

## Item 6: East Kent Hospitals financial performance

By: Kay Goldsmith, Scrutiny Research Officer

To: Health Overview and Scrutiny Committee, 29 February 2024

Subject: East Kent Hospitals financial performance

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Summary: This report invites the Health Overview and Scrutiny Committee to consider the information provided by East Kent Hospitals University NHS Foundation Trust (EKHUFT).

It provides background information which may prove useful to Members.

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### 1) Introduction

- a. HOSC has a remit to scrutinise the planning, provision and operation of health services in Kent – this may include scrutinising the finances of local health services. Representatives from East Kent Hospitals University NHS Foundation Trust (EKHUFT) have been invited to attend today's meeting to answer questions about the financial position of the Trust.

### 2) Background

- a. At its meeting on 7 November 2023, the Kent and Medway Integrated Care Board ('ICB') received an update on the local NHS system's financial position. The update reported an adverse achievement of Year to Date (YTD) efficiency savings along with an increased deficit (£75.1m) compared to budget (£35.3m). A key risk was identified as the deficit increase at East Kent Hospitals University NHS Foundation Trust (EKHUFT).
- b. At the end of month 5, the Trust were reporting an outturn deficit of £120m if no corrective action was taken. £7m savings had been made against the total £40m set out in the Cost Improvement Programme (CIP).
- c. On 6 November 2023, Tim Glenn was seconded to the Trust as the Chief Finance Officer on a one-year secondment from Royal Papworth Hospital NHS Foundation Trust where he was Chief Finance Officer and Deputy Chief Executive.

### 3) A (very) brief overview of NHS finances

- a. NHS providers such as EKHUFT receive revenue income from several sources, including (but not limited to) contractual income from the Integrated Care Board for commissioned services; grant funding; NHS England; and charges such as car parking and catering. Foundation Trusts also have the power to enter into commercial ventures such as providing support services through subsidiary companies.

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- b. Capital expenditure is funded through the sale of assets, DHSC financing, leases and donations/ grants. [capital funding will not be featured in the Trust's report]
- c. An NHS foundation trust's chief executive is their accounting officer. This statutory role is accountable to Parliament.
- d. All NHS organisations must produce an annual budget, setting out the expected income and expenditure of their planned activities. Foundation trusts do not have a specific statutory duty to break even (i.e., to not spend more than they receive) but they must remain solvent.
- e. Integrated Care Boards (ICBs) are statutory bodies that are responsible to NHS England. As well as developing a plan to meet the needs of the local population, ICBs are responsible for allocating resources to deliver those plans. They do that by commissioning services from providers and paying them for that work.

### 4) Possible lines of inquiry

- a. Members may wish to explore the following areas during their scrutiny:
  - i. What areas are driving the overspend?
  - ii. What action is being taken to reduce the deficit and achieve savings?
  - iii. How will service delivery be affected? Are efficiency savings across all areas of service delivery or specific areas? How are these efficiency savings monitored for progress?
  - iv. What happens if the Trust does end the year with a substantial deficit?
  - v. How is the Trust working with the ICB and other local partners to improve its finances?

### 5) Recommendation

- a. RECOMMENDED that the Committee consider and note the report.

## Background Documents

NHS Kent and Medway Board (2023) '*Finance update November 2023 item 13 (7/11/23)*'

[https://www.kentandmedway.icb.nhs.uk/application/files/8616/9901/8718/Agenda\\_and\\_papers\\_for\\_ICB\\_Board\\_-\\_7\\_November.pdf](https://www.kentandmedway.icb.nhs.uk/application/files/8616/9901/8718/Agenda_and_papers_for_ICB_Board_-_7_November.pdf)

Healthcare Financial Management Association (HFMA) (2023) [HFMA introductory guide to NHS finance October 2023.pdf](#)

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