achieved high-performing ratings in access, finance and productivity, and effectiveness. The trust received below average ratings for the patient safety, experience and people and workforce domains.

Care Quality Commission (CQC) - Registration and regulatory oversight

During 2025–2026, the Trust remains fully compliant with the registration requirements of the Care Quality Commission (CQC).

Oversight of compliance with the fundamental standards set out in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 is provided by the Regulation, Compliance and Quality Group (RCQG), chaired by the Chief Nurse. The RCQG meets monthly and reports to the Quality Committee.

RCQG is responsible for ensuring services meet regulatory standards, routinely reviewing CQC quality statements. Reviews are informed by internal data, risk intelligence, and regulatory concerns.

During 2025–2026, a range of tools and resources have been developed to support staff in understanding the quality statements and how they apply to everyday practice.

CQC inspection and regulatory action

During 2025–2026, the Trust remained under significant CQC scrutiny, with inspections across multiple services identifying systemic weaknesses, particularly within community mental health teams, crisis pathways, and health-based places of safety. The inspections identified key issues related to legal compliance, risk management, environmental safety, medicines management, staffing and governance, resulting in a Section 29A Warning Notice being issued in April 2025 requiring urgent action.

The warning notice concerns included:

- The Trust had been routinely detaining service users in Section 136 suites (health-based places of safety) beyond the expiry of their Section 136 detention under the Mental Health Act 1983, without an appropriate legal framework.
- Risk assessment and risk management within community mental health services was variable, and the Trust was not consistently mitigating risks of avoidable harm.

In response, the Trust has strengthened governance and assurance arrangements and implemented a Trust-wide quality improvement plan. Escalation and assurance processes to the Quality Committee have been established.

Re-inspections of community and health-based places of safety services took place in December 2025, CQC confirmed we demonstrated early signs of improvement, particularly in record-keeping and legal compliance, while further progress is required in areas such as environmental safety, workforce capacity, risk management and consistent governance application.

Ongoing monitoring, improvement and assurance

Despite progress during 2025–2026, regulatory compliance, patient safety and governance within adult mental health community teams and crisis services remain key risks. These are driven by demand for services, workforce pressures, estate challenges, variability in risk management, and the need for sustained cultural and governance maturity.

The Board maintains oversight of improvement delivery through monitoring via the RCQG, directorate governance and regular reporting to the Quality Committee. Key risks and mitigating actions are captured within the BAF, with clear ownership and escalation arrangements in place.

The Trust continues to engage openly with the CQC and system partners, recognising that sustained oversight, strong leadership and organisational learning are essential to delivering ongoing improvement and maintaining compliance with regulatory requirements.

Independent Quality Governance reviews

During quarter 3 of 2025/26 the Trust commissioned Moorhouse Consulting to conduct an independent review of the Trust's quality and safety governance assurance processes. The Trust was assessed as developing with significant lagging features. Key findings included inconsistent reliability of core safety controls, fragmented governance architecture, weak closed-loop assurance, data quality and documentation issues, patient and family voice not yet adequately heard, regulatory readiness not yet evidenced.

In December 2025 an independent rapid review of a number community incidents was commissioned which identified weaknesses in risk assessment, safety planning, incident investigation, documentation, communication with families, data quality and thresholds for reporting self-harm.

Independent reviews and feedback from the CQC confirm several persistent governance challenges within the Trust. These include inconsistent governance discipline, variable triangulation of intelligence, and a reliance on narrative based assurance rather than robust, evidence based assurance. In addition, there is a weak 'golden thread' linking organisational priorities to clearly defined and measurable outcomes.

In response, the Trust has initiated a Governance Improvement Plan aimed at strengthening the overall governance architecture. This programme will focus on clarifying decision making rights, improving assurance flows, enhancing committee discipline, redesigning the BAF and supporting targeted Board and leaders' development. The Trust aims to deliver the full Governance Improvement Plan by September 2026, and has commissioned external support to ensure we deliver to the timeframes within the plan.

Efficiency and effectiveness of compliance with NHS provider licence section 4

The Trust has identified no principal risks in relation to compliance with Section 4 (governance) of the NHS Provider Licence. Governance arrangements are in place, with Board and sub-committee terms of reference reviewed on an annual basis, most recently in Q2 2025/26 with changes approved at the July 2025 Board meeting.

Roles, responsibilities and accountabilities are defined within key governance documents, including Standing Orders, Standing Financial Instructions and the Scheme of Delegation, which are updated to reflect regulatory and organisational changes.

Processes are in place to ensure timely and accurate reporting, with papers reviewed by the Trust Secretariat prior to submission.

The Board maintains oversight of performance through the Integrated Quality and Performance Report, which utilises Statistical Process Control to assist in the identification of significant change and enable appropriate escalation of any areas of concern, supported by Quality Accounts and biannual strategy updates, providing assurance on delivery against strategic objectives.

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

Workforce

The Trust ensures that short, medium and long-term workforce strategies are in place to give assurance via the People Committee that processes are safe, sustainable and effective.

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.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

Sustainability

The Trust has undertaken risk assessments on the effects of climate change and severe weather and has developed a Green Plan following the guidance of the Greener NHS programme. A copy of the Green Plan can be found on the Trust's website. The trust ensures through its Green Plan that it focuses on sustainability and tracking to Net Zero across all our operations and services. Compliance is monitored by a dedicated Head of Sustainability, Environment and EFM Compliance Assurance.

Emergency Preparedness, Resilience and Response (EPRR)

The Trust is a Category One responder under the Civil Contingencies Act (2004), with statutory duties to maintain resilience and work in partnership with other responders in response and recovery from major, critical and business continuity incidents.

It aligns with the NHS England EPRR Framework (2022) and is assessed annually against national core standards. For 2025, the Trust achieved 100% compliance.

This position has been reported through Kent and Medway ICB, the Local Health Resilience Partnership Executive Group and NHS England at regional and national levels.

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

The Trust promotes economy, efficiency and effectiveness through a variety of means including:

- a robust pay and non-pay budget control system
- financial and establishment controls,
- effective tendering procedures
- continuous programme of quality and cost improvement

The Board oversees internal control arrangements, supported by its committees, audit functions and regulators. Specialist areas such as emergency planning, business continuity, health and safety, fire and security are carried out by the qualified specialists within the Corporate Risk Management Team, reporting to the Executive Team and accountable to ARC.

ARC receives regular reports from the Anti-Crime specialist on which identifies specific fraud risks and investigates whether or not there was evidence of those being exploited. No significant risks, classes of transactions or account balances were identified. fraud risks and governance arrangements, with no significant concerns identified. Internal and external audit plans are reviewed and approved annually. Arrangements are in place for the discharge of statutory functions to have been checked for any irregularities and to ensure that they are legally compliant. The Committee receives and agrees the annual work plans for internal and external auditors.

During quarter 3 2025/26, oversight of key performance indicators transferred to the Quality Committee to strengthen alignment between quality, safety and performance, while the Finance, Business and Investment Committee continues to monitor financial performance. Cross-membership between some of the committees allows for effective identification and escalation of risks and assurance matters.

External auditors provide independent assurance on financial statements and confirm that appropriate arrangements are in place to secure value for money.

Policy Governance and Document Control

As of 31 March 2026, there were 26 overdue clinical and corporate policies, including several safety critical SOPs. This confirms weaknesses in policy governance, document control and closed loop assurance, and aligns with independent review findings on documentation reliability and governance discipline. The Trust's governance team is working with senior leadership in terms of the relevance of policies and their durations. There has been no material effect on the Trust's operations, but it potentially increases the likelihood of the Trust acting beyond its published risk appetite.

Information Security and Governance Update

The Trust continues to strengthen secure digital platforms to support communication, remote working and increased efficiency enabling all services to interact with and support our patients, partners and the public through evolving ways of working.

Work is progressing with partners on shared care records, and a patient portal is nearing full implementation to enhance collaboration with patients.

In line with NHS Digital requirements, all data security incidents are reported via the Data Security Protection Toolkit (DSPT). During the year, five incidents were recorded, relating to delayed information disclosure, inappropriate access, and one system implemented without following data protection processes. All incidents were fully investigated, with actions completed and learning embedded. These incidents have informed improvements to the organisation's information risk management process and enabled process changes surrounding storage of, and access to personal data.

The Chief Finance and Resources Officer, as Senior Information Risk Owner (SIRO), provides Board-level oversight, supported by the Information Governance Group.

Robust policies, systems and processes are in place to manage information risk, supported by the DSPT and Information Risk Register. Ongoing reviews, training and audit ensure continuous improvement in data security, with internal audit providing annual assurance on compliance. The Trust monitors its Information Governance and Data Security risks through the Information Governance Group.

The Trust commissions internal auditors TIAA to undertake annual audits of the evidence collated for its yearly on-line submission of evidence for the DSPT.

Data quality and governance

The Trust's Data Quality Group encourages high data quality to support effective patient care, providing a forum to identify, discuss and resolve data issues in partnership with operational and support teams. The group reports to the Information Governance Group and ARC.

Data quality is assured using performance monitoring tools and exception reporting enhancing visibility and enabling early identification of issues. There are continuous monitoring and support for queries arising from staff and patient level reports within operational teams to help ensure all expected data is accurately captured. Additionally, monitoring of activity levels allows early identification of variances to allow investigation and assess if any potential issues with data completeness exist.

The Trust maintains a strong focus on managing waiting lists, particularly in key areas such as Mental Health Together, Dementia and Early Intervention in Psychosis, supported by comprehensive reporting to ensure data accuracy and assurance of waiting times.

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 directors and managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this Annual Report and other performance information available to me. This year this includes two independent reviews I commissioned, the first a review of quality and safety governance assurance processes carried out by Moorhouse Consulting and a second independent review into a few Serious incidents in our community teams.

The independent Moorhouse Consulting review identified concerns related to the quality and safety governance assurance processes. The Board will be receiving a robust governance improvement plan to address these findings in May.

Reports from executive directors and senior managers within the organisation, who have responsibility for the development and maintenance of the system of internal control provide me with assurance via the system of meeting structures. The BAF is in place to provide me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed and addressed. The Moorhouse Consulting review and recent CQC Well Led inspection raised concerns regarding our assurance processes and the robustness of the BAF. The BAF will be fundamentally redesigned in 26/27 to enhance the assurance proved risk management across the Trust.

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

The Board has an established process in place to undertake an annual evaluation of its own performance and that of its committees.

There is an established framework to review the effectiveness of Committees through comprehensive work plans as well as the alignment of the Board's meetings and that of its committees. This ensures timely monitoring of areas of responsibility delegated by the Board to the Committees through receipt of Chair assurance reports and minutes, with a clear escalation mechanism to the Board, where deemed appropriate.

ARC supports the Board in reviewing the effectiveness of the system of internal control, through a structured annual work plan. The main role of the Committee is to seek assurance that the Trust's governance and risk management systems are fit for purpose, adequately resourced and effectively deployed. To aid this assurance, the coverage of the Committee's work plan incorporates the review of the organisation's risk management processes, and associated risk registers, from across service, directorate and corporate levels.

Internal audit completed 12 reviews in 2025/26 and provided an overall opinion of reasonable assurance. One area received limited assurance, this was the Fit and Proper Persons Test, where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited assurance'. Recommendations were made to further strengthen the controls, and these were accepted and implemented.

Head of Internal Audit 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. In addition, the Head of Internal Audit has a mechanism for identifying and recording in Internal Audit reports gaps in controls that need to be addressed. Action plans have been agreed with senior managers and details of any overdue recommendations are escalated to ARC via the Internal Audit progress reports, with full details of the Internal Audit Findings report circulated to Committee members, external to the meeting.

The Trust also maintains robust arrangements to prevent and detect fraud, supported by the Anti-Crime Specialist and aligned to national standards. Policies are available to all staff via the Trust's Intranet system. The Trust's Anti-Crime Specialist (ACS) undertakes a programme of work for the Trust which aims to prevent, deter, detect, and investigate fraudulent activity in accordance with the Government Functional Fraud Standards – Counter Fraud (GFFS) as set out by the NHS Counter Fraud Authority (NHSCFA) 12 NHS Requirements. The outcomes of the work are reported to ARC.

The QC provides assurance on patient safety through the Patient Safety Incident Response Framework (PSIRF). The PSIRF policy supports the development and maintenance of an effective patient safety event/incident response system that integrates the four key aims of the PSIRF:

- Compassionate engagement and involvement of those affected by patient safety events/incidents.
- Application of a range of system-based approaches to learning from patient safety events/incidents.
- Considered and proportionate responses to patient safety events/incidents and safety issues.
- Supportive oversight focused on strengthening response system functioning and improvement.

The policy is specific to patient safety event/ incident learning responses conducted solely for the purpose of learning and improvement across all clinical services within the trust. Responses under the policy follow a systems-based approach

Assurance is also taken from the external auditors who audit the Trust's financial statements and review its Annual Governance Statement. They also ensure that there are proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

As Accountable Officer, I have reviewed the internal control measures in place and have identified some internal controls issues that exist that will be a priority for 2026/27.

These concerns are:

- A Section 29A Warning Notice issued by the CQC in April 2025
- Two Independent reviews - Moorhouse Consulting, Quality and Safety governance assurance processes and Independent Rapid Review of Community Incidents (McCallion, Hasler & Scott, December 2025)

A comprehensive quality improvement plan was developed and implemented overseen by the Chief Nurse, with oversight by QC and assurance provided to the Board via existing governance processes. The CQC confirmed that part 2 of the warning notice relating to inconsistent risk assessment had been lifted on the 27th of February 2026. We await to hear regarding part one of the warning notice, the CQC have acknowledged the delay and confirmed the trust have provided all the information they require.

The Trust accepted the findings of the independent quality governance review conducted by Moorhouse Consulting and has developed a governance improvement plan. The improvement plan will continue to be a key priority for the Trust throughout 2026/27 until the required improvements are delivered and embedded.

S Stenson.

Sheila Stenson
Chief Executive
Date: XXth June 2026

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.

S Stenson

Sheila Stenson
Chief Executive
Date: XXth June 2026

Remuneration Report

1 Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee sets the policy and decision-making framework relating to the remuneration, terms of service and other benefits of Very Senior Managers of the Trust. Remuneration for all other staff follows national NHS Agenda for Change or Medical and Dental terms and conditions.

The Committee is also responsible for ensuring that a robust and effective process is in place to discharge the requirements of the Fit and Proper Person Test for all existing and future senior appointments, whether temporary or substantive, and for monitoring and evaluating the performance of Very Senior Managers.

Further details of the committee can be found within the Directors' report section of this document.

2 Remuneration policy

Remuneration, terms of service and benefits for Very Senior Managers are determined considering:

- The combined benefits afforded to the Very Senior Manager, including basic salary, any other monetary benefit including bonuses, allowances, premiums or relocation packages, and any non-monetary benefits such as lease cars and leave;
- The job description and responsibilities of the Very Senior Manager;
- Benchmarking for Very Senior Manager roles of similar size and complexity to ensure the remuneration is justified on the basis of attracting suitable candidates;
- Performance of the Very Senior Manager;
- National guidance on Very Senior Manager remuneration.

In 2025-26, all Very Senior Managers were paid through the Trust's payroll.

Each Very Senior Manager has annual objectives, which are agreed with the Chief Executive, except for the Chief Executive's annual objectives, which are agreed with the Trust Chair.

The Trust's normal capability and disciplinary policies apply to Very Senior Managers, including the sanction of summary dismissal for gross misconduct.

All Very Senior Managers are appointed with notice periods of six months, and no contracts contain any provision for compensation over and above legal entitlement for early termination. Very Senior Managers are subject to redundancy clawback arrangements, in line with NHS provisions.

3 Decisions relating to remuneration since 2024-25

There were no payments for loss of office for Very Senior Managers during 2024-25 or 2025-26.

4 Fair Pay Disclosures – as audited

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

The banded annualised remuneration of the highest paid director in the financial year 2025-26 was £200k-£205k (compared with £225k - £230k in 2024-25). This was 5.36 times more (compared with 5.98 times more in 2024-25) than the median remuneration of the workforce, which was £37,796 (compared with £38,029 in 2024-25). The highest paid director's salary is denoted by a number of variable components, inclusive of clinical excellence awards. Annualised remuneration ranged from £12.5k to £275k (2024-25 £12.5k to £260k). There were 11 individuals whose full-time equivalent remuneration were above that of the highest paid director within the organisation, with 7 individuals being substantive employees and 4 Individuals being temporary staff. 10 of these individuals did not meet the criteria to be defined as a Very Senior Manager, as defined by NHS England, with the remaining individual receiving lowered actual remuneration, due to a part-time secondment at a neighbouring trust. The 7 substantive employees whose remuneration was higher than the Highest Paid Director all work within the Medical directorate, holding senior positions within the organisation, whilst undertaking clinical duties. The relationship to the remuneration of the organisation's workforce is disclosed in the below table.

Total remuneration includes salary, non-consolidated performance-related pay, clinical excellence awards, benefits-in-kind, but not severance payments. It does not include employer pension contributions or the Cash Equivalent Transfer Value of pensions.[1,2]

Taxable benefits include expense allowances that are subject to UK income tax and benefits received by the individual in respect of qualifying services. Any amounts stated are the gross value before tax is deducted.

1 Total annualised remuneration excludes pension value and is calculated based on annualised figures, presenting a disparity with the Senior Manager Remuneration & Benefits Tables, which present actual salary earned for the year 2025-2026, based on actual hours worked. For the purposes of fair pay disclosures, individuals with total remuneration below £1,000 have been excluded, as these are not considered representative of the workforce.
2 Salaries presented exclude salary sacrifices and the purchasing and selling of annual leave.

As audited

Salary and allowances

	2024-25	2025-26	Percentage change
Highest paid director (£)	£227,500	£202,500	-10.98%
Employees as a whole (£)	£49,803	£50,938	2.27%

3 The average percentage change in employee remuneration from the previous financial year reflects the combined impact of nationally agreed NHS pay awards, incremental progression within pay bands where applicable, and changes in workforce composition, including recruitment, retirements and leavers. Additionally, variations in overtime, shift enhancements, and other allowances contributed to the overall change. These figures are consistent with national NHS pay frameworks and reflect the organisation's commitment to fair, transparent, and contractual remuneration practices across all staff groups.
4 The calculation for the Percentage change was to calculate the difference between current and previous year, divide by the previous year and multiply by 100.
5 The percentage reduction in highest paid director remuneration is attributed to a change in the individual this concerns, due to the previous highest paid director undertaking a part-time secondment at a neighbouring trust.

Pay ratio information

	25th percentile		Median		75th percentile	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Total remuneration (£)	£29,140	£29,875	£38,029	£37,796	£50,021	£48,595
Salary component of total remuneration (£)	£26,530	£26,684	£37,338	£35,825	£48,526	£47,810
Remuneration ratio	7.81:1	6.78:1	5.98:1	5.36:1	4.55:1	4.17:1

6 Employees a whole calculated based on FTE, including temporary staff and is based on total annualised remuneration, minus highest paid director remuneration, divided by FTE.
7 Locum salary and remuneration have been calculated using an assumed hourly rate of £60 and converted to a full-time equivalent based on 1,687.5 hours per annum.
8 FTE for bank and agency staff has been calculated based on total hours worked during the year using a standard of 1,687.5 hours per annum. Total remuneration has been converted to a substantive equivalent basis using actual hourly rates derived from total cost and hours worked, with adjustments applied to remove on-costs and align to a comparable substantive salary basis.
9 The changes in the pay ratios between the current and prior years reflect close alignment to the trust's workforce plan alongside the national drive to reduce overheads in Support Services and reliance on temporary staffing. A small increase in the lower quartile is largely attributed to changes in national minimum wage and the national NHS pay award for 2025-26, despite a small proportion of headcount reductions in lower banded roles. A reduction has been realised in the median and upper quartile, with headcount reductions and pay controls leading to a smaller proportion of staff sitting in higher banded roles, as per the workforce plan.

5 Senior Manager Remuneration and Benefits

a) Remuneration – as audited

Salary table - Executive Directors

Name and Title	2025-26 Salary (Bands of £5K)	2025-26 Expense payments (taxable) to nearest £100	2025-26 Performance pay and bonuses (bands of £5K)	2025-26 Long term performance pay and bonuses (bands of £5K)	2025-26 All pension related benefits (band of £2.5K)	2025-26 TOTAL (bands of £5K)	2024-25 Salary (bands of £5K)	2024-25 Expense payments (taxable) to nearest £100	2024-25 Performance pay and bonuses (bands of £5K)	2024-25 Long term performance pay and bonuses (bands of £5K)	2024-25 All pension related benefits (band of £2.5K)	2024-25 TOTAL (bands of £5K)
Sheila Stenson Chief Executive Officer	200-205	0	0	0	117.5-120	320-325	185-190	0	0	0	152.5-155	340-345
Donna Hayward-Sussex Chief Operating Officer and Deputy Chief Executive	155-160	0	0	0	50-52.5	205-210	150-155	0	0	0	55-57.5	205-210
Dr Afifa Qazi Chief Medical Officer	185-190	0	0	0	137.5-140	325-330	225-230	0	0	0	130-132.5	355-360
Sandra Goatley Chief People Officer	145-150	0	0	0	42.5-45	190-195	140-145	0	0	0	40-42.5	180-185
Andy Cruickshank Chief Nurse (to 04/01/2026)	105-110	0	0	0	52.5-55	160-165	135-140	0	0	0	15-17.5	150-155
Julie Kirby Interim Chief Nurse (From 05/01/2026)	25-30	0	0	0	22.5-25	50-55	-	-	-	-	-	-
Adrian Richardson Director of Partnerships and Transformation	130-135	0	0	0	32.5-35	165-170	130-135	0	0	0	32.5-35	165-170
Nick Brown Chief Finance and Resources Officer	145-150	0	0	0	25-27.5	170-175	135-140	0	0	0	32.5-35	170-175

10 Dr Afifa Qazi commenced a dual role as Chief Medical Officer for Kent Community Health NHS Foundation Trust in November 2025. 50% of total costs are recharged. Total salary would be in the range of 230-235 without this arrangement being in place, and total remuneration would be in the range 380-385.
11 Andy Cruickshank commenced a full-time two-year secondment to Integrated Neighbourhood Health Programme in January 2026. All salary costs are recharged. Total salary would be in the range of 140-145 without this arrangement being in place, and total remuneration would be in the range 195-200.
12 Julie Kirby was appointed as Interim Chief Medical Officer in January 2026.
13 Sandra Goatley is due to retire at the end of March 2026.

Salary table - Non-executive Directors

Name and Title	2025-26 Salary (Bands of £5K)	2025-26 Expense payments (taxable) to nearest £100	2025-26 Performance pay and bonuses (bands of £5K)	2025-26 Long term performance pay and bonuses (bands of £5K)	2025-26 All pension related benefits (band of £2.5K)	2025-26 TOTAL (bands of £5K)	2024-25 Salary (bands of £5K)	2024-25 Expense payments (taxable) to nearest £100	2024-25 Performance pay and bonuses (bands of £5K)	2024-25 Long term performance pay and bonuses (bands of £5K)	2024-25 All pension related benefits (band of £2.5K)	2024-25 TOTAL (bands of £5K)
Jackie Craissati Trust Chair	45-50	0	0	0	0	45-50	45-50	0	0	0	0	45-50
Catherine Walker Non-Executive Director (until November 2024)	-	-	-	-	-	-	10-15	0	0	0	0	10-15
Peter Conway Non-Executive Director (Until 31st March 2026)	10-15	0	0	0	0	10-15	10-15	0	0	0	0	10-15
Kim Lowe Non-Executive Director	10-15	0	0	0	0	10-15	10-15	0	0	0	0	10-15
Sean Bone-Knell Non-Executive Director	10-15	0	0	0	0	10-15	10-15	0	0	0	0	10-15
Mickola Wilson Non-Executive Director	10-15	0	0	0	0	10-15	10-15	0	0	0	0	10-15
Dr Asif Bachlani Associate Non-Executive Director (until October 2024)	-	-	-	-	-	-	5-10	0	0	0	0	5-10
Dr Mary Ann Ferreux Non-Executive Director	10-15	0	0	0	0	10-15	10-15	0	0	0	0	10-15
Stephen Waring Non-Executive Director	10-15	0	0	0	0	10-15	10-15	0	0	0	0	10-15
Julius Christmas Non-Executive Director (since December 2024)	10-15	0	0	0	0	10-15	0-5	0	0	0	0	0-5
Pam Creaven Associate Non-Executive Director (since February 2025)	10-15	0	0	0	0	10-15	0-5	0	0	0	0	0-5
Dr Julie Hammond Associate Non-Executive Director (since February 2025)	10-15	0	0	0	0	10-15	0-5	0	0	0	0	0-5

14 Catherine Walker left the trust in November 2024.
15 Dr Asif Bachlani left the trust in October 2024.
16 Julius Christmas was appointed as a Non-Executive Director in December 2024.
17 Pam Creaven was appointed as an Associate Non-Executive Director in February 2025.
18 Dr Julie Hammond was appointed as an Associate Non-Executive Director in February 2025.
19 Peter Conway's term is due to finish 31st March 2026.

b) Pension Benefits – as audited

2025-26							
Name and Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2026	Lump sum at age 60 related to accrued pension at 31 March 2026	Cash Equivalent Transfer Value at 1 April 2025	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2026
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Sheila Stenson Chief Executive Officer	5-7.5	7.5-10	65-70	150-155	1,128	103	1,276
Donna Hayward-Sussex Chief Operating Officer and Deputy Chief Executive	2.5-5	0	45-50	0	757	52	841
Dr Afifa Qazi Chief Medical Officer	7.5-10	2.5-5	80-85	45-50	1,305	132	1,486
Sandra Goatley Chief People Officer	2.5-5	0	25-30	0	461	49	537
Andy Cruickshank Chief Nurse (to 04/01/2026)	2.5-5	0-2.5	60-65	150-155	1,310	65	1415
Julie Kirby Interim Chief Nurse (From 05/01/2026)	0-2.5	0	10-15	20-25	218	3	250
Adrian Richardson Director of Partnerships and Transformation	2.5-5	0	25-30	0	312	24	356
Nick Brown Chief Finance and Resources Officer	0-2.5	0	20-25	50-55	395	20	434

20 As Non-Executive Directors do not receive pensionable remuneration; there are no entries in respect of pensions for Non-Executive Directors.
21 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.
22 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.
23 No contributions were made to stakeholder pensions.
24 No additional benefits would become receivable by individual directors or senior managers upon early retirement beyond those already accrued through their contractual entitlements under the NHS Pension Scheme or other applicable pension arrangements. Any early retirement benefits would be determined in accordance with the standard pension scheme rules and subject to the approval processes set out in NHS terms and conditions. There are no individual agreements or enhanced early retirement provisions in place for directors or senior managers beyond those generally available under national NHS policies.

2024-25

Name and Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2025	Lump sum at age 60 related to accrued pension at 31 March 2025	Cash Equivalent Transfer Value at 1 April 2024	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2025
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Sheila Stenson Chief Executive Officer	7.5-10	12.5-15	55-60	140-145	911	133	1,128
Donna Hayward-Sussex Chief Operating Officer and Deputy Chief Executive	2.5-5	0	40-45	0	642	53	757
Dr Afifa Qazi Chief Medical Officer	7.5-10	2.5-5	70-75	45-50	1,087	121	1,305
Sandra Goatley Chief People Officer	2.5-5	0	25-30	0	377	40	461
Andy Cruickshank Chief Nurse (to 04/01/2026)	0-2.5	0	55-60	145-150	1,190	23	1,310
Julie Kirby Interim Chief Nurse (From 05/01/2026)	-	-	-	-	-	-	-
Adrian Richardson Director of Partnerships and Transformation	2.5-5	0	20-25	0	255	23	312
Nick Brown Chief Finance and Resources Officer	2.5-5	0	15-20	45-50	334	21	395

25 The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less, the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
26 This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide.
27 The pension benefit table provides further information on the pension benefits accruing to the individual.

Cash Equivalent Transfer Values

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 SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Payments to past members

There were no payments to past members in 2025/26.

Staff Report

1 Average staff numbers – as audited

Average number of employees (WTE basis)

	Permanent Number	Other Number	25-26 Total Number	24-25 Total Number
Administration and estates staff	960	19	979	995
Health care assistants and other support staff	855	259	1,114	1,154
Medical and dental staff	235	8	243	221
Nursing, midwifery and health visiting staff	975	158	1,133	1,143
Nursing, midwifery and health visiting learners	-	-	-	17
Scientific, therapeutic and technical staff	538	5	543	528
Healthcare Scientists	-	-	-	-
Social Care	-	-	-	-
Other (students)	11	-	11	71
Total Average Numbers	**3,574**	**449**	**4,023**	**4,129**
Of which: Number of employees (WTE) engaged on capital projects	**6**	**-**	**6**	**27**

28 Substantive, bank and agency staff, as well as those on external secondment into the Trust are included in these staff numbers.
29 In the previous year, staff numbers incorporated 88 students and health visiting learners. These roles are excluded from the current year's figures to ensure consistency with the reporting basis applied.

2 Workforce demographic – as audited

Workforce Demographic: Gender

	FTE		
Band	Female	Male	Grand Total
Apprentice	2.00	0.00	2.00
Band 2	155.17	40.03	199.21
Band 3	560.05	256.41	816.46
Band 4	264.29	57.55	321.84
Band 5	334.80	94.35	429.15
Band 6	539.03	159.11	698.13
Band 7	347.87	114.65	462.52
Band 8a	147.95	44.02	191.97
Band 8b	64.13	21.92	86.05
Band 8c	34.29	20.25	54.55
Band 8d	13.50	8.36	21.86
Band 9	10.40	4.10	14.50
Director	7.00	3.00	10.00
Medical	134.82	105.42	240.24
NED	4.60	3.60	8.20
Grand Total	**2,619.90**	**936.76**	**3,556.67**

Workforce Demographic: Age

Age Band	FTE
<=20 Years	13.00
21-25	148.67
26-30	356.43
31-35	410.76
36-40	377.46
41-45	463.33
46-50	499.44
51-55	502.09
56-60	427.37
61-65	270.84
66-70	69.34
>=71 Years	17.93
Grand Total	**3,556.67**

30 Workforce Demographic Data is not inclusive of agency workers as this data is not held by the trust.
31 The total numbers shown in the workforce demographic tables are based on staff in post at the end of March 2026. As a result, these figures differ from those shown in the average staff numbers table, which reflects average weekly staffing levels over the period April 2025 to March 2026.

Workforce Demographic: Ethnicity

Ethnic Origin	FTE	% of Staff
A White - British	1,936.87	54.46%
B White - Irish	24.68	0.69%
C White - Any other White background	149.67	4.21%
C2 White Northern Irish	1.00	0.03%
CA White English	14.33	0.40%
CB White Scottish	2.00	0.06%
CP White Polish	5.20	0.15%
CX White Mixed	1.00	0.03%
CY White Other European	3.80	0.11%
D Mixed - White & Black Caribbean	12.15	0.34%
E Mixed - White & Black African	17.68	0.50%
F Mixed - White & Asian	18.57	0.52%
G Mixed - Any other mixed background	35.65	1.00%
H Asian or Asian British - Indian	191.99	5.40%
J Asian or Asian British - Pakistani	22.81	0.64%
K Asian or Asian British - Bangladeshi	12.70	0.36%
L Asian or Asian British - Any other Asian background	62.85	1.77%
LA Asian Mixed	0.61	0.02%
LB Asian Punjabi	1.00	0.03%
LC Asian Kashmiri	1.00	0.03%
LH Asian British	2.00	0.06%
LK Asian Unspecified	1.00	0.03%
M Black or Black British - Caribbean	43.50	1.22%
N Black or Black British - African	625.19	17.58%
P Black or Black British - Any other Black background	36.29	1.02%
PC Black Nigerian	9.61	0.27%
PD Black British	5.50	0.15%
R Chinese	12.33	0.35%
S Any Other Ethnic Group	61.31	1.72%
SB Japanese	1.00	0.03%
SC Filipino	9.00	0.25%
SD Malaysian	1.13	0.03%
Z Not Stated	233.24	6.56%
Grand Total	**3,556.67**	**100.00%**

3 Staff costs – as audited

Staff Costs

	Permanent	Other	2025-26 Total	2024-25 Total
	£000	£000	£000	£000
Salaries and wages	163,151	447	**163,597**	**153,006**
Social security costs	20,586	-	**20,586**	**15,248**
Apprenticeship levy	797	-	**797**	**745**
Employer's contributions to NHS pension scheme	34,454	-	**34,454**	**32,135**
Pension cost - other	49	-	**49**	**53**
Other post-employment benefits	-	-	**-**	**-**
Other employment benefits	-	-	**-**	**-**
Termination benefits	706	-	**706**	**252**
Temporary staff	-	24,502	**24,502**	**28,721**
Total gross staff costs	**219,743**	**24,948**	**244,691**	**230,160**
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	**219,743**	**24,948**	**244,691**	**230,160**
Of which: Costs capitalised as part of assets	**521**	**-**	**521**	**819**

4 Exit packages – as audited

Exit Packages

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
Less than £10,000	9	£60,572	14	£27,200	23	£87,772	-	-
£10,000 - £25,000	9	£143,988	2	£29,390	11	£173,378	-	-
£25,001 - £50,000	10	£351,140	-	-	10	£351,140	-	-
£50,001 - £100,000	2	£150,184	-	-	2	£150,184	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-	-	-
Totals	**30**	**£705,884**	**16**	**£56,590**	**46**	**£762,474**	**-**	**-**

Exit packages: other (non-compulsory) departure payments

	2025/26 Payments agreed	2025/26 Total value of agreements	2024/25 Payments agreed	2024/25 Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	16	56	9	40
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	**16**	**56**	**9**	**40**
Of which: Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

5 Off-payroll engagements

The Trust had no off-payroll engagements as at 31 March 2025 and had no new off-payroll engagements between 1 April 2025 and 31 March 2026, for more than £245 per day.

6 Expenditure on consultancy

The Trust's expenditure on consultancy in 2025/26 was £103k, (2024/25 £82k).

7 Sickness absence rates

NHS sickness absence rates are published by NHS Digital at the following link: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates. This source is an official statistics publication complying with the UK Statistics Authority's Code of Practice.

8 Staff turnover rates

Staff turnover rates are published by NHS Digital at the following link: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics.
This source is an official statistics publication complying with the UK Statistics Authority's Code of Practice.

9 Staff engagement levels

Each year, the Trust participates in the National NHS Staff Survey and this year, 52% of staff participated. Around 100 questions are asked in the survey, including a select number of questions designed to present a view on the organisation's overall engagement. These questions relate to job satisfaction, involvement, and advocacy for the organisation as a place to work or be treated. This year, the survey returned an engagement score for the Trust of 6.7 out of 10.

10 Staff policies applied during the year

The Trust has a range of staff policies which are reviewed on a regular basis to ensure that they are up to date and compliant with legislation and current best practice. The Trust has updated 16 policies this year and are working with the wider Kent and Medway system to align key policies across Kent and Medway for all Trusts. All policies are available to all staff on the internal Staffroom intranet pages.

All of our policies are subject to an Equality Impact Assessment process. This is a practical tool which enables us to identify potential discrimination and to take appropriate steps to remove any potential disadvantage for a particular group.

Recruitment and Selection

KMMH has a Recruitment and Selection policy, which sets out how we ensure fair recruitment practices through the attraction, selection and recruitment of candidates. This includes giving full and fair consideration to applications for employment made by disabled persons.

KMMH also reports the data as part of the Workforce Disability Equality Standard and Workforce Race Equality Standard.

Training and development

KMMH offers a wealth of internal training for its staff. Where external training is required at cost, KMMH's Training Policy sets out a fair and transparent process for applying to its Training Panel for support. The diversity of staff making applications to the Panel and of staff whose applications are successful is regularly reviewed.

Policies regarding raising concerns

We continue with our commitment to advancing a culture where all staff are positively encouraged to raise issues about safety, quality, and effectiveness of the service, and supported when they do so.

In 2022-23, the Trust began working with the National Guardian Service to provide its Freedom to Speak Up Guardian. This role is recognised as an independent and impartial source of advice and support to staff who want to raise a concern.

11 Staff Health, Safety and Wellbeing

During the year, health and safety training was delivered to 97 per cent of staff. The Health and Safety department undertakes audits on the whole hospital in conjunction with the Staff Side chair.

Over the year we continued to strengthen our health and wellbeing offer, including introducing in-house Clinical Psychology support for staff affected by stress-related sickness, assault or serious incidents resulting in average stress-related absence reducing to 21 days (36%) reduction. Commissioned services remained well used. The Employee Assistance Programme supported staff via the 24/7 helpline. Use of the Stream financial wellbeing platform increased by 20%.

12 Staff Partnership and Joint Negotiation

KMMH has regular meetings of its Joint Negotiating Forum (JNF) and Local Negotiating Committees (LNC) for formal discussions relating to staffing issues. As stipulated within the organisational change policy, collective consultations would be enacted where there are more specific issues affecting staff i.e. restructures.

Progress Report on the Trust Green Plan 2025/26

Introduction

KMMH has made significant, measurable progress towards Net Zero, achieving a step-change in carbon reduction through targeted investment, behavioural change, and system-wide transformation over the past year.

This year, the Trust has delivered:

- Almost 50% reduction in carbon emissions from the 2019/20 baseline
- Major expansion in renewable energy generation
- Continued transition to low-carbon travel and fleet
- Tangible reductions in energy consumption through staff-led initiatives

These achievements demonstrate the strength of a whole-organisation approach, with sustainability embedded across estates, clinical services and staff behaviours.

Mini Garden Renovation at 111 Tonbridge Road

Before

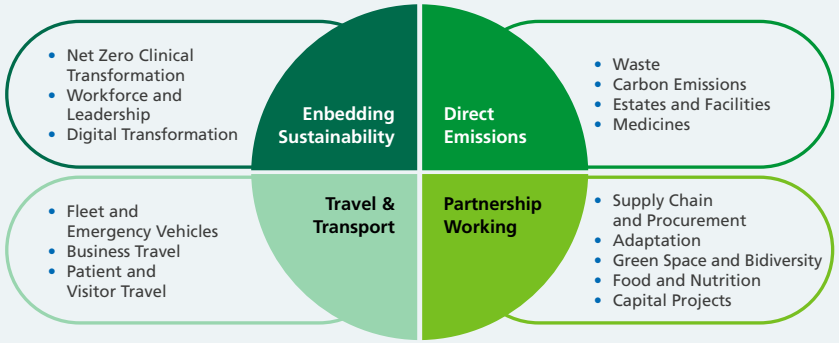
During

After

Green Plan Focus Areas

The Green Plan focuses on 15 areas of focus split across 4 themes which have been identified as being key to embedding sustainability into the operations of the Trust.

These areas form the foundations of the Green Plan, where each area has been set realistic, measurable targets requiring clear focus to ensure delivery.



25/26 highlights

Planted our
1000th tree

Delivery of
3
new fully electric
Rapid Response Vehicles

Created
3 new fantastic garden areas for patients

Tarentfort's Nature Driveway: Cook Garden

Oakwood Nature Recovery Area

Littlebrook Serenity Garden

Summer 2025 saw the launch of our refreshed
Green Plan,
updated to reflect our targets and objectives for 2025 – 2028

7 new solar pv systems installed – increasing our solar generation potential by over 300MWh per annum

10%
increase in Staff claiming Pedal Cycle miles (i.e. business miles travelled by bike)

A Trust wide campaign to lower the thermostats in our buildings resulted in
16%
decrease in gas use this Winter

Green Plan targets

Reduce water use by
30%
by 2028 (from a 2019/20 baseline). Target 49,943m3

Deliver
5 accessible outside spaces by 2028

Transition all KMPT Fleet to Zero Emission vehicles by
2027

Provide Sustainability training for all Staff. Target - 2000 KMPT staff members to have completed "Building Net Zero" training by
2028

By 2028 increase recycling levels to account for
60%
of the non-clinical waste stream

Increase on-site solar generation by
30%
Target - 300,000 kWh per annum

By 2028 increase offensive waste to account for
85%
of the clinical waste stream

Reduce Carbon Footprint Plus emissions
10% each year.
Target 17,696 tonnes

Cut emissions associated to transport (business mileage) by
75%
by 2028 (from a 2019/20 baseline). Target - 339 tonnes

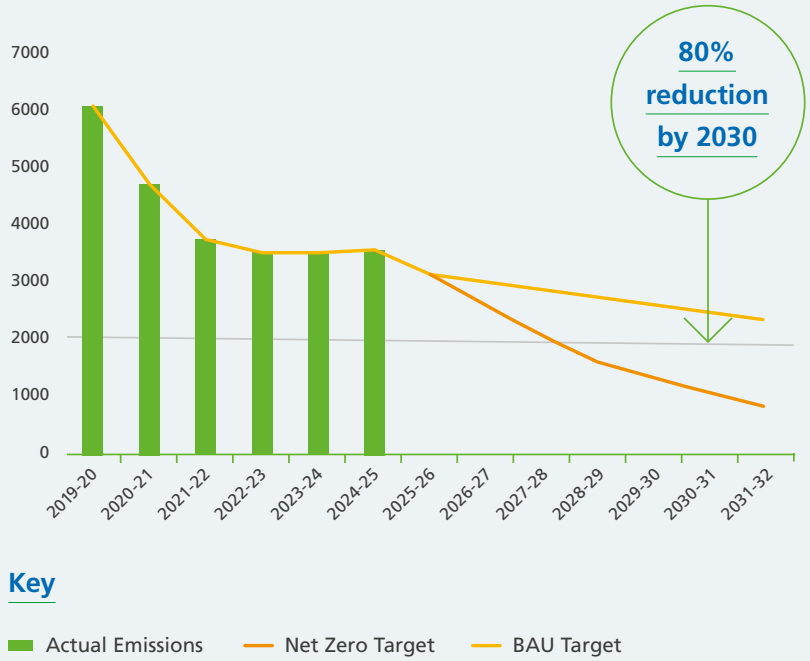
Reduce carbon emissions from energy consumption by
60%
by 2028 (from a 2019/20 baseline). Target - 1863 tonnes

This will place us favourably on the path towards Net Zero carbon emissions by 2040.

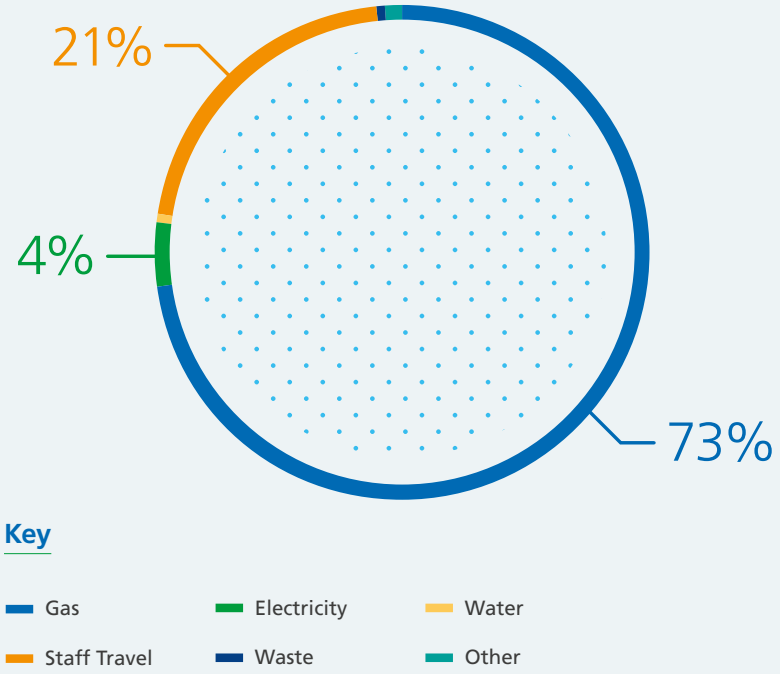
Carbon Emissions Performance

We are tracking positively against our carbon reduction trajectory, with performance improvements driven by targeted energy, fleet and waste initiatives. We continue to work on clear plans in place to close remaining gaps.

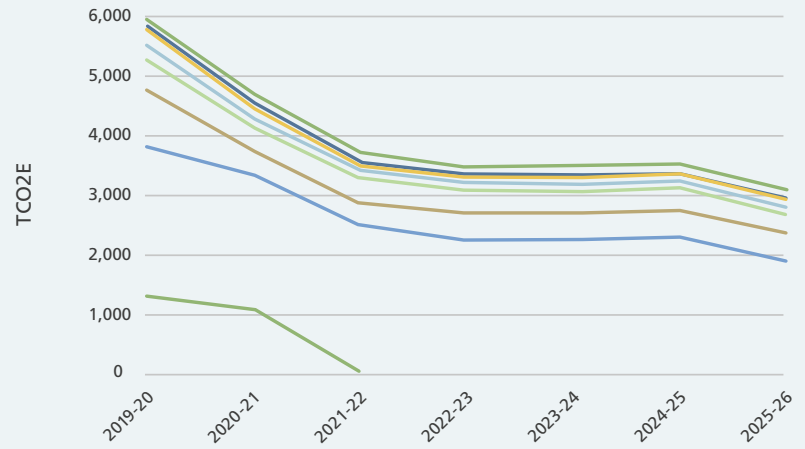
Emissions Reductions & Targets (tCO2)



KMMH Emissions Sources 2025/2026



Total Emissions from 2019/2020



Key

- Water & Sewage
- Waste
- Diesel
- Public Transport
- Business Travel - Staff
- Fleet Travel
- Gas
- Electricity

Key achievements

Decarbonisation

- We now have one fully decarbonised building (Brenchley)
- Over 1000 staff have successfully completed the Building Net Zero Training

Energy Efficiency

- The Trust have reached almost 50% reduction in emissions compared to the 2019/20 baseline.

Renewable Energy

- Successful application for GBEnergy funding resulted in the installation of 7 new solar pv systems

Sustainable Transport

- 25% of our Trust fleet (including Rapid Response Vehicles) is fully electric

Waste Management and Circular Economy

- Offensive waste percentages is 84%; 24% above target
- 2025/26 saw a 17% reduction in total tonnes of waste produced compared to 2024/25
- The Trust are now fully compliant with the Simpler Recycling legislation meaning we are successfully segregating mixed recycling, glass and food waste
- 2 sites have fully transitioned to re-usable sharps containers, away from single use plastic.

Green Prescribing and Sustainable Healthcare

- Creation of Oakwood Nature Recovery Area, with support from Kent Wildlife Trust, was runner up in the NHS Forest Awards 2025
- Donation of 30 fruit trees received from KCC's Plan Tree Programme takes the total number of trees planted across the Trust to 1188, in the last 5 years.

Maidstone Conservation Area

Before

After

Social Value

- Summer 2025 saw a 33% increase in green space volunteers
- An ongoing partnership with Mid-Kent College permits students and college staff to help tend to the Oakwood Nature Recovery Area in exchange for opportunities for learning and hands on experience with horticulture and nature conservation.
- 17 corporate volunteers donated over 600hrs of people power to our green spaces projects.

Challenges and Lessons Learned

- Lack of funding and internal commitment to support sustainable projects
- Awareness and understanding that improving sustainability in turn improves efficiencies and attracts cost savings.

What are we focusing on in 2026/27?

Direct Emissions:
Although our emissions are reducing, they are not reducing fast enough to meet out 80% target by 2030. To get back on track, the Trust needs to reduce CO2e emissions by 680 tonnes during 2026/27.

Embedding Sustainability:
Sustainable Travel Plan & Climate Change Adaptation Plan are to be updated and implemented Trust wide to support emissions reductions and help future proof Trust services.

Partnership Working:
Courtyard improvement plan is underway to ensure all service users have access to safe green spaces. Working in partnership with University of Kent we hope to evidence the benefits these courtyard improvements will bring to patients.

Travel and Transport:
Installation of additional EV chargers to support the transition of the remaining Trust fleet to fully electric.

Conclusion

We are pleased to see the progress achieved and how well the Trust is performing against its targets especially with the range of improvements made over the past year showing the Trusts commitment to improving sustainability.

Annual Accounts

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 board,

Sheila Stenson
Chief Executive
Date: XXth June 2026

Nick Brown
Chief Finance and Resources Officer
Date: XXth June 2026

Independent auditor's report to the directors of Kent and Medway Mental Health NHS Trust

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Kent and Medway Mental Health NHS Trust (the 'Trust') for the year ended 31 March 2026, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity and Notes to the financial statements, including material accounting policy information. 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 2025-26.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2026 and 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 2025-26; 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 (2024) ("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 2025-26 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 2024) 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 November 2024 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 requirements of the Department of Health and Social Care Group Accounting Manual 2025-26 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 2025-26; 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 of the above matters.

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 2025-26).

- We enquired of management and the audit and risk 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 risk 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 and risk of fraudulent recognition of income and expenditure. We determined that the principal risks were in relation to:
  - Journal entries posted, which met a range of criteria determined during the course of the audit. In particular those posted around the reporting date altering the Trust's financial performance for the year.
  - Accounting estimates made in respect of valuation of land and buildings assets.
  - The completeness of non-pay expenditure. We considered the risk to be particularly prevalent around the year-end and focused testing on cut-off and accruals.
- 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 material manual journals posted close to year-end, material manual accrual journals posted at year-end, any journals posted by unauthorised users and journals posted by senior management;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations, and expenditure/income accruals;
  - 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.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including fraud in revenue and expenditure recognition and the significant accounting estimates related to land and building valuations. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's 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 2026.

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

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 useof 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 March 2026. 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 Kent and Medway Mental Health NHS Trust for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Trust's consolidation schedules and we have received confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2026. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

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.

[**Signature**]

Sophia Brown
Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London
Date: XXth June 2026

Annual accounts for the year ended 31 March 2026

Statement of Comprehensive Income

	Note	2025/26 £000	2024/25 £000
Operating income from patient care activities	3	296,272	278,657
Other operating income	4	23,947	21,817
Operating expenses	6,8	(313,519)	(292,799)
Operating surplus from continuing operations		**6,700**	**7,675**
Finance income	10	645	1,027
Finance expenses	11	(1,773)	(2,374)
PDC dividends payable		(4,030)	(3,496)
Net finance costs		**(5,158)**	**(4,843)**
Other (losses) / gains	12	(16)	-
Surplus for the year from continuing operations		**1,526**	**2,832**
Surplus on discontinued operations and the gain on disposal of discontinued operations	13	351	-
Surplus for the year		**1,877**	**2,832**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(2,316)	(1,524)
Revaluations	16	4,774	3,804
Total other comprehensive income for the period		**2,458**	**2,280**
Total comprehensive income for the period		**4,335**	**5,112**

Adjusted financial performance (control total basis) - Note
The Trust's surplus for 2025/26 was £1,877k. NHS England excludes the impact of certain transactions - impairments, revaluations and capital grants for the purposes of measuring NHS Trusts' financial performance. After removing these transactions the Trust's adjusted financial performance for the financial year would have been a £2,247k surplus.

The below table does not form part of the Statement of Comprehensive Income and represents a note to the accounts.

	2025/26 £000	2024/25 £000
Surplus for the period per SOCI	1,877	2,832
Remove net impairments not scoring to the departmental expenditure limit	21	619
Remove I&E impact of capital grants and donations	(163)	5
Remove I&E impact of IFRIC 12 schemes on an IFRS 16 basis	3,062	2,840
Add back I&E impact of IFRIC 12 schemes on former UK GAAP basis	(2,550)	(2,771)
Adjusted financial performance surplus	**2,247**	**3,525**

Statement of Financial Position

	Note	31 March 2026 £000	31 March 2025 £000
Non-current assets			
Intangible assets	14	3,607	4,260
Property, plant and equipment	15	152,620	142,816
Right of use assets	18.1	24,955	25,163
Investment property	19	2,185	2,201
Receivables	20	278	476
Total non-current assets		**183,645**	**174,916**
Current assets			
Receivables	20	14,585	8,888
Cash and cash equivalents	21	8,625	12,014
Total current assets		**23,210**	**20,902**
Current liabilities			
Trade and other payables	22	(27,176)	(28,730)
Borrowings	24	(3,503)	(1,197)
Provisions	25	(726)	(577)
Other liabilities	23	(351)	(808)
Total current liabilities		**(31,756)**	**(31,312)**
Total assets less current liabilities		**175,099**	**164,506**
Non-current liabilities			
Borrowings	24	(35,012)	(36,215)
Provisions	25	(2,745)	(2,932)
Total non-current liabilities		**(37,757)**	**(39,147)**
Total assets employed		**137,342**	**125,359**
Financed by			
Public dividend capital		150,166	142,518
Revaluation reserve		27,146	24,688
Income and expenditure reserve		(39,970)	(41,847)
Total taxpayers' equity		**137,342**	**125,359**

The notes on pages 138 to 175 form part of these accounts.

The financial statements on pages 134 to 137 were approved by the board on the XXth June 2026 and signed on its behalf by

S Stenson.

Sheila Stenson
Chief Executive
Date: XXth June 2026

Statement of Changes in Taxpayers Equity for the year ended 31 March 2026

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2025 - brought forward	**142,518**	**24,688**	**(41,847)**	**125,359**
Surplus for the year	-	-	1,877	**1,877**
Impairments	-	(2,316)	-	**(2,316)**
Revaluations	-	4,774	-	**4,774**
Public dividend capital received	7,648	-	-	**7,648**
Taxpayers' equity at 31 March 2026	**150,166**	**27,146**	**(39,970)**	**137,342**

Statement of Changes in Taxpayers Equity for the year ended 31 March 2025

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2024 - brought forward	**137,738**	**22,408**	**(44,678)**	**115,468**
Surplus for the year	-	-	2,832	**2,832**
Impairments	-	(1,524)	-	**(1,524)**
Revaluations	-	3,804	-	**3,804**
Public dividend capital received	4,780	-	-	**4,780**
Taxpayers' equity at 31 March 2025	**142,518**	**24,688**	**(41,847)**	**125,359**

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.

Financial assets reserve
This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows

	Note	2025/26 £000	2024/25 £000
Cash flows from operating activities			
Operating surplus		7,050	7,675
Non-cash income and expense:			
Depreciation and amortisation	6.1	11,146	10,366
Net impairments	7	21	1,021
Income recognised in respect of capital donations	4	(209)	(13)
Increase in receivables and other assets		(5,499)	(3,792)
(Decrease) / Increase in payables and other liabilities		(6,008)	3,576
Decrease in provisions		(287)	(1,371)
Net cash flows from operating activities		**6,214**	**17,461**
Cash flows from investing activities			
Interest received		645	1,027
Purchase of intangible assets		(1,067)	(1,945)
Purchase of PPE and investment property		(11,150)	(7,851)
Receipt of cash donations to purchase assets		209	13
Net cash flows used in investing activities		**(11,363)**	**(8,756)**
Cash flows from financing activities			
Public dividend capital received		7,648	4,780
Capital element of lease rental payments		(509)	(13,058)
Capital element of PFI, LIFT and other service concession payments		(429)	(1,020)
Interest paid on lease liability repayments		(86)	(833)
Interest paid on PFI, LIFT and other service concession obligations		(869)	(899)
PDC dividend paid		(3,995)	(3,060)
		1,760	**(14,090)**
Decrease in cash and cash equivalents		**(3,389)**	**(5,385)**
Cash and cash equivalents at 1 April - brought forward		**12,014**	**17,399**
Cash and cash equivalents at 31 March	21.1	**8,625**	**12,014**

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 2025/26 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. The directors have a reasonable expectation that this will continue to be the case. Budgets and cashflow forecasts for 2026/27 do not indicate a going concern risk.

Note 1.3 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.

Note 1.3.1 Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2025/26 the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements.

Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) and is in the form of fixed payments to fund an agreed level of activity. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Block contract arrangements were agreed based on national guidance with our lead commissioners. The related performance obligation is the delivery of healthcare and related services.

Where the relationship with a particular Integrated Care Board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Note 1.3.2 Mental health provider collaboratives

NHS led provider collaboratives for specialised mental health, learning disability and autism services involve a lead NHS provider taking responsibility for managing services, care pathways and specialised commissioning budgets for a population. As lead provider for the Perinatal Provider Collaborative, the Trust is accountable to NHS England and as such recognises the income and expenditure associated with the commissioning of services from other providers in these accounts. Where the Trust is the provider of commissioned services, this element of income is recognised in respect of the provision of services, after eliminating internal transactions.

Note 1.3.3 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.

Note 1.3.4 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 grant is used to fund capital expenditure, it is credited to the 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 apprenticeship service account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Education and training income

Revenue is received from NHS England for the training and development of the Trust's workforce. Income is received and only recognised when the Trust has met the performance obligations outlined within IFRS 15.

Note 1.4 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. 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of the 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.

Note 1.5 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 1.6 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of the Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of the Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.7 Property, plant and equipment

Note 1.7.1 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.

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.

Note 1.7.2 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, being the fair value at the date of revaluation less any impairment. 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 under IFRS 13 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 under IAS 40 or IFRS 5.

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 value in existing use is defined as market value except where a building is so specialised in nature no active market exists from which to draw satisfactory transactional evidence. In this case a valuer will adopt a depreciated replacement cost (DRC) model on a modern equivalent asset (MEA) basis.

A DRC model estimates current value in existing use 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. 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.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. All land and buildings are restated to current value using professional valuations in accordance with IAS 16 every five years and in the intervening third year by a 'desk top' review, or on the completion of a material refurbishment scheme. In light of the material impairment previously recognised, the Trust has taken the decision to undertake a valuation more frequently, and has decided to undertake this annually. In 2025/26 this was carried out as a desktop revaluation of the estate.

The professional valuations are carried out by local independent valuers. The valuations are carried out by the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the DHSC and HM Treasury. By the requirements of the DHSC, a full asset valuation took place in March 2025.

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, and the replacement option would be via a similar approach that would equally allow VAT recovery. In 2019/20 this basis was applied to the Trust's Private Finance Initiative (PFI) scheme at the Greenacres site, where the construction was completed by a special purpose vehicle and the costs had recoverable VAT for the Trust. Although PFI schemes are not a future option in the NHS, it is management's view that, were it to be required to rebuild this asset, it would replace under a similar special purpose vehicle that would enable VAT recovery. In 2019/20 the Trust opted to change practice following a full review by the Trust's valuer and is adopting this judgement going forward.

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.

Modern Equivalent Asset on an Alternative Site Basis

In 2017/18 the Trust adopted the alternative site for its land valuations. The valuation assumption within note 15, relating to the land values, is to adopt the methodology appropriate for a Modern Equivalent Asset (MEA) on an Alternative Site Basis whereby the Trust would not hold more land than is necessary for the delivery of services. This follows the economic principle of substitution. Without affecting services some land at each of the four sites can be identified as non-functional, and therefore excluded from an MEA valuation.

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.

Property, plant and equipment which has been reclassified as 'held for sale' ceases 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.

Note 1.7.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria in IFRS 5 are met:
• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable 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.

Note 1.7.4 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.

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

PFI and LIFT transactions that meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's Financial Reporting Manual (FReM), are accounted for as 'on-Statement of Financial Position' by the Trust. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.

Initial recognition

In accordance with IAS 17 as adopted by HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent lease liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy).

Subsequent measurement

Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	3	90
Plant & machinery	5	15
Transport equipment	7	10
Information technology	4	5
Furniture & fittings	1	10

Note 1.8 Intangible assets

Note 1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance controlled by the Trust. They are capable of being sold separately from the rest of the Trust's business or arise from contractual or other legal rights. Intangible assets 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, where all of the following can be demonstrated:

• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
• the Trust intends to complete the asset and sell or use it;
• the Trust has the ability to sell or use the asset;
• how the intangible asset will generate probable future economic or service delivery benefits, 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 complete the development and sell or use the asset; and
• the Trust can measure reliably the expenses attributable to the asset during development.

Software

Software that 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 where it meets recognition criteria.

Note 1.8.2 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. From 1 April 2025, subsequent measurement of intangible assets is at cost less amortisation.

Prior to 1 April 2025, intangible assets were held under a revaluation approach reflecting current value in existing use. Revaluation gains and losses and impairments were treated in the same manner as for property, plant and equipment. On 1 April 2025, the carrying value of these assets was carried forward as 'deemed cost' and any related revaluation surpluses in the revaluation reserve were transferred to the I&E reserve.

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

Impairments

Where indicators of impairment exist, the recoverable amount is assessed as the higher of its fair value and the cost to replace the service capacity. Where this is lower than the carrying value an impairment is recognised in expenditure. The recoverable amount of intangible assets under construction is assessed annually, irrespective of indicators of impairment.

Amortisation

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

Useful lives of intangible assets

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

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

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

Note 1.10 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured at fair value at the Balance Sheet date. Changes in fair value are recognised as gains or losses in income/expenditure during the period in which they arise.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

Note 1.11 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 1.12 Financial assets and financial liabilities

Note 1.12.1 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.

Note 1.12.2 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 or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held to collect 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

The Trust's loans and receivables comprise cash and cash equivalents, NHS receivables, accrued income, and "other receivables".

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

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).

Credit losses are determined and distinguished between different classes of financial asset. This has been calculated based on historical cashflows classified by relevant groups of income categories. The credit losses have been calculated using loss rates based on historical experience adjusted for forward-looking information.

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.

Note 1.12.3 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 1.13 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.

Note 1.13.1 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 4.81% applied to new leases commencing in 2025 and 5.32% to new leases commencing in 2026.

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 or other systematic basis. 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.

Note 1.13.2 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 headlease.

Finance leases

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

Operating leases

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

Note 1.14 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 2026:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.64%	4.03%
Medium-term	After 5 years up to 10 years	4.22%	4.07%
Long-term	After 10 years up to 40 years	5.32%	4.81%
Very long-term	Exceeding 40 years	5.07%	4.55%

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 2026:

	Inflation rate	Prior year rate
Year 1	2.5%	2.60%
Year 2	2.0%	2.30%
Into perpetuity	2.0%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.95% in real terms (prior year: 2.40%).

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 25.2 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 1.15 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 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 26.

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 1.16 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.

An annual 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 in the PDC dividend policy issued 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 1.17 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 1.18 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 1.19 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 1.20 Losses and special payments

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

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

Note 1.21 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2025/26.

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

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2025/26. These Standards are still subject to HM Treasury FReM adoption:

IFRS 18 Presentation and Disclosure in Financial Statements - The Standard has been adopted by the UK Endorsement Board to be effective for accounting periods beginning on or after 1 January 2027. The Standard has not yet been adopted by the FReM and early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

The following future changes to adaptations and interpretations of IAS 16 for the public sector are also not yet adopted:

Changes to valuation of property, plant and equipment (PPE) assets – The DHSC GAM for 2026/27 and associated consultation response document confirms future changes which will impact on the financial statements.

From 2026/27 NHS bodies' valuation methodology will be a mandated quinquennial revaluation frequency (or rolling programme) supplemented by annual indexation in the intervening years. The requirement in IAS 16 to revalue an asset when its fair value differs materially from its carrying value is being withdrawn for the public sector. Given the variation in PPE valuations in any given year, and future changes in indices, it is not possible to quantify the impact of applying these changes in future periods. PPE and right of use assets currently subject to revaluation have a total book value of £131.6m as at 31 March 2026.

Note 1.23 Critical accounting judgments and key sources of estimation uncertainty

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

Note 1.23.1 Critical judgments in applying accounting policies

Any critical judgments, apart from those involving estimations (see below) that management has made in the process of applying the NHS trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements, are annotated where applicable in the notes to these accounts.

The main areas of critical judgement are:
• The valuation under a Modern Equivalent Asset on an Alternative Site basis
• The valuation of non-specialised property assets on a Market Value for Existing Use basis
• The valuation of the Private Finance Initiative assets on a net of VAT basis.

Note 1.24 Sources of estimation uncertainty

The Trust Accounts contain estimated figures that are based on assumptions made by the Trust about the future, or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other related factors. However, because balances cannot be determined with certainty, actual results could be materially different depending upon the assumptions made and resulting estimates.

There is one item in the Statement of Financial Position where actual results could be materially different from assumptions and estimates:

Property Valuations

Valuations of land and buildings (included in Note 15) were carried out by external valuers. These were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The value of land and buildings could materially differ for two main reasons:

1. If assumptions around future use of the assets was to change e.g. from specialised use to non-specialised use this would alter the basis of valuation from Depreciated Replacement Cost (DRC) to Equivalent Use Value (EUV).

2. If the indices used by the valuers materially changed, this would alter the total valuation. Over the past 12 months, BCIS indices have fluctuated by a maximum of 3.76%.

Land is currently valued at £20,972k, a 5% reduction in the valuation would decrease asset values by £1,049k. Buildings are valued at £110,677k, a 5% decrease in values would result in a £5,534k reduction in asset values.

Note 2 Operating Segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The directors consider that the Trust's activities constitute a single segment since they are provided wholly in the UK, are subject to similar risks and rewards and all assets are managed as one central pool. The Trust has also a single purpose in the provision of healthcare services.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3.

Note 3.1 Income from patient care activities (by nature)	**2025/26 £000**	**2024/25 £000**
Mental health services		
Income from commissioners under API contracts*	243,733	234,713
Services delivered under a mental health collaborative	34,043	26,826
Income for commissioning services in a mental health collaborative ****	4,275	2,098
Clinical partnerships providing mandatory services (including S75 agreements)	1,327	1,248
All services		
Private patient income	93	134
National pay award central funding***	-	235
Additional pension contribution central funding**	13,611	12,678
Other clinical income	691	725
Total income from activities	**297,773**	**278,657**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2025/26 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

**Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.38% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions (23.7%) and related NHS England funding (9.4%) have been recognised in these accounts.

***Additional funding was made available directly to providers by NHS England in 2024/25 for implementing the backdated element of pay awards where government offers were finalised after the end of the 2023/24 financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised.

**** During the 2024/25 financial year the Trust was designated as the lead provider for the Perinatal Provider Collaborative. The associated income is shown above, with the corresponding expenditure detailed within Note 6.1.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2025/26 £000**	**2024/25 £000**
NHS England	20,010	24,928
Integrated care boards	245,173	224,796
Other NHS providers	31,391	27,710
Local authorities	350	246
Non-NHS: private patients	93	134
Non NHS: other	756	843
Total income from activities	**297,773**	**278,657**
Of which:		
Related to continuing operations	296,272	278,657
Related to discontinued operations	1,501	-

Note 4 Other operating income

	2025/26			2024/25		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	671	-	**671**	632	-	**632**
Education and training	9,459	959	**10,417**	7,860	784	**8,644**
Non-patient care services to other bodies	8,150	-	**8,150**	9,890	-	**9,890**
Income in respect of employee benefits accounted on a gross basis	268	-	**268**	416	-	**416**
Receipt of capital grants and donations and peppercorn leases	-	209	**209**	-	13	**13**
Revenue from operating leases	-	1,413	**1,413**	-	1,375	**1,375**
Other income	3,221	-	**3,221**	846	-	**846**
Total other operating income	**21,768**	**2,581**	**24,349**	**19,644**	**2,172**	**21,817**
Of which:						
Related to continuing operations			23,947			21,817
Related to discontinued operations			402			-

Note 5 Operating leases - Kent and Medway Mental Health NHS Trust as lessor

This note discloses income generated in operating lease agreements where Kent and Medway Mental Health NHS Trust is the lessor.

The Trust leases properties to a number of stakeholders primarily other NHS bodies and public sector organisations. These leases tend to be on a "full maintenance" basis.

Note 5.1 Operating lease income

	2025/26	2024/25
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	1,413	1,375
Total in-year operating lease income	**1,413**	**1,375**

Note 5.2 Future lease receipts

	31 March 2026	31 March 2025
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	1,413	1,375
Total	**1,413**	**1,375**

Note 6.1 Operating expenses

	2025/26 £000	2024/25 £000
Purchase of healthcare from NHS and DHSC bodies	1,479	1,366
Purchase of healthcare from non-NHS and non-DHSC bodies	9,120	6,347
Mental health collaboratives (lead provider) - purchase of healthcare from NHS bodies	4,372	2,128
Staff and executive directors costs	243,464	229,089
Remuneration of non-executive directors	184	163
Supplies and services - clinical (excluding drugs costs)	6,118	5,404
Supplies and services - general	6,722	5,949
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	3,300	3,416
Consultancy costs	103	82
Establishment	2,569	2,801
Premises	14,500	14,561
Transport (including patient travel)	4,789	4,094
Depreciation on property, plant and equipment	9,739	9,304
Amortisation on intangible assets	1,407	1,062
Net impairments	21	1,021
Movement in credit loss allowance: contract receivables / contract assets	(23)	(10)
(Decrease) in other provisions	(25)	(983)
Change in provisions discount rate(s)	(34)	-
Fees payable to the external auditor audit services- statutory audit *	200	132
Internal audit costs	165	142
Clinical negligence	1,623	1,735
Legal fees	364	253
Insurance (as a policy holder)	181	163
Research and development	0	1
Education and training	2,546	2,726
Expenditure on short term leases	23	341
Redundancy	706	252
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,178	813
Car parking & security	207	204
Hospitality	15	13
Losses, ex gratia & special payments	20	6
Other	38	224
Total	**315,071**	**292,799**
Of which:		
Related to continuing operations	313,519	292,799
Related to discontinued operations	1,552	-

* The audit fees included within Note 6 above are reported as the gross position, the value excluding VAT for 2025/26 is £167k (2024/25 £110k).

Note 6.2 Other auditor remuneration

No additional sums outside of the statutory audit fee have been paid to the external auditor in the current or prior years.

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1,000k (2024/25: £2,000k).

Note 7 Impairment of assets

	2025/26 £000	2024/25 £000
Net impairments charged to operating surplus / deficit resulting from:		
Abandonment of assets in course of construction	-	402
Changes in market price	21	619
Total net impairments charged to operating surplus / deficit	**21**	**1,021**
Impairments charged to the revaluation reserve	2,316	1,524
Total net impairments	**2,337**	**2,545**

Note 8 Employee benefits

	2025/26 Total £000	2024/25 Total £000
Salaries and wages	163,597	153,006
Social security costs	20,586	15,248
Apprenticeship levy	797	745
Employer's contributions to NHS pensions	34,454	32,135
Pension cost - other	49	53
Termination benefits	706	252
Temporary staff (including agency)	24,502	28,721
Total staff costs	**244,691**	**230,160**
Of which		
Costs capitalised as part of assets	521	819

Note 8.1 Retirements due to ill-health

During 2025/26 there were 3 early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31 March 2025). The estimated additional pension liabilities of these ill-health retirements is £458k (£134k in 2024/25).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2026, is based on valuation data as at 31 March 2024, updated to 31 March 2026 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 Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and 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 (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 at 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027

Alternative Scheme Pension costs

Employees not eligible for the NHS Pension Scheme are automatically enrolled into the National Employment Savings Trust (NEST). Employees can choose to opt out within one month of enrolment, or if they need to suspend contributing for a while they can do so without opting out.

The NEST Pension Scheme was established by the National Employment Savings Trust Order 2010. The scheme is a registered pension scheme for tax purposes under the Finance Act 2004 and was registered with HM Revenue & Customs on 21 January 2011. The Trustee of the scheme is the NEST Corporation which is a non-departmental public body established by statute, section 75 of the Pensions Act 2008. NEST is run on a not-for-profit basis and collects an annual management charge from its members of 0.3% of the employee's total fund each year. Also a charge of 1.8% is made on contributions made by the employee. At NEST, the employee keeps the same retirement pot and contributes to it even if their circumstances change.

Scheme Provisions

From April 2015 new rules mean the employee has more options for what they can do with their retirement pot. When the employee reaches 55, they will be able to take out as much as they want as cash and will have more choices in how they can get a retirement income.

Details of the benefits available under this scheme can be found on the NEST website:
https://www.nestpensions.org.uk/

Note 10 Finance income

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

	2025/26	2024/25
	£000	£000
Interest on bank accounts	645	1,027
Total finance income	**645**	**1,027**

Note 11 Finance expenditure

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

	2025/26	2024/25
	£000	£000
Interest expense:		
Interest on lease obligations	401	834
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	869	897
Remeasurement of the liability resulting from change in index or rate	413	544
Total interest expense	**1,683**	**2,275**
Unwinding of discount on provisions	90	99
Total finance costs	**1,773**	**2,374**

Note 12 Other gains / (losses)

	2025/26	2024/25
	£000	£000
Fair value (losses) / gains on investment properties	(16)	-
Total other (losses) / gains	**(16)**	**-**

Note 13 Discontinued operations

	2025/26	2024/25
	£000	£000
Operating income of discontinued operations	1,903	-
Operating expenses of discontinued operations	(1,552)	-
Total	**351**	**-**

In year, the Trust gave notice to NHS England of its intention to discontinue the Disablement Service Centre service. This followed a review which concluded that the service did not align with the Trust's core mental health service provision.

Note 14.1 Intangible assets - 2025/26

	Software licences	Internally generated information technology	Intangible assets under construction	Total
	£000	£000	£000	£000
Cost at 1 April 2025 - brought forward *	**3,569**	**3,088**	**1,945**	**8,602**
Additions	-	-	1,067	**1,067**
Reclassifications	1,666	40	(1,945)	**(239)**
Cost at 31 March 2026	**5,235**	**3,128**	**1,067**	**9,430**
Amortisation at 1 April 2025 - brought forward	**2,743**	**1,599**	**-**	**4,342**
Provided during the year	872	535	-	**1,407**
Reclassifications	74	-	-	**74**
Amortisation at 31 March 2026	**3,689**	**2,134**	**-**	**5,823**
Net book value at 31 March 2026	**1,546**	**994**	**1,067**	**3,607**
Net book value at 1 April 2025	**826**	**1,489**	**1,945**	**4,260**

* From 1 April 2025, the option to apply the revaluation model in IAS 38 to intangible assets has been withdrawn prospectively. Where assets were previously revalued, the carrying value at the transition date was carried forward as 'deemed cost'.

Note 14.2 Intangible assets - 2024/25

	Software licences	Internally generated information technology	Intangible assets under construction	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2024 - as previously stated	**3,413**	**2,821**	**963**	**7,197**
Additions	-	-	1,945	**1,945**
Reclassifications	156	267	(963)	**(540)**
Valuation / gross cost at 31 March 2025	**3,569**	**3,088**	**1,945**	**8,602**
Amortisation at 1 April 2024 - as previously stated	**2,185**	**1,095**	**-**	**3,280**
Provided during the year	558	504	-	**1,062**
Amortisation at 31 March 2025	**2,743**	**1,599**	**-**	**4,342**
Net book value at 31 March 2025	**826**	**1,489**	**1,945**	**4,260**
Net book value at 1 April 2024	**1,228**	**1,726**	**963**	**3,917**

Note 15.1 Property, plant and equipment - 2025/26

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2025 - brought forward	**19,314**	**112,574**	**8,188**	**1,013**	**137**	**10,540**	**122**	**151,888**
Additions	-	612	13,631	13	(0)	857	-	**15,113**
Impairments	(228)	(5,315)	-	-	-	-	-	**(5,543)**
Reversals of impairments	406	2,799	-	-	-	-	-	**3,205**
Revaluations	1,481	(3,257)	-	-	-	-	-	**(1,776)**
Reclassifications	-	4,281	(7,306)	308	196	2,833	-	**312**
Disposals / derecognition	-	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2026	**20,973**	**111,694**	**14,513**	**1,334**	**333**	**14,230**	**122**	**163,199**
Accumulated depreciation at 1 April 2025 - brought forward	**-**	**1,724**	**-**	**726**	**74**	**6,467**	**81**	**9,072**
Provided during the year	-	5,844	-	169	38	1,969	38	**8,058**
Impairments	-	(0)	-	-	-	-	-	**(0)**
Reversals of impairments	-	0	-	-	-	-	-	**0**
Revaluations	-	(6,551)	-	-	-	-	-	**(6,551)**
Reclassifications	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2026	**-**	**1,017**	**-**	**895**	**112**	**8,436**	**119**	**10,579**
Net book value at 31 March 2026	**20,973**	**110,677**	**14,513**	**439**	**221**	**5,794**	**3**	**152,620**
Net book value at 1 April 2025	**19,314**	**110,850**	**8,188**	**287**	**63**	**4,073**	**41**	**142,816**

Note 15.2 Property, plant and equipment - 2024/25

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2024 - as previously stated	**20,546**	**102,121**	**1,708**	**905**	**69**	**9,718**	**122**	**135,189**
Additions	-	1,252	7,807	108	68	4	-	**9,239**
Impairments	(1,492)	(2,675)	(402)	-	-	-	-	**(4,569)**
Reversals of impairments	-	2,073	-	-	-	-	-	**2,073**
Revaluations	260	(3,172)	-	-	-	-	-	**(2,912)**
Reclassifications	-	13,732	(925)	-	-	818	-	**13,625**
Disposals / derecognition	-	(757)	-	-	-	-	-	**(757)**
Valuation/gross cost at 31 March 2025	**19,314**	**112,574**	**8,188**	**1,013**	**137**	**10,540**	**122**	**151,888**
Accumulated depreciation at 1 April 2024 - as previously stated	**-**	**2,280**	**-**	**647**	**69**	**4,841**	**6**	**7,843**
Provided during the year	-	5,357	-	79	5	1,626	75	**7,142**
Impairments	-	4	-	-	-	-	-	**4**
Revaluations	-	(6,716)	-	-	-	-	-	**(6,716)**
Reclassifications	-	1,556	-	-	-	-	-	**1,556**
Disposals / derecognition	-	(757)	-	-	-	-	-	**(757)**
Accumulated depreciation at 31 March 2025	**-**	**1,724**	**-**	**726**	**74**	**6,467**	**81**	**9,072**
Net book value at 31 March 2025	**19,314**	**110,850**	**8,188**	**287**	**63**	**4,073**	**41**	**142,816**
Net book value at 1 April 2024	**20,546**	**99,841**	**1,708**	**258**	**-**	**4,877**	**116**	**127,346**

Note 15.3 Property, plant and equipment financing - 31 March 2026

	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	20,973	95,824	14,304	439	221	5,794	3	**137,558**
On-SoFP PFI contracts and other service concession arrangements	-	14,772	-	-	-	-	-	**14,772**
Owned - donated/granted	-	81	209	-	-	-	-	**290**
Total net book value at 31 March 2026	**20,973**	**110,677**	**14,513**	**439**	**221**	**5,794**	**3**	**152,620**

Note 15.4 Property, plant and equipment financing - 31 March 2025

	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	19,314	95,557	8,188	287	63	4,073	41	**127,523**
On-SoFP PFI contracts and other service concession arrangements	-	15,293	-	-	-	-	-	**15,293**
Total net book value at 31 March 2025	**19,314**	**110,850**	**8,188**	**287**	**63**	**4,073**	**41**	**142,816**

Note 16 Revaluations of property, plant and equipment

Savills PLC is a member of the Royal Institution of Chartered Surveyors (RICS) and is independent of the Trust.

Savills PLC completed a desktop valuation of the Trust's land and buildings as at 31st March 2026. The previous full valuation having been undertaken by Montagu Evans LLP as at 31st March 2025.

The valuations were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in HM Treasury's Financial Reporting Manual (FReM), together with the Department of Health and Social Care's Group Accounting Manual (GAM) which provides guidance for those DHSC group bodies that have a statutory requirement to produce an annual report and accounts following the end of the financial year.

FReM and GAM require the statement of assets at Fair Value and should be valued using the appropriate valuation methodology. In determining the relevant methodology, Savills PLC have relied on the RICS Valuation - Global Standards 2021 (effective January 2022) and the RICS Valuation – Global Standards 2017 – UK National Supplement (effective January 2019) which are collectively referred to as the "RICS Red Book" and form the basis for the valuation methodology in respect of the Trust's assets being valued. The valuations were undertaken in accordance with the Trust's accounting policy (see note 1).

The valuers considered the remaining useful economic lives of the property assets, taking into account capital expenditure undertaken between valuations, the age and condition of the properties, changes to the RICS Build Cost Information Service (BCIS) construction data, build costs and location factors when assessing value attributable to each asset. The valuation exercise was carried out during March 2026 with a valuation date of 31st March 2026.

Overall the valuation has contributed to net upward movement of £2,437k of which £21k was taken to the Statement of Comprehensive Income as a downward movement and £2,458k taken to the revaluation reserve.

Note 17 Leases - Kent and Medway Mental Health NHS Trust as a lessee

This note details information about leases for which the Trust is a lessee.

The majority of the leasing arrangements for the properties currently occupied by Trust services are on a full repairing basis.

A number also require the Trust to reinstate dilapidations on vacation of the premises. Break clauses where they exist are primarily at the 5 and 10 year point. No significant information is available on restrictions with the exception of one site where it is not to be used for any other purpose than healthcare offices or consulting rooms.

Note 18.1 Right of use assets - 2025/26

	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2025 - brought forward	**32,274**	**-**	**203**	**32,477**	**13,389**
Additions	648	-	79	**727**	-
Remeasurements of the lease liability	588	-	(1)	**587**	366
Movements in provisions for restoration / removal costs	159	-	-	**159**	-
Disposals / derecognition	(303)	-	-	**(303)**	-
Valuation/gross cost at 31 March 2026	**33,366**	**-**	**281**	**33,647**	**13,755**
Accumulated depreciation at 1 April 2025 - brought forward	**7,185**	**-**	**129**	**7,314**	**1,867**
Provided during the year	1,621	-	60	**1,681**	548
Disposals / derecognition	(303)	-	-	**(303)**	-
Accumulated depreciation at 31 March 2026	**8,503**	**-**	**189**	**8,692**	**2,415**
Net book value at 31 March 2026	**24,863**	**-**	**93**	**24,955**	**11,340**
Net book value at 1 April 2025	**25,089**	**-**	**74**	**25,163**	**11,522**
Net book value of right of use assets leased from other NHS providers					9,087
Net book value of right of use assets leased from other DHSC group bodies					2,253

Note 18.2 Right of use assets - 2024/25

	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2024 - brought forward	**42,175**	**14**	**149**	**42,338**	**13,069**
Additions	-	-	55	**55**	-
Remeasurements of the lease liability	3,142	-	(1)	**3,141**	320
Movements in provisions for restoration / removal costs	201	-	-	**201**	-
Impairments	(45)	-	-	**(45)**	-
Reclassifications	(13,085)	-	-	**(13,085)**	-
Disposals / derecognition	(114)	(14)	-	**(128)**	-
Valuation/gross cost at 31 March 2025	**32,274**	**-**	**203**	**32,477**	**13,389**
Accumulated depreciation at 1 April 2024 - brought forward	6,749	14	73	**6,836**	1,146
Provided during the year	2,106	-	56	**2,162**	721
Reclassifications	(1,556)	-	-	**(1,556)**	-
Disposals / derecognition	(114)	(14)	-	**(128)**	-
Accumulated depreciation at 31 March 2025	**7,185**	**-**	**129**	**7,314**	**1,867**
Net book value at 31 March 2025	**25,089**	**-**	**74**	**25,163**	**11,522**
Net book value at 1 April 2024	**35,426**	**-**	**76**	**35,502**	**11,923**
Net book value of right of use assets leased from other NHS providers					9,368
Net book value of right of use assets leased from other DHSC group bodies					2,154

Note 18.3 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 24.1.

	2025/26	2024/25
	£000	£000
Carrying value at 1 April	**24,445**	**34,306**
Lease additions	727	55
Lease liability remeasurements	587	3,141
Interest charge arising in year	401	834
Lease payments (cash outflows)	(595)	(13,891)
Carrying value at 31 March	**25,565**	**24,445**

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 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.4 Maturity analysis of future lease payments

	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2026	31 March 2026	31 March 2025	31 March 2025
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	2,917	1,679	1,212	107
- later than one year and not later than five years;	6,718	1,780	6,407	1,773
- later than five years.	19,940	10,785	21,039	11,199
Total gross future lease payments	**29,575**	**14,244**	**28,658**	**13,079**
Finance charges allocated to future periods	(4,011)	(1,720)	(4,213)	(1,823)
Net lease liabilities at 31 March 2026	**25,564**	**12,524**	**24,445**	**11,256**
Of which:				
Leased from other NHS providers		10,228		9,143
Leased from other DHSC group bodies		2,296		2,113

Note 19 Investment Property

	2025/26	2024/25
	£000	£000
Carrying value at 1 April - brought forward	**2,201**	**2,201**
Movement in fair value	(16)	-
Carrying value at 31 March	**2,185**	**2,201**

Note 20.1 Receivables

	31 March 2026 £000	31 March 2025 £000
Current		
Contract receivables	9,790	4,880
Allowance for impaired contract receivables / assets	(62)	(85)
Prepayments (non-PFI)	2,837	2,393
VAT receivable	1,938	1,587
Other receivables	82	113
Total current receivables	**14,585**	**8,888**
Non-current		
Prepayments (non-PFI)	88	245
Other receivables	190	231
Total non-current receivables	**278**	**476**
Of which receivable from NHS and DHSC group bodies:		
Current	8,994	4,239
Non-current	190	231

The majority of the Trust's contract receivables are with NHS England or Integrated Commissioning Boards (ICBs) as commissioners for NHS patient care services. As they are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

Note 20.2 Allowances for credit losses

	2025/26 Contract receivables and contract assets £000	2024/25 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**85**	**95**
New allowances arising	**24**	**-**
Reversals of allowances	**(47)**	**(10)**
Allowances as at 31 Mar 2026	**62**	**85**

Note 21.1 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.

	2025/26 £000	2024/25 £000
At 1 April	**12,014**	**17,399**
Net change in year	(3,389)	(5,385)
At 31 March	**8,625**	**12,014**
Broken down into:		
Cash at commercial banks and in hand	30	33
Cash with the Government Banking Service	8,595	11,981
Total cash and cash equivalents as in SoFP	**8,625**	**12,014**
Total cash and cash equivalents as in SoCF	**8,625**	**12,014**

Note 21.2 Third party assets held by the Trust

Kent and Medway Mental Health 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 2026 £000	31 March 2025 £000
Bank balances	140	116
Total third party assets	**140**	**116**

Note 22 Trade and other payables

	31 March 2026 £000	31 March 2025 £000
Current		
Trade payables	7,539	10,595
Capital payables	6,269	2,307
Accruals	5,691	9,055
Social security costs	2,311	1,856
Other taxes payable	2,329	2,114
PDC dividend payable	84	49
Pension contributions payable	2,939	2,751
Other payables	14	3
Total current trade and other payables	**27,176**	**28,730**
Of which payables from NHS and DHSC group bodies:		
Current	2,896	4,992

Note 23 Other liabilities

	31 March 2026 £000	31 March 2025 £000
Current		
Deferred income: contract liabilities	351	808
Total other current liabilities	**351**	**808**

Note 24.1 Borrowings

	31 March 2026	31 March 2025
	£000	£000
Current		
Lease liabilities	2,571	781
Obligations under PFI, LIFT or other service concession contracts	932	416
Total current borrowings	**3,503**	**1,197**
Non-current		
Lease liabilities	22,993	23,664
Obligations under PFI, LIFT or other service concession contracts	12,019	12,551
Total non-current borrowings	**35,012**	**36,215**

Note 24.2 Reconciliation of liabilities arising from financing activities

	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2025	**24,445**	**12,967**	**37,412**
Cash movements:			
Financing cash flows - payments and receipts of principal	(509)	(429)	**(938)**
Financing cash flows - payments of interest	(86)	(869)	**(955)**
Non-cash movements:			
Additions	727	-	**727**
Lease liability remeasurements	587	-	**587**
Remeasurement of PFI / other service concession liability resulting from change in index or rate		413	**413**
Application of effective interest rate	401	869	**1,270**
Carrying value at 31 March 2026	**25,565**	**12,951**	**38,516**

	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2024	**34,306**	**13,445**	**47,751**
Cash movements:			
Financing cash flows - payments and receipts of principal	(13,058)	(1,020)	**(14,078)**
Financing cash flows - payments of interest	(833)	(899)	**(1,732)**
Non-cash movements:			
Additions	55	-	**55**
Lease liability remeasurements	3,141	-	**3,141**
Remeasurement of PFI / other service concession liability resulting from change in index or rate		544	**544**
Application of effective interest rate	834	897	**1,731**
Carrying value at 31 March 2025	**24,445**	**12,967**	**37,412**

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2025	**1,210**	**343**	**1,956**	**3,509**
Change in the discount rate	(34)	-	(15)	**(49)**
Arising during the year	12	319	126	**457**
Utilised during the year	(109)	(35)	(49)	**(193)**
Reversed unused	-	(51)	(305)	**(356)**
Unwinding of discount	77	-	26	**103**
At 31 March 2026	**1,156**	**576**	**1,739**	**3,471**
Expected timing of cash flows:				
- not later than one year;	143	576	7	**726**
- later than one year and not later than five years;	572	-	28	**600**
- later than five years.	441	-	1,704	**2,145**
Total	**1,156**	**576**	**1,739**	**3,471**

Legal Claims reflect cases covered by the Liabilities to Third Party Scheme (LTPS) for which NHS Resolution provide estimates and employment tribunal claims whose timings are based on current assumptions from the Trust's Legal Department.

Other claims relate to lease dilapidations provisions £1,542k (2024/25 £1,517k) and the clinicians pension provision.

Note 25.2 Clinical negligence liabilities

At 31 March 2026, £14,822k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Kent and Medway Mental Health NHS Trust (31 March 2025: £11,739k).

Note 26 Contingent assets and liabilities

	31 March 2026	31 March 2025
	£000	£000
Value of contingent liabilities		
Employment tribunal and other employee related litigation	(101)	-
Other	(720)	(413)
Gross value of contingent liabilities	**(821)**	**(413)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(821)**	**(413)**
Net value of contingent assets	**-**	**-**

Note 27 Contractual capital commitments

	31 March 2026	31 March 2025
	£000	£000
Property, plant and equipment	4,984	1,369
Total	**4,984**	**1,369**

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has a PFI arrangement covering four of its properties - Allington Centre, Littlestone, Tarenfort Centre and Rosebud Lodge, these buildings are all used as inpatient facilities.

There were two phases to the PFI. The first started in 2006 and the second in 2007. Both arrangements end in 2037. The contractor took on the obligation to construct the centres and maintain them in a minimum acceptable condition. The contracts specify the minimum standards for the services to be provided by the contractor. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the authority for nil consideration.

Phase 1 Stone House Hospital	**£000**
Estimated capital value of the PFI scheme at the start of the contract	9,440
Contract start date:	29/09/2006
Contract end date:	02/07/2037

Phase 2 Stone House Hospital	**£000**
Estimated capital value of the PFI scheme at the start of the contract	2,787
Contract start date:	02/07/2007
Contract end date:	02/07/2037

Note 28.1 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 2026	31 March 2025
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**18,056**	**18,757**
Of which liabilities are due		
- not later than one year;	1,764	1,258
- later than one year and not later than five years;	6,518	6,988
- later than five years.	9,774	10,511
Finance charges allocated to future periods	(5,105)	(5,790)
Net PFI, LIFT or other service concession arrangement obligation	**12,951**	**12,967**
- not later than one year;	932	416
- later than one year and not later than five years;	3,873	4,160
- later than five years.	8,147	8,391

Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2026	31 March 2025
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**30,822**	**32,717**
Of which payments are due:		
- not later than one year;	2,935	2,845
- later than one year and not later than five years;	11,742	11,380
- later than five years.	16,145	18,492

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2025/26	2024/25
	£000	£000
Unitary payment payable to service concession operator	**2,935**	**2,846**
Consisting of:		
- Interest charge	869	897
- Repayment of balance sheet obligation	429	1,020
- Service element and other charges to operating expenditure	719	697
- Capital lifecycle maintenance	459	116
- Revenue lifecycle maintenance	459	116
Total amount paid to service concession operator	**2,935**	**2,846**

Note 29 Financial instruments

Note 29.1 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 Trust has with ICBs and the way those ICBs are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The 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 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 England. 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 may also borrow from Government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the DHSC (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2026 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 Commissioning Boards (ICBs), which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 29.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2026	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	10,000	**10,000**
Cash and cash equivalents	8,625	**8,625**
Total at 31 March 2026	**18,625**	**18,625**

Carrying values of financial assets as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	5,139	**5,139**
Cash and cash equivalents	12,014	**12,014**
Total at 31 March 2025	**17,153**	**17,153**

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2026	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	25,564	**25,564**
Obligations under PFI, LIFT and other service concession contracts	12,951	**12,951**
Trade and other payables excluding non financial liabilities	18,978	**18,978**
Total at 31 March 2026	**57,493**	**57,493**

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	24,445	**24,445**
Obligations under PFI, LIFT and other service concession contracts	12,967	**12,967**
Trade and other payables excluding non financial liabilities	21,216	**21,216**
Total at 31 March 2025	**58,628**	**58,628**

Note 29.4 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.

	31 March 2026	31 March 2025
	£000	£000
In one year or less	23,659	24,433
In more than one year but not more than five years	13,236	13,395
In more than five years	29,714	31,550
Total	**66,610**	**69,378**

Note 29.5 Fair values of financial assets and liabilities

For all financial instruments the disclosed amounts relate to book value (carrying value) as a reasonable approximation of fair value.

This is because all of the Trust's financial assets and 30% of the financial liabilities are due within one year or less.

The remaining 70% of financial liabilities relate to leases for right of use assets and the Trust's PFI which are subject to regular rent reviews.

Note 30 Losses and special payments

	2025/26		2024/25	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	45	23	54	36
Fruitless payments and constructive losses	2	8	-	-
Stores losses and damage to property	1	8	-	-
Total losses	**48**	**39**	**54**	**36**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	1	-
Ex-gratia payments	14	2	15	6
Total special payments	**14**	**2**	**16**	**6**
Total losses and special payments	**62**	**41**	**70**	**42**
Compensation payments received				

Note 31 Related parties

The Kent and Medway NHS Mental Health Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Trust board members or members of the key management staff, or parties related to any of them, has undertaken any transactions material to the accounts of Kent and Medway NHS Mental Health Trust.

The DHSC is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the DHSC is regarded as the parent department. These entities, with transactions greater than £1m, are listed below:

Related Party Income	Related Party Expenditure
NHS Kent and Medway ICB	NHS Pensions Scheme
Sussex Partnership NHS Foundation Trust	Hampshire and Isle of Wight Healthcare NHS Foundation Trust
NHS England	NHS Resolution
NHS Hampshire and Isle of Wight ICB	HM Revenue and Customs
NHS Sussex ICB	
Kent Community Health NHS Foundation Trust	

Note 32 Events after the reporting date

On 1 April 2026, responsibility for the provision of Children and Young People's Mental Health Services and All Age Eating Disorder Services transferred to the Trust from North East London NHS Foundation Trust.

The transfer is expected to result in additional annual income and expenditure of approximately £52,530k, The transfer will also include the recognition of assets and liabilities relating to the services, including workforce, estate and any associated lease arrangements.

As the transfer occurred after the reporting date, these financial effects have not been recognised in the 2025/26 financial statements. The impact will be reflected in the 2026/27 financial year.

Note 33 Better Payment Practice code

	2025/26 Number	2025/26 £000	2024/25 Number	2024/25 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	10,939	92,931	11,554	86,167
Total non-NHS trade invoices paid within target	10,242	89,004	10,954	83,033
Percentage of non-NHS trade invoices paid within target	93.6%	95.8%	94.8%	96.4%
NHS Payables				
Total NHS trade invoices paid in the year	1,264	14,151	1,220	8,218
Total NHS trade invoices paid within target	1,235	13,245	1,205	8,115
Percentage of NHS trade invoices paid within target	97.7%	93.6%	98.8%	98.7%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 calendar days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

Note 34 Capital Resource Limit

	2025/26 £000	2024/25 £000
Gross capital expenditure	17,493	14,380
Less: Donated and granted capital additions	(209)	(13)
Charge against Capital Resource Limit	**17,284**	**14,367**
Capital Resource Limit	17,284	14,367
Under / (over) spend against CRL	**0**	**-**

Note 35 Breakeven duty financial performance

	2025/26 £000	2024/25 £000
Adjusted financial performance surplus / (deficit)	2,247	3,525
Remove impairments scoring to Departmental Expenditure Limit	-	402
Breakeven duty financial performance surplus / (deficit)	**2,247**	**3,927**

Note 36 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Breakeven duty in-year financial performance		1,524	13	538	1,202	1,607	902	(4,180)	(3,311)
Breakeven duty cumulative position	2,376	3,900	3,913	4,451	5,653	7,260	8,162	3,982	671
Operating income		182,374	182,204	178,468	172,902	174,924	178,674	181,334	183,103
Cumulative breakeven position as a percentage of operating income		2.1%	2.1%	2.5%	3.3%	4.2%	4.6%	2.2%	0.4%

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Breakeven duty in-year financial performance	(1,224)	3,963	4,627	668	(4,388)	280	1,585	3,926	2,247
Breakeven duty cumulative position	(553)	3,410	8,037	8,705	4,317	4,597	6,182	10,108	12,355
Operating income	181,034	185,085	202,403	220,039	231,746	258,916	272,032	300,474	322,121
Cumulative breakeven position as a percentage of operating income	(0.3%)	1.8%	4.0%	4.0%	1.9%	1.8%	2.3%	3.4%	3.8%

Trust Board meeting

Kent and Medway Mental Health NHS Trust

Meeting details

Date of meeting:	18th June 2026
Title of paper:	External Audit Report
Author:	Kieran McDermid – External Audit Manager, Sophia Brown – Key Audit Partner
Executive Director:	Nick Brown, Chief Finance and Resources Officer

Purpose of paper

Purpose:	Discussion
Submission to Board:	Statutory

Overview of paper

These papers present the Audit Findings Report, summarising the key outcomes of the external audit for the year.

It highlights findings on the financial statements together with management responses, recommended actions and updates on the progress of the audit. The papers also highlight findings in relation to the Trusts value for money arrangements

Issues to bring to the Board's attention

Two control findings were reported relating to the annual governance statement and nil Net Book Value (NBV) assets

Governance

Implications/Impact:	Final accounts external audit
Assurance:	Reasonable
Oversight:	Audit and Risk Committee.

Version 2 - **Public**

Grant Thornton

Audit Findings for Kent and Medway Mental Health NHS Trust

For the year ended 31 March 2026

June 2026

DRAFT –

DELETE WHEN REPORT IS FINALISED

Grant Thornton

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Hermitage Lane
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Grant Thornton UK LLP
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London
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9 June 2026

Dear Nick,

Audit Findings for Kent and Medway Mental Health NHS Trust for the 31 March 2026

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at Transparency Report 2025 (grantthornton.co.uk).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Sophia Brown

Director, for Grant Thornton UK LLP

Contents

Headlines (1)

Summary of the key findings and other matters arising from the statutory audit of Kent and Medway Mental Health NHS Trust ('the Trust') and the preparation of the Trust's financial statements for the year ended 31 March 2026 for those charged with governance.

Financial statements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- The Trust's financial statements give a true and fair view of the financial position of the Trust and of its income and expenditure for the period; and
- The Trust's financial statements, and the parts of the Remuneration and Staff Report to be audited, have been properly prepared in accordance with the Department of Health and Social Care 2025-26 Group Accounting Manual.

We are also required to report whether other information published together with the audited financial statements in the Annual Report, is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have not identified any adjustments to the financial statements which impact your reported surplus for the year. We have identified several disclosure amendments which are detailed at page 22.

Our work is ongoing and, as yet, there are no matters of which we are currently aware that would require modification of our audit opinion (Appendix B) or material changes to the financial statements, subject to the following matters:

- Completion of audit work set out on page 6 of this report;
- Receipt of management's representation letter; and
- Review of the final set of financial statements and Annual Report.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion, as set out in Appendix B will be unmodified.

Headlines (2)

Summary of the key findings and other matters arising from the statutory audit of Kent and Medway Mental Health NHS Trust ('the Trust') and the preparation of the Trust's financial statements for the year ended 31 March 2026 for those charged with governance.

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to provide a commentary on the Trust's overall arrangements and set out our key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Trust's arrangements under the following specified criteria:

- Financial sustainability;
- Governance; and
- Improving economy, efficiency and effectiveness.

As part of planning our audit work, we considered whether there were any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness.

We have completed our value for money arrangements work and our detailed findings are set out in our Auditor's Annual Report, presented to those charged with governance alongside this report. During our audit work no significant weakness were identified. We summarise our findings on page 23.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We cannot formally conclude the audit and issue an audit certificate for Kent and Medway Mental Health NHS Trust for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 until the National Audit Office has concluded their work in respect of consolidation returns for the year ended 31 March 2026.

Status of the audit

Our work is nearing completion, however there are a number of items which remain outstanding at the time of writing this report. The outstanding matters are set out below.

Amber	**Valuation of land & buildings** – Work to assess assumptions and inputs used by management's expert in determining valuations is ongoing. No reporting points identified at this stage.
Green	**Expenditure / Payables** – Work is under final review and finalisation. No reporting points identified at this stage.
Green	**Income / Receivables** – Work is under final review and finalisation. No reporting points identified at this stage.
Amber	**Right of use assets & lease liabilities** – We are concluding our work. No reporting points identified at this stage.
Amber	**Closing balance – Other** – We are concluding our work on reclassifications. No reporting points identified at this stage.
Green	**Staff costs** – Work is under final review and finalisation. No reporting points identified at this stage.
Amber	**Auditable elements of Remuneration Report and Staff Report** – We are concluding our work on the Remuneration Report and Staff Report. No reporting points identified at this stage.
Green	Receipt of signed management representation letter.
Green	Review of updated financial statements, annual report and annual governance statement.
Amber	Completion of internal file and quality review processes.

Red Significant elements outstanding – high risk of material adjustment or significant change to disclosures
Amber Some elements outstanding – moderate risk of material adjustment or significant change to disclosures
Green Not considered likely to lead to material adjustment or significant change to disclosures

Our approach to materiality

As communicated in our Audit Plan dated February 2026, we determined materiality at the planning stage to be £7.31m based on 2.5% of prior year gross operating expenses.

On receipt of draft financial statements, we reconsidered planning materiality based on the 2025-26 figures in the draft financial statements, and revised materiality to £7.88m.

Our approach to determining materiality is set out here.

Materiality area	Amount £	Qualitative factors considered
Materiality for the financial statements	7,876,000	This is equivalent to approximately 2.5% of operating expenses for the period ended 31 March 2026. Materiality was updated from the planning stage as the change in gross expenditure between the 2024-25 audited accounts and draft 2025-26 draft accounts is considered quantitatively significant (7.6%).
Reporting threshold	393,800	This balance is set at 5% of materiality.
Materiality for specific transactions, balances or disclosures – Senior officer remuneration disclosures	20,000	Due to public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus on the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

Overview of significant risks identified

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Findings
Management override of controls	Significant	↔	✓	High	Green
Valuation of land and buildings	Significant	↔	✗	High	TBC
Expenditure recognition	Significant	↔	✓	Medium	Green
Fraud in revenue recognition	Upon receipt of the draft financial statements, we were able to identify the variable/non-contractual element of the patient care activities revenue and found that this was immaterial. Therefore, the previously identified significant risk of fraud in the recognition of this revenue has been rebutted.	↓	✓	Medium	n/a

Key

↑ Assessed risk increase since Audit Plan	Green	No adjustment or change in disclosure required
↔ Assessed risk consistent with Audit Plan	Amber	Non-material adjustment or change in disclosure required
↓ Assessed risk decrease since Audit Plan	Red	Material adjustment or change in disclosure required

Overview of significant risks identified – financial statements (1)

Risk identified in Audit Plan	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Trust faces external pressures to meet agreed targets, and this could potentially place management under undue pressure to amend the reported financial performance and/or position resulting in fraudulent reporting. We therefore identified management override of controls, in particular journals, management estimates, and transactions outside the course of business as a significant risk of material misstatement.	To address the risk, we: • Evaluated the design effectiveness of management controls over journals • Analysed the journals listing and determined the criteria for selecting high-risk unusual journals • Tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration • Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions • Challenged management's key judgements and estimates and considering whether these judgements and estimates are individually or cumulatively indicative of management bias	Our audit work has not identified any issues in respect of management override of controls.

Overview of significant risks identified – financial statements (2)

Risk identified in Audit Plan	Audit procedures performed	Key observations
Expenditure recognition As set out in Practice Note 10 (revised), which applies to public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition, where operating expenditure (including creditor balances) is understated or not recognised in the correct period. The Trust faces significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. Planned testing is designed to provide assurance over the occurrence and accuracy of recorded expenditure. We consider the risk to be particularly prevalent around the year-end and focus our testing on cut-off, ensuring the completeness of non-pay expenditure. There is risk that 2025-26 expenditure could be excluded or deferred, or that expenditure could be incorrectly capitalised. We therefore identified the completeness of non-pay expenditure, and the associated payable balances, as a significant risk.	To address the risk, we: • Evaluated the design effectiveness of the Trust's accounts payable system, and controls in respect of recording expenditure accruals and deferrals • Verified that the operating expenses included in the Trust's financial statements are complete through a review of reconciliation between the accounts payable system and the general ledger • Performed substantive testing, on a sample basis, of accrued liabilities recorded in the ledger, including agreement of balances with third parties, to gain assurance that expenditure accruals are accurate and not understated • Searched for unrecorded labilities by performing a substantive sample test of invoices received and payments made post-period end.	Our audit work has not identified any issues in respect of expenditure recognition.

Overview of significant risks identified – financial statements (3)

Risk identified in Audit Plan	Audit procedures performed	Key observations
Valuation of land & buildings The Trust revalues its land & buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statement date. This valuation represents a significant estimate by management in the financial statements. Management appointed Savills as their expert valuer for 2025-26. The valuation of land & buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. We therefore identified the valuation of land & buildings included in the closing balance at 31 March 2026 as a significant risk.	To address the risk we: • Evaluated the design and implementation effectiveness of the management's controls over the valuation of land & buildings • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work • Evaluated the competence, capabilities and objectivity of the valuation expert engaged by the Trust • Wrote to and discussed with management's valuation expert, the basis on which the valuations were carried out • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register	Work to assess assumptions and inputs used by management's expert in determining valuations is ongoing. No reporting points identified at this stage.

Other findings – significant matters

	Issue	Commentary
1	Significant events or transactions that occurred during the year	From our work during the audit and discussions with management and those charged with governance, we are not aware of any significant events or transactions that occurred during the period.
2	Business conditions affecting the Trust, and business plans and strategies that may affect the risks of material misstatement	From our work during the audit and discussions with management and those charged with governance, we are not aware of business conditions affecting the Trust, and business plans or strategies that may affect the risks of material misstatement.
3	Concerns about management's consultations with other accountants on accounting or auditing matters	From our work during the audit and discussions with management and those charged with governance, we are not aware that the Trust has consulted with any other accountants on accounting or auditing matters.
4	Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	No discussions in this area have taken place.
5	Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	None identified.
6	Adjustments identified as having been made to meet the system position (any concerns we have identified with a Trust making adjustments to meet an agreed system target).	We have not identified any material adjustments that have been made to the Trust's position to enable achievement of a system-wide position.
7	Other matters that are significant to the oversight of the financial reporting process	We have not identified any such matters.
8	Prior year adjustments identified	None identified in our work.

Other findings – accounting policies (1)

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	Revenue from contracts with customers – Accounted for under IFRS 15, revenue is recognised when performance obligations are satisfied, the Trust accrues income relating to performance obligations satisfied in that year. Revenue from NHS contracts – Income is earned under fixed payment to fund an agreed level of activity. The related performance obligation is the delivery of healthcare and related services. Mental health provider collaboratives – As lead provider of a collaborative, the Trust recognises the income and expenditure associated with commissioning of services from other providers in these accounts. Where the Trust is a provider of commissioned services, income is recognised in respect of provision of services after eliminating internal transactions.	• The revenue recognition policy is appropriate as it complies with IFRS 15 as adapted by the GAM. • There is limited judgement involved as the policy follows IFRS 15 principles, with only moderate estimation in timing and classification of contract balances, which would not materially impact the financial statements. • The disclosure is adequate as it clearly explains the basis of revenue recognition and treatment of balances. • The policy is consistent with other NHS organisations and aligns with industry practice for revenue recognition under IFRS 15 as adapted by the GAM.	Green
Expenditure recognition	Short-term employee benefits – Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. Expenditure on other goods and services – recognised when they have been received and is measured at fair value of the goods and services. Expenditure is recognised in operating expenses except where it creates a non-current asset.	• The expenditure recognition policy is appropriate as it follows IFRS as adapted by the GAM. • There is limited judgement involved, with limited estimation required around accruals, any alternative treatments unlikely to have a material impact on the financial statements. • The disclosure is adequate, clearly outlining the basis of recognition and aligning with relevant accounting standards and public sector guidance. • The policy is consistent with other NHS organisations and aligns with industry practice for expenditure recognition under IFRS as adapted by the GAM.	Green

Other findings – accounting policies (2)

Accounting area	Summary of policy	Comments	Assessment
Judgements and estimates	Key estimates and judgements include: • Provisions • Depreciation • PFI valuation • Fair value of financial instruments	• The policies for the key estimates are appropriate and align with GAM requirements. • There is limited judgement involved in these areas, changes in accounting policies in these areas are unlikely to have a significant impact on the financial statements. • The policies are consistent with other NHS organisations and aligns with industry practice under IFRS as adapted by the GAM.	Green
Valuation methods	Specialised assets such as the Trust's hospitals, which are required to be valued at depreciated replacement cost at year-end, on a modern equivalent asset basis. Management determined the amount of space and location required for ongoing service delivery in the light of their current and projected service needs and instructed the valuer accordingly. The remainder of land and buildings are not specialised in nature and are required to be valued in existing use at year-end.	• We are satisfied with the appropriateness of the valuation methodology • There has been no change to the valuation methodology in 2025-26.	Green

Assessment:
Red - Marginal accounting policy which could potentially be open to challenge by regulators
Amber - Accounting policy appropriate but scope for improved disclosure
Green - Accounting policy appropriate and disclosures sufficient

Other findings – internal controls

	Assessment	Issue and risk	Recommendations
1	Amber	**Nil net book value (NBV) assets** These assets have an historical cost of £11.6m (gross book value) and associated accumulated depreciation netting against these balances to lead to them being nil NBV. Holding nil NBV assets could lead to understatement of total assets, if the assets remain in use at the Trust and thus hold some value though are currently represented as having nil value. Or alternatively, if the assets not in use and should be disposed, the Trust may be overstating their assets within the PPE disclosure on a gross book value basis.	We encourage management to complete a review on of all nil NBV assets to assess if they are still in use. If assets remain in use, management should consider the appropriateness of the useful economic lives of the assets. Alternatively, if assets are not in use they should be disposed of in the fixed asset register. **Management response** Management accepts the action and will undertake a targeted review of assets with a nil net book value in year. Where assets are confirmed as still in use, consideration will be given to whether useful economic lift remain appropriate in line with accounting policies. Where assets are identified as no longer in use, these will be removed from the register in line with standard processes.

Assessment
Red Significant deficiency – risk of significant misstatement
Amber Deficiency – risk of inconsequential misstatement

"The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK) 265)

Other findings – internal controls (2)

	Assessment	Issue and risk	Recommendations
2	Amber	**Annual Governance Statement** Review of the AGS identified that the process for identifying and reporting significant control issues can be improved. The draft AGS did not fully reflect the extent of in-year governance, risk management and control weaknesses however, prior to formal approval the AGS was updated following Audit and Risk Committee member review and challenge, demonstrating good governance arrangements. The AGS narrative should reflect a comprehensive year-round perspective rather than just a year-end position. There is risk that significant control deficiencies could be understated, resulting in incomplete and potentially misleading governance disclosures to stakeholders, and non-compliance with GAM requirements.	Management should strengthen the AGS preparation and review process to ensure that the narrative fully reflects all significant in-year control issues identified, including governance, risk management, and data quality weaknesses. There should also be clear alignment between narrative, identified risks, and final conclusions to ensure complete, transparent and compliant AGS disclosure with the GAM. **Management response** Management accepts that the initial draft AGS did not fully reflect all in-year governance, risk management and control issues. However, these were explicitly identified in its presentation; with the statement strengthened through Audit and Risk Committee review and challenge prior to approval, demonstrating that governance arrangements operated as intended. The final AGS for 2025/26 reflects this additional work and provides a more comprehensive narrative. Management recognises the opportunity to strengthen the formal AGS production process and will review this approach for 2026/27 to ensure that significant in year issues are reflected in the draft presented for Committee consideration.

Other findings – information technology

This section provides an overview of results from our assessment of information technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT general control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

			ITGC control area rating			
IT application	**Level of assessment performed**	**Overall ITGC rating**	**Security management**	**Technology acquisition, development and maintenance**	**Technology infrastructure**	**Related significant risks/other risks**
SBS (Financial reporting)	• Review of Service Auditor Reports (design and operating effectiveness) • Streamlined ITGC assessment (design effectiveness only)	Green	Green	Green	Green	Management override of controls
ESR (Payroll)	• Review of Service Auditor Reports (design and operating effectiveness) • Streamlined ITGC assessment (design effectiveness only)	Green	Green	Green	Green	Remuneration report disclosures
FMIS (Fixed asset register)	• Streamlined ITGC assessment (design effectiveness only)	Green	Green	Green	Green	Valuation of property, plant and equipment

Assessment
Red - Significant deficiencies identified in IT controls relevant to the audit of financial statements
Amber - Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
Green - IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
Grey - Not in scope for testing

Other findings

Matter	Commentary	Auditor view
Service Auditor Reports Under ISA 315R, auditors are required to understand and assess relevant internal controls of the systems relevant to the preparation of financial statements. This includes systems provided by service organisations. An independent auditor produces a service auditor report to provide management with assurance over the internal control environment of the system they use and as external auditors we review these service auditor reports when undertaking our work. The following systems used by Kent and Medway Mental Health NHS Trust are provided by service organisations. The data from these systems are relevant to preparation of financial statements of Kent and Medway Mental Health NHS Trust. • Finance and Accounting Services: Oracle E-Business Suite (EBS) and Business Intelligence (BI) • The Electronic Staff Record Programme (ESR)	We considered the service auditor reports to identify any potential control deficiencies impacting on the Trust: • **NHS Shared Business Services Limited: Finance and Accounting Services** SBS (ISAE 3402 Type II) - clean audit opinion. • **The Electronic Staff Record Programme** ESR (ISAE 3000 Type II) - clean audit opinion.	Assurance has been gained over the design and implementation over the controls at the service organisations for the below systems: • Finance and Accounting Services: Oracle E-Business Suite (EBS) and Business Intelligence (BI) • The Electronic Staff Record Programme (ESR) We reviewed the design and implementation of complementary user entity controls at Kent and Medway Mental Health NHS Trust and have not identified any control deficiencies.

Communication requirements

Issue	Commentary
Matters in relation to fraud	We have not been made aware of any other incidents in the period, and no other issues were identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from management which is included in the Audit and Risk Committee papers.
Accounting practices	We have evaluated the appropriateness of the Trust's accounting policies, accounting estimates and financial statement disclosures. We are satisfied with the accounting policies, accounting estimates and financial statement disclosures contained within the statements.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Trust's banking providers. This permission was granted, and the requests were sent and have been received as part of our final accounts work.
Disclosures	Our review found no material omissions in the financial statements.
Audit evidence and explanations	All information and explanations requested from management were provided.
Significant difficulties	No significant difficulties encountered during the audit.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities. • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Trust's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Trust meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Trust and the environment in which it operates • the Trust's financial reporting framework • the Trust's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other statutory powers and duties

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated as per ISA720 - The Auditor's Responsibilities Relating to Other Information. We await receipt of the full Annual Report for final review.
Auditable elements of Remuneration Report and Staff Report	We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Act, directed by the Secretary of State with the consent of the Treasury. We have audited the elements of the Remuneration Report and Staff Report, including the Fair Pay Multiple Disclosures, as required by the DHSC GAM, our work in this area is ongoing but we have no matters to report at this stage. We propose to issue an unqualified opinion on this.

Other responsibilities under the Code

Issue	Commentary
Matters on which we report by exception	We are required to report on matters by exception in a number of areas: • the Annual Governance Statement does not comply with guidance issued by NHS England or is misleading or inconsistent with the information of which we are aware from our audit; • the information in the annual report is materially inconsistent with the information in the audited financial statements or is apparently materially incorrect based on, or is materially inconsistent with, our knowledge of the Trust acquired in the course of performing our audit, or otherwise misleading; • if we have applied any of our statutory powers or duties; or • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. We are concluding our work on the Annual Report. We have nothing to report on any of the other areas outlined above.
Review of accounts consolidation schedules and specified procedures on behalf of the group auditor	We are required to give a separate statement on the Trust accounts consolidation schedules and to carry out specified procedures (on behalf of the NAO) on these schedules under group audit instructions. In the group audit instructions, the Trust was not selected as a sampled component. We have nothing to report on these matters.
Certification of the closure of the audit	We cannot formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 until the National Audit Office has concluded their work in respect of consolidation returns for the year ended 31 March 2026.

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

No adjusted misstatements have been identified at the date of issuing our report. We will provide an update to management and the Audit & Risk Committee should any issues be identified from the remaining testing.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Throughout	A number of typographical errors were identified in the financial statements.	✓

Impact of unadjusted misstatements

To date we have not identified any unadjusted misstatements.

Value for money arrangements

Approach to value for money work for the year ended 31 March 2026

The National Audit Office issued its latest Value for Money guidance to auditors in March 2026. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.

Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

In undertaking this work we have not identified any significant weaknesses in the Trust's arrangements. Our Auditor's Annual Report accompanies this audit findings report.

Independence considerations

As part of our assessment of our independence, we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Trust that may reasonably be thought to bear on our integrity, independence and objectivity.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Trust as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Trust.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Trust's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person (and network firms) have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

We have made enquiries of all Grant Thornton UK LLP teams providing services to the Trust. No non-audit services were identified which were charged from the beginning of the financial period to the current date. Details of fees charged are set out on page 25.

Fees and non-audit services

We confirm below our final fee charged for the audit and confirm there were no fees for the provision of non-audit services.

Audit fees	
Financial statements external audit	£167,000
Total	**£167,000**

The above fees are exclusive of VAT and reconcile to the financial statements as follows:

- fees per financial statements £200,400
- VAT £33,400
- total fees per above

This covers all services provided by us and our network to the Trust, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Trust's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to those charged with governance and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. DRAFT audit opinion (1)

DRAFT Independent auditor's report to the directors of Kent and Medway Mental Health NHS Trust

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Kent and Medway Mental Health NHS Trust (the 'Trust') for the year ended 31 March 2026, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity and Notes to the financial statements, including material accounting policy information. 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 2025-26.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2026 and 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 2025-26; 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 (2024) ("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

B. DRAFT audit opinion (2)

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 2025-26 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 2024) 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 November 2024 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 requirements of the Department of Health and Social Care Group Accounting Manual

B. DRAFT audit opinion (3)

2025-26 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 2025-26; 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 of the above matters.

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.

B. DRAFT audit opinion (4)

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 2025-26).
- We enquired of management and the audit and risk 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 risk 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.

B. DRAFT audit opinion (5)

- 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 and risk of fraudulent recognition of income and expenditure. We determined that the principal risks were in relation to:
  - Journal entries posted, which met a range of criteria determined during the course of the audit. In particular those posted around the reporting date altering the Trust's financial performance for the year.
  - Accounting estimates made in respect of valuation of land and buildings assets.
  - The completeness of non-pay expenditure. We considered the risk to be particularly prevalent around the year-end and focused testing on cut-off and accruals.
- 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 material manual journals posted close to year-end, material manual accrual journals posted at year-end, any journals posted by unauthorised users and journals posted by senior management;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations, and expenditure/income accruals; and
  - 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.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including fraud in revenue and expenditure recognition and the significant accounting estimates related to land and building valuations. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's 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

B. DRAFT audit opinion (6)

  - 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 2026.

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

B. DRAFT audit opinion (7)

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 March 2026. 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 Kent and Medway Mental Health NHS Trust for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Trust's consolidation schedules and we have received confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2026. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

C. Proposed changes to valuation of PPE

A sector-wide review of Plant, Property & Equipment (PPE) valuation requirements proposes changes to improve consistency, transparency, and robustness of asset valuations across NHS trusts and foundation trusts.

1. Valuation cycles

Changes to the valuation cycle from 2026-27.

An adaptation to the application of IAS 16 Property, plant and equipment to the frequency of revaluations means Trusts should value their property assets either on:

- A 5 yearly revaluation of all assets supplemented by annual indexation in intervening years, or
- A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the four intervening years.

Non-property assets should be revalued using appropriate indices.

In addition, the requirement to revalue an asset when its fair value differs materially from its carrying value has been withdrawn.

Valuations may still be required where there is a potential impairment.

2. Changes to valuation methodologies

Proposal to remove the 'alternative site' assumption from 2028-29.

Valuations will therefore reflect current use and existing site conditions only, rather than a hypothetical optimal or alternative location.

This aligns asset values more closely to service delivery realities within the NHS estate.

Key implications for NHS trusts

Increased consistency and comparability of property valuations across the NHS.

The carrying values of operational healthcare assets may change significantly in 2028-29. The timetable should provide Trusts with sufficient lead time to incorporate the changes into their valuation strategies and procurement plans. However, early liaison with both valuers and auditors may be needed to ensure smooth transition.

Trust Board meeting

Kent and Medway Mental Health NHS Trust

Meeting details

Date of meeting:	18th June 2026
Title of paper:	Letter of Representation
Author:	Kevin Kent, Associate Director of Finance
Executive Director:	Nick Brown, Chief Finance and Resources Officer

Purpose of paper

Purpose:	Noting
Submission to Board:	Regulatory requirement

Overview of paper

This paper contains the letter of representation required as part of the completion process for the 2025/26 external audit.

Issues to bring to the Board's attention

There are no specific representations identified and no mention of any unadjusted misstatements as Grant Thornton currently have not identified any.

Governance

Implications/Impact:	Statutory requirement as part of the audit process for the annual report and accounts
Assurance:	Reasonable
Oversight:	Audit and Risk Committee

Version 2 - **Public**

NHS
Kent and Medway
Mental Health
NHS Trust

Priority House
Hermitage Lane
Maidstone
Kent
ME16 9PH

Website: www.kmpt.nhs.uk

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

9 June 2026

Dear Grant Thornton UK LLP

Kent and Medway Mental Health NHS Trust
Financial Statements for the year ended 31 March 2026

This representation letter is provided in connection with the audit of the financial statements of Kent and Medway Mental Health NHS Trust (the "Trust") for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the Trust financial statements give a true and fair view in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2025-26 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities, for the preparation of the Trust's financial statements in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2025-26 (the "GAM"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Trust and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the GAM and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the GAM and adequately disclosed in the financial statements.

vi. In calculating the amount of income to be recognised in the financial statements from other NHS organisations we have applied judgement, where appropriate, to reflect the appropriate amount of income expected to be derived by the Trust in accordance with International Financial Reporting Standards and the GAM. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with International Financial Reporting Standards and the GAM and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

vii. We acknowledge our responsibility to participate in the Department of Health and Social Care's agreement of balances exercise and have followed the requisite guidance and directions to do so. We are satisfied that the balances calculated for the Trust ensure the financial statements and consolidation schedules are free from material misstatement, including the impact of any disagreements.

viii. Except as disclosed in the financial statements:
   a. there are no unrecorded liabilities, actual or contingent;
   b. none of the assets of the Trust has been assigned, pledged or mortgaged; and
   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the GAM.

x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the GAM require adjustment or disclosure have been adjusted or disclosed.

xi. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment. We continue to believe that the Trust's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

   a. the nature of the Trust means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;

b. the financial reporting framework permits the Trust to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Trust's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Trust's ability to continue as a going concern need to be made in the financial statements.

Information Provided

i. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Trust's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.

ii. We have communicated to you all deficiencies in internal control of which management is aware.

iii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

iv. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

v. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

vi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

vii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

viii. We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which we are aware.

ix. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

x. We are satisfied that the Annual Governance Statement fairly reflects the Trust's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the Annual Governance Statement.

Annual Report

xi. The disclosures within the Annual Report fairly reflect our understanding of the Trust's financial and operating performance over the period covered by the Trust's financial statements.

Approval

The approval of this letter of representation was minuted by the Trust's **Audit and Risk Committee** at its meeting on **9 June 2026**.

Yours faithfully

Name……

Position……

Date……

Name……

Position……

Date……

Signed on behalf of the Trust

Trust Board meeting

Kent and Medway Mental Health NHS Trust

Meeting details

Date of meeting:	18th June 2026
Title of paper:	Audit and Risk Committee Annual Report to Board
Author:	Daryl Judges, Deputy Trust Secretary
Executive Director:	Julie Kirby, Acting Chief Nurse

Purpose of paper

Purpose:	Noting
Submission to Board:	Regulatory Requirement

Overview of paper

The enclosed report details the work of the Audit and Risk Committee, to support the approval of the Annual Report and Accounts for 2025/26.

Issues to bring to the Board's attention

The enclosed report outlines the assurances which have been received by the Committee during 2025/26; the compliance with the Terms of Reference, in accordance with the workplan; and the key areas of focus for the Committee during 2025/26 through a programme of 'deep dives' in response to emerging risks and "Limited Assurance" Internal Audit reviews.

The Committee confirmed the assurances provided within the report, on the 9th June 2026, to support the approval of the Annual Report and Accounts for 2025/26, by the Trust Board.

It is the recommendation of the Committee recommended that the Annual Report and Accounts for 2025/26 for approval, and adoption, by the Trust Board.

Governance

Implications/Impact:	Risk of regulatory breach if Annual Report and Accounts are not approved
Assurance:	Reasonable
Oversight:	Audit and Risk Committee

Version 2 - **Public**

1 PERIOD COVERED BY THIS REPORT

This report covers the work of the Audit and Risk Committee (the Board of Directors' primary governance committee) for the financial year 1 April 2025 to 31 March 2026.

2 INTRODUCTION

The Audit and Risk Committee ("The Committee") provides an independent and objective review of internal controls. It seeks high-level assurance on the effectiveness of the Trust's governance; risk management; and systems of internal control. It reports to the Board of Directors on its level of assurance. The work of the Committee in relation to the assurances received can be found in Appendix 1.

3 TERMS OF REFERENCE FOR THE COMMITTEE

In September 2025, the Committee reviewed its Terms of Reference (ToR) and made a number of minor amendments, including the introduction of a materiality clause for further amendments and the addition of the Chief Nurse as a regular attendee. These amendments to the ToR were agreed at the 2nd September 2025 Committee meeting and ratified by the Board at its meeting held on 25th September 2025.

The Committee also carried out a review of its effectiveness in July and August 2025 when members completed the HFMA Committee effectiveness questionnaire. It was concluded that there was a high level of effectiveness of the Committee and that there were no areas of concern which it needed to bring to the attention of the Board; however, there would be a continued focus on continuous improvement, to respond to emerging requirements.

The Committee Chair and Trust Secretary completed the HFMA self-assessment checklists as part of the Committee effectiveness review, and it was determined that the Committee was compliant with across all domains.

4 MEETINGS OF THE COMMITTEE, MEMBERSHIP OF THE COMMITTEE AND ATTENDANCE AT MEETINGS

In 2025/26 the Committee met formally on five occasions. All Committee meetings were held virtually. Membership of the Committee was made up by four NEDs. The table below shows the meeting dates and attendance for members of the Committee for the period 1 April 2025 to 31 March 2026.

During 2025/26 meetings of the Committee were regularly attended by the Chief Finance and Risk Officer, the Chief Nurse and the Trust Secretary. Internal audit and counter fraud representation was provided by Tiaa Ltd. External audit representation was provided by the audit team from Grant Thornton UK LLP.

Invitations were extended to members of the executive team and senior managers who attended specific meetings to present papers and provide assurance, as required.

Attendance at Audit Committee meetings 2025/26

Name	19/05/25	03/06/25	02/09/25	02/12/25	10/03/26
Substantive Non-executive Director members					
Peter Conway (Chair of the Committee)	✓	✓	✓	✓	✓
Stephen Waring (Non-Executive director)	✓	✓	✓	✓	✓
Kim Lowe (Non-Executive director)	✓	✓	✓	-	✓
Julius Christmas (Non-Executive Director)	✓	✓	-	✓	✓

✓ Shows attendance

\- Indicates those members who sent apologies during 2025/26

6 REPORTS MADE TO THE BOARD OF DIRECTORS

The Chair of the Committee provides an assurance and escalation report regarding the most recent meeting of the Committee to the next available Public Board meeting.

The below table outlines the dates that the assurance and escalation reports were presented by the Chair of the Committee to the Board meetings.

Date of meeting	Assurance and escalation report to Board by Chair
19th May 2025	29th May 2025
3rd June 2025	12th June 2025
2nd September 2025	25th September 2025
2nd December 2025	29th January 2026
10th March 2026	26th March 2026

The Committee's Annual Report will be received and considered by the Board as one method of providing assurance as to how the Committee have held the Executive Directors to account for the performance of the Board. It also provides the Board with an outline of the work carried out by the external auditors (whom they appoint).

7 THE WORK OF THE COMMITTEE DURING 2025/26

For 2025/26 the Chair and members of the Audit Committee confirm that the Committee has fulfilled its role as the primary governance and assurance committee in accordance with its Terms of Reference, which are available within the reading room on diligent, for information.

In 2025/26 the Committee approved the work plans for both the internal and external auditors and the anti-crime service. It received and reviewed both regular progress reports and concluding annual reports for the work of internal and external audit and the anti-crime team. This allowed the Committee to determine its level of assurance in respect of progress with various pieces of work and the findings. These reports have also provided assurance on the Trust's internal controls.

Risk Management:

- The Committee noted improvements in the risk management systems and processes throughout 2025/26; however, identified several areas for improvement, which included the need for a redesign of the Board Assurance Framework (BAF) to enhance accessibility; additional explanatory narrative for overdue actions; and a revised approach to risk formulation.
- The Committee received the findings of the review of the Risk and Governance Function within the Corporate Nursing Team and supported the proposed next steps, to increase efficiency and enhance clinical engagement.
- The Committee commissioned risk 'deep dives' on the following topics:
  - Cyber Security
  - Efficient and effective clinical pathways (Digital Opportunities at KMMH)
  - Risk Strategy and Risk Policies Review
  - NELFT Risk Register for CAHMS and the KMMH Risk Register for the CAMHS on-boarding project
- The Committee continued an enhance focus on digital risks and innovation throughout 2025/26, which included the Trust's approach to the utilisation of Artificial Intelligence to support productivity and efficiency whilst minimising the associated risks, and several 'deep dives' focus on specific aspects of the Trust's Cyber Security arrangements.

Policies and procedures:

- The Committee sought assurance during 2025/26 on the adequacy of effectiveness of the following policies:
  - Conflicts of Interest Policy and Procedures
  - Fit and Proper Persons Policy and Procedures
- The Committee received assurance around the adequacy of the Policy Process in meeting Legal and Regulatory requirements, and agreed that future iterations of the report should include benchmarking data against comparable organisations, to provide context in relation to the Trust's position.

Annual Report and Accounts for 2025/26:

- The Annual Report and Accounts for 2025/26 were reviewed are scheduled to presented to the Board for adoption in June 2026.
- The Annual Accounts, were developed in accordance with the Department of Health and Social Care Group Accounting Manual for 2025/26 and the findings from the audit of the annual accounts discussed. The recommendations from the report were noted and there were no significant outstanding issues to bring to the Committee's attention. The Committee was assured by the external audit team that the annual report met the requirements of the guidance issued and that there were no inconsistencies found in the information provided in the annual report.
- The Head of Internal Audit Opinion and the Annual Governance Statement were reviewed and found to be consistent.
- The Annual Governance Statement for 2025/26 underwent significant scrutiny to ensure that the initial findings of the Care Quality Commission (CQC) Well-Led review and CQC Section 29A Warning Notice were adequately reflected, as well as the additional improvements which were identified though the independent reviews the Trust had commissioned. The Committee acknowledged that the Annual Governance Statement provided a transparent view of enhancements required to the Trust's internal control environment and risk management practices. It agreed

that the statement should be incorporated in the Annual Report 2025/26 for ratification by the Board.

8 Conclusion

The Committee preserved its independence from operational management by not having executive membership (although executive directors support the Committee by providing information and context only).

It added value by maintaining an open and professional relationship with internal and external audit and counter-fraud. It carried out its work diligently, discussed issues openly and robustly, and kept the Board informed of any possible issues or risks. The Committee fulfilled its work programme for 2025/26 and provided assurances to the Board for any issues referred to it. It took assurances from the internal and external auditors on key matters.

The Chair of the Audit Committee considers that the Committee has fulfilled its role and provided assurance to the Board on the adequacy and effective operation of the organisation’s internal control systems.

Appendix 1 – Work of the Committee in 2025/26

Reporting Domain	Frequency	Assurances provided / areas covered
Senior Information Risk Owner (SIRO) Report	Annually (Year-end)	• The Trust achieved a "standards met" position across all Data Security and Protection Toolkit domains
Compliance Reporting	Bi-Annually	• The Trust wide Health, Safety and Risk Annual Review 2026 highlighted that all "gaps in assurance" had been addressed, with an action plan in place to address any "limited assurance" • The Trust has remained compliant with statutory fire safety requirements, with 100% completion of planned Fire Risk Assessments and continued compliance with the Regulatory Reform (Fire Safety) Order. • The Emergency Planning, Resilience and Response (EPRR) Annual Report highlighted that the Trust was 'Fully compliant' with 58 of the 58 core standards.
Board Assurance Framework (BAF)	Every Meeting	• Regular feedback was provided for areas of enhancement, which included the need for a redesign of the BAF to enhance accessibility; additional explanatory narrative for overdue actions; and a revised approach to risk formulation
Internal Audit	Every Meeting	• The workplan for 2025/26 was approved in March 2025; which was informed by suggestions from other Board sub-committees • 'Deep Dives' were commissioned into any 'Limited Assurance' Internal Audit reviews • The Internal Audit Annual Report concluded that the Trust had "reasonable and effective risk management, control and governance processes in place
Anti-Crime	Every Meeting	• The workplan for 2025/26 was approved in March 2025 • An overall rating of "Green" was achieved for Counter Fraud Functional Standard Return (CFFSR) for 2025/26
Action Tracking	Every Meeting	• Progress against Internal Audit recommendations were monitored via the Internal Audit Progress report • An 'actions log' was used to monitored progress against previous decisions
External Audit	Every Meeting	• The workplan for 2025/26 was approved in March 2025 • The external audit findings report for 2024/25 and the external audit letter for 2024/25 concluded that the Trust's financial statements give a true and fair view. The conclusion for 2025/26 will be considered at the Committee's meeting in June 2026. • Details of the significant audit risks for 2025/26 were reported.
Gifts and Hospitality Register	Bi-Annually	• All declarations had been made in compliance with the Trust's Policy with assurance provided that gifts were declined in accordance with the Trust's Policy. • The Trust's Gift and Hospitality declaration thresholds were duly amended from £25 to £50 to reflect the national position.
Tender and Quotation exceptions	Every Meeting	• Assurance was received on the reasons for the Tender and Quotation procedures being waived

Title of Meeting	**Board of Directors (Public)**
Meeting Date	18th June 2026
Title	Audit and Risk Committee Chair's report
Author	Kevin Corrigan, Non-Executive Director
Presenter	Kevin Corrigan, Non-Executive Director
Executive Director Sponsor	N/A
Purpose	Noting

Agenda Items

Finance and Regulatory items
• Annual Report and Accounts • External Auditor's Report • External Auditor's Annual Audit Letter • SIRO Annual Report • Freedom to Speak Up Assurance • Annual Internal Audit Report and Opinion • Annual Counter Fraud Report and Opinion • Board Assurance Framework • Trust Risk Register • Director of Finance Items • Audit and Risk Committee Annual Report to Board

Agenda Items by exception	Assurance narrative by exception. Key items to be raised to the Board.	None Limited Reasonable Substantial	Actions, mitigations and owners Refer to another committee.
Financial Reporting - Annual Report and Accounts for y/e 31.03.2026	<u>Annual Accounts</u> A clean set of Accounts produced by the Finance Team. Unqualified audit opinion received from Grant Thornton (GT) with two minor control issues noted as part of the findings. No significant weaknesses were identified as part of the Value for Money arrangements. ARC recommends that the Board approves the Annual Accounts <u>Annual Report</u> Annual Governance Statement - not audited by GT but they are required to comment if the Statement does not meet requirements or if anything is ‘’materially inconsistent with the information in the audited financial statements’’. No comments made. Remuneration and Staff Reports - part audited by GT. Clean opinion provided. ARC recommends that the Board approves these reports Annual Report - not audited by GT but they are required to comment if ‘’the information is materially inconsistent with the information in the audited financial statements or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Trust’’. ARC recommends the Annual Report to the Board for approval.	Substantial Substantial	
Board Assurance Framework	The Board Assurance Framework (BAF) was brought to the committee for approval. Approved as an interim position. Committee acknowledged limited risk movement and challenged clarity of controls and	Limited	

	assurance, pending redevelopment aligned to the new Trust strategy.		
Trust Risk Register	Trust Risk Register was reviewed and noted. Committee highlighted the need for clearer evidence that controls are reducing likelihood and/or impact for high-scoring risks.	Limited	
Internal Controls – 3rd party	<u>Internal Audit Annual Report 2025/26</u> Received and noted. Overall Head of Internal Audit opinion of *Reasonable Assurance* confirmed effective governance, risk management and control arrangements. <u>Anti-Crime Annual Report 2024/25</u> Overall green assessment with one amber area relating to the evolving fraud risk assessment methodology.	Reasonable Reasonable	
Internal Controls - Trust	<u>Freedom to Speak Up Assurance</u> Committee welcomed increased reporting as evidence of a strengthening speak-up culture and received assurance on revised escalation pathways. <u>Annual Review of the Board Assurance Framework Process</u> Committee supported the planned transition to a revised, strategy-aligned BAF with clearer articulation of causes, controls and assurance	Reasonable Limited	

	<u>Audit and Risk Committee Annual Report to Board</u> Committee endorsed the report, and supported the recommendation for Board's approval of the annual report and accounts. <u>SIRO Annual Report</u> Reviewed and discussed. Committee received assurance that information governance arrangements remain effective, with incidents largely attributable to human factors rather than systemic control failure.	Reasonable Reasonable	
Cyber Security	The Committee agreed that cyber risk likelihood remains inherently high and that assurance should focus on consequence mitigation and recovery. A control gap was identified which will be subject to a deep dive report.	Reasonable	A cyber security deep-dive to be received, including third-party and supplier resilience assurance.