

HOSC Financial Briefing

October 2015

Facts & Figures

- Our total income this year will be £535m
- We spend £23.6m per month on salaries and wages for our own staff
- In July we spent £4.2m on agency, bank and overtime
- In the first 4 months of the year we spent £9.85m on agency staff (medical £5m, nursing £2.5m, Professions Allied to Medicine £1.6m)
- We spend £5m per month on drugs
- We spend £6m per month on clinical supplies and £3.5m on non-clinical supplies
- Our savings plan this year is £16m
- Our forecast is that we will spend £37m more this year than we receive in income
- After 4 months our deficit is £13.5m
- We will have no cash in the bank at the end of the year if we achieve the forecast position

What has Caused The Deficit?

Although the change in the Trust's financial position may seem sudden, the deterioration can be tracked over the last few years:

- The Trust has not achieved its target level of savings
- The Trust has invested significant capital in developing services
- More clinical posts have been approved to ensure that the Trust delivers safe staffing levels
- We have seen a significant rise in temporary staff costs.
- We have also had to fund many additional clinical sessions to keep up with demand and outsource work to the private sector to keep ahead of our waiting list targets.

Is it only East Kent in Trouble?

East Kent Hospitals University



NHS Foundation Trust

- No, the majority of hospital providers are facing similar pressures to us with some commentators suggesting that the provider sector is facing a £2 billion deficit this year.
- However, at East Kent we do have some more local issues:
- Operating from 3 small general hospitals means particular issues running medical staff rotas
- Our multi site structure means that we don't benefit from the efficiencies that would come with scale
- We have a lot of poor accommodation and infrastructure and ageing equipment
- The financial issues impact on the development of the clinical strategy options
- There have been many changes at senior management level

Q&A

Q. Has anything been done immediately to control costs? There is a full range of savings plans each with a lead Executive Director and supported by a number of project staff. Immediate steps taken include:

- Stop buying office furniture and equipment
- Stop providing hospitality in most circumstances
- Chief Nurse to approve all non ward based nursing appointments
- Divisional Directors to approve any use of 'off framework' agency usage
- Ensure all orders for goods and services go through a competitive process
- Established a Programme Office to oversee all savings plans
- Set up a workforce group to review all staffing issues
- Introduced a Financial Recovery Group chaired by the CEO
- Held CEO Forums and a Finance Summit

Q&A

- Review of all clinical and corporate budgets
- Review all third party service agreements
- Introduce weekly cash flow forecasts
- Ensure pharmacy controls in place
- Making sure that the new Dover Hospital is being used fully
- Put in place taxis and transport cost controls
- Bring in expertise on medical staff job planning and rotas
- Re-establish the theatre productivity group
- Review all the Trust's financial controls
- Undertake a review of the HR Department
- Bring in expertise to help the Trust look at how productive it is compared to other hospitals

Q&A

Q. Will this mean less money for accommodation, IT and equipment?

In order to ensure that we are able to pay salaries at the end of the year it has been necessary to look very carefully at what we spend on these areas and the capital budget has been reduced by £5m. We will still be spending over £12m on facilities, IT and medical equipment, but have to stop buying office furniture

Q. Is it true that the Trust is having to sell its sites? To generate cash we are disposing of a number of pieces of land and residential properties that are not required for healthcare services.

Q. Will this mean we stop providing some services? We will examine in detail all the services we provide to ensure they are efficient, effective and safe. We have no plans in the short term for stopping any of our services.

Q&A

- Q. What are we doing to reduce the need to employ expensive agency staff?** We have set up a Reduction in Agency Spend Programme that is working to actively recruit permanent staff faster, retain existing staff, ensure best value, whilst ensuring that patient care is not affected.
- Q. How will we solve the problems with A and E times?** There are a number of things we are doing. By working with our partners to signpost patients to the most appropriate source of care we can focus on those patients who most need our help. Through collaboration with partners we can improve the through flow of patients to a safe discharge, which will reduce waiting times for admissions and finally by recruiting and retaining staff in A and E we will be able to maintain staffing levels.

Q&A

Q. What is the £16m savings plan? The main elements of the plan include the categories identified below but we must seek to identify further opportunities:

- Procurement (non-pay) savings £2m
- Agency spend savings £3m
- Theatre efficiencies £1m
- Drugs savings £0.7m
- Third party agreements £0.6m
- Energy, estates, facilities management £1.2m
- IT savings £0.7m
- Clinical Divisions schemes £2.7m
- Budget review £1m
- Other schemes £3,1m

What Does Monitor East Kent Hospitals University NHS Foundation Trust Want Us To Do?

- We have to submit a detailed A&E improvement plan by 31 August 2015
- We have to develop and submit a long term strategy for financial and clinical sustainability by 31 Dec 2015
- We have to submit a short term financial recovery plan for 2015/16 by 30 Sept 2015
- We have to submit detailed demand and capacity models by 31 Oct 2015
- We have to submit detailed operational and strategic workforce plans by 31 Oct 2015
- We have to submit a detailed Financial Governance Plan by 30 Sept 2015

What Does Monitor Want Us To Do?

East Kent Hospitals University
NHS Foundation Trust



- The CEO has to submit an assessment of the Trust's management arrangements by 30 Sept 2015
- If requested by Monitor, we may need to have an external review of the Trust's plans
- We have to appoint a Turnaround Director to help us deliver financial improvement by 30 Sept 15



Putting patients first