

East Kent Hospitals Update for Health Overview and Scrutiny Committee
Financial Performance Update: January 2025

1. Purpose

1.1 To provide an update to HOSC on the Trust's current financial performance, planning for 2025 to 2026 and medium term financial planning.

2. Background

- 2.1. East Kent Hospitals University NHS Foundation Trust (EKHUFT) has five hospitals: three Acute Hospital sites (William Harvey, Ashford; Queen Elizabeth The Queen Mother, Margate; Kent and Canterbury, Canterbury), two Community Hospitals (Buckland Hospital, Dover; Royal Victoria, Folkestone), and a number of community clinics including an Outpatient diagnostic centre (Estuary View, Whitstable).
- 2.1. The Trust receives the majority of its funding to provide patient care from its commissioners NHS Kent and Medway and for some specialist services from NHS England. This is separate from capital funding which is required for managing the trust's estate.
- 2.2. As reported to HOSC in February 2024, the Trust has historically struggled to meet its end of year financial targets. This is not acceptable for our patients, staff or the public. The Board remains focussed on stabilising the organisation's finances, embedding best practice in financial management and having sustainable cost improvement plans which also improve patient care and experience.
- 2.3. Between November 2023 and 2023 the Trust was supported by an experienced Interim Chief Finance Officer and a package of support funded by NHS England. In October 2024 the Trust appointed a new, permanent Chief Finance Officer, Angela van der Lem.

3. Financial performance in 2024/25

- 3.1. The 2023-24 financial year ended with a Trust deficit of £117.4m, as was anticipated at the time of the last Committee hearing. For 2024-25, a target was set for a planned deficit reduction by £32m year on year, to a figure of £85.8m. Within this plan sits a Cost Improvement Programme (CIP) target of £49m to be achieved in year.
- 3.2. On CIP, in the Year to Date at Month 9, the Trust had delivered £35.1m against a plan of £34.9m, with the Trust currently on plan to deliver just under the full year

target of £49m i.e £48.6m forecast. Risks to the plan include operational pressures, surge demand and impact on elective (i.e. planned) work, which are being closely managed.

- 3.3. On the wider financial position, the Trust expects to deliver the planned deficit of £85.8m. Until Month 8 of the financial year, the Year to Date position had hit the monthly planned deficit figures. In Month 9, there was an overspend by £2.1m against the planned deficit figure. However, the profile of the plan in the final four months of the year and Trust's reducing run rate suggest that the Trust will recover this overspend and still meet the plan for the full year, albeit with a need to proactively manage in year risks.
- 3.4. The last year has seen improvements in a range of performance measures which are positive for patient care and experience. The number of people waiting 78 weeks significantly reduced from a high of 752 in January 2024 to just 7 at the end of December 2024. Consistent reductions have been achieved in the number of patients waiting 65 weeks or over since January 2024, with a reduction of over 2,300 patients in this position. The number of patients waiting 6 weeks or more for a diagnostic test have reduced significantly, increasing performance to 81% being seen within 6 weeks, which is the Trust's best performance in 4 years. The backlog of Endoscopy waiters for routine and surveillance procedures has reduced by just over 9,000 patients since December 2023 to 373 at the time of writing.
- 3.5. The reduction in planned spending in 2024-25 compared to 2023-24 alongside the positive movements in performance suggest that the Trust is starting to achieve productivity gains, in reducing expenditure while raising performance, reducing waiting lists and patient experience, i.e. better financial management without detriment to care provided. For example, making sure our theatres are used effectively so we can operate on more patients and patients are not staying in hospital when they no longer need to be there, which also reduces a patient's risk of becoming less mobile or acquiring infection.
- 3.6. There is still, however, significant further progress needed in performance on a range of fronts which the Trust's patients should expect it to meet most notably the Cancer Faster Diagnostic Standard and 12hr waits for our patients in our A&E. Improvements have been made across both these indicators but with more to do. National elective reform guidance published in January captures the national position, such that 6.3m patients are waiting for circa 7.5m appointments, procedures or operations, and two fifths of them waiting more than 18 weeks. Intensive work will be needed across all Trusts in the coming four years to meet the Government's expectations set out in the guidance. East Kent's starting point means it will need to work hard to continue to achieve the progress we have started to see over the past 12 months and ensure the recent gains are sustained and built upon.
- 3.7. On staffing, the Chief Nurse carried out a review of Safer Staffing in line with national guidance and the conclusions of this review for the Trust have been approved at Board level in December. This review is supporting recruitment of required substantive staffing roles, which will both support staff, and enable better, more sustainable patient care with greater continuity of care, and better financial management in mitigating risks of use of (higher cost) temporary staffing.



Recruitment is now in train in follow up to this. Further work is needed on staffing establishment on the medical side to support the same objectives.

- 3.8. Key risks for the Trust at this point in the financial year are (as for all Trusts) whether the impact of a harder winter than planned for has an impact on elective care – in the year to date this has been managed, with an intensive focus on performance to support all patients. There is a strong need for the Trust to continue to work ever more closely and collaboratively with partners (the ICB, other neighbouring Trusts, Primary Care, Community and Mental health, and Social Care) across the Kent region in driving up performance and standards for patients living in Kent.

4. Planning for 2025/26

- 4.1. At the time of writing the Trust is awaiting the publication of the national guidance on financial planning for the next financial year. Tackling our financial performance, reducing our deficit and increasing cost savings whilst improving the services the Trust provides to its patients and their experience of care, are key priorities for the Board. The Trust is digesting the Reforming elective care for patients document which was released in January and establishes the direction of expectations for patient care improvements which the Trust will be planning to deliver.
- 4.2. The Trust wide Cost Improvement Programme (CIP) is an annual process for identifying potential cost efficiency projects across all services. In year and in planning for next year the Trust in year has developed its CIP schemes in line with a nationally supported methodology. Staff engagement is integral to this work. In 2025-26 we will be targeting a minimum of a further £49m of CIP savings, building on progress made in 2024-25, subject to best practice. This will be challenging to achieve but the infrastructure for planning is already in place and, on an in year planned deficit of £85.8m, this is essential for the Trust to target, with continued focus on driving better productivity in support of better patient care. Cost improvement projects will be signed off before the end of this financial year to enable full delivery in 2025-26, and undergo quality impact assessments to safeguard patient care and outcomes. The CIP will be a key part of how the Trust will tackle a substantial further year on year reduction in its financial deficit in 2025-26.
- 4.3. A continued area of focus for grip and control and CIP planning will be workforce expenditure and in particular medical agency spending. While agency spending has been reducing in several areas of workforce in the current financial year, there is more opportunity to bear down on this spending in medical. We are continuing to review how we are using our workforce to ensure that staff are in the right place and we are not using high-cost agency staff unless necessary.
- 4.4. There is also a need for continued focus on length of stay. We still have too many patients remaining in hospital who no longer need acute hospital care which is not good for patients and has a significant financial impact as we need to staff escalation areas and it limits our ability to create “flow” through the hospital. This requires continued collaboration with our partners within the Kent and Medway Integrated Care System to improve patient care and ensure patients are supported in the most appropriate care settings for their needs. We need to ensure that



patients are being cared for in the right setting, which means doing everything we can to stop patients from being delayed in leaving hospital but also by working with our partners to increase options for out of hospital care.

5. Medium term financial planning

- 5.1. The Trust is developing a Financial Sustainability Plan for the coming years with a view to returning the Trust to a balanced financial position while continuing to improve patient care. We acknowledge that the forecast deficit figure is not acceptable and there remains much more the Trust needs to do to close this to balance alongside achieving its primary focus in providing the best care for our patients.
- 5.2. The initial work on this plan is being discussed with the Integrated Care Board before further discussion with the national team. It involves consideration of a range of issues, many which will be aided by the national guidance on planning for 25-26 and performance expectations for future years. Several factors have together driven the current deficit and represent risks which need to be factored into our medium term planning to maximise outcomes and value for patients with the funding made available to the Trust.
- 5.3. In terms of demand for care, East Kent is one of the largest Trusts in England. The Trust's local demography, including coastal communities, drives a greater level of demand than average. The share of the population aged over 75 is expected to rise more steeply than the national average over the next 20 years. There are deprivational pressures facing some of our patient population, and a local health economy impacted by health disparities across its communities. The geography of East Kent also means there is more difficulty sourcing and securing skilled and experienced health and care workers than Trusts which border multiple other areas.
- 5.4. On the supply side, reliance on temporary staffing increased during the pandemic and workforce expenditure has been a key driver of increased spending. The Trust will need to contain pressures and draw on best practice elsewhere to maximise patient outcomes within the available future funding. Looking ahead, there will be additional pressures in terms of inflation affecting non-pay items, with changing case mix and more complicated cases adding to demand and thereby cost pressure. Across its five key sites, 80% of the Trust's estate was built between 1937 and 1980. Whilst EKHUFT has invested significantly in its infrastructure in recent years, there remain financial pressure through significant maintenance costs.
- 5.5. Planning for a medium term to return to balance involves work on a range of factors including:
 - anticipating the expected volumes of patient care demands in different medical specialties and future trend needs of patients, to ensure there is the right capacity to deliver high quality care where this is needed;
 - understanding the priority areas of patient care improvement expected of all NHS trusts (as per the national guidance issued);
 - working with other parts of the health and care system to address the findings of Lord Darzi's independent review of the NHS, which included the need for more



focus on prevention, increasing community provision and embracing digital technology;

- understanding the financial constraints which will be placed on all parts of the system, and what these mean for the Trust's ability to raise income from its activities for patients;
- fully exploiting all productivity opportunities which reduce spending while maintaining quality outcomes, building on the current CIP activity and learning from other Trusts to deploy best practice;
- developing our strategies for developing and improving our services: clinical, estates and digital, which in turn should all be enhancing the productivity of the Trust, and better serving its patients.

5.6. In addition to actions the Trust can implement itself to improve outcomes and value for money, the success of East Kent's medium term financial plan will be a product of working with others in the Integrated Care System to understand how different parts of the system can work better together across Primary Care, Social Care, Community Care, Mental Health and the Acute hospital trusts. This is to ensure East Kent patients are being supported and cared for in the best settings for their needs and avoiding any and all unnecessary hospital admissions.

6. Recommendation

It is recommended that the Committee consider and note the report.

