

Item: East Kent Hospitals financial performance

By: Kay Goldsmith, Scrutiny Research Officer

To: Health Overview and Scrutiny Committee, 28 January 2025

Subject: East Kent Hospitals financial performance

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

1) Introduction and Background

- 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 provide an update on the financial position of the Trust.
- b) In November 2023, NHS Kent and Medway (the 'ICB') identified a key risk as the deficit increase at East Kent Hospitals University NHS Foundation Trust (EKHUFT).
- c) A report was presented to HOSC on 29 February 2024. The Chief Finance Officer (Tim Glenn, seconded to the Trust as the Chief Finance Officer on a one-year secondment from Royal Papworth Hospital NHS Foundation Trust) set out the context and reasons behind the overspend.
- d) The Trust's original financial plan for 2023/24 was to deliver a £72m deficit. A revised forecast year end deficit of £117.4m was agreed at the February Board meeting. Cost improvements of £49m had been identified for 24/25.
- e) The Committee were informed that a safer staffing review was underway and staff forums were discussing how care could be delivered in a more effective and efficient way. A three phase project was to be undertaken over 12 months to manage the deficit and return the Trust to pre-pandemic levels of productivity. There would be a three to five year programme to return the Trust to a break-even position.
- f) The Trust has been invited back to HOSC to provide an update on its financial position.

2) 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.

3) Recommendation

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

Background Documents

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

Kent County Council (2024), Health Overview and Scrutiny Committee (29/02/24) <https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=112&MId=9320&Ver=4>

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