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Health and Adult Social Care Overview and Scrutiny Committee

12 March 2026

Establishing a Group between Medway NHS Foundation Trust and Dartford and Gravesham NHS Trust

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Summary

The purpose of this report is to update the Committee on the next steps with the development of the Group between Medway NHS Foundation Trust and Dartford and Gravesham NHS Trust, and leadership arrangements for Medway NHS Foundation Trust.

1. Recommendations

1.1. The Committee is asked to note the update.

2. Budget and policy framework

2.1. Under the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 the Council may review and scrutinise any matter relating to the planning, provision and operation of the health service in Medway. In carrying out health scrutiny a local authority must invite interested parties to comment and take account of any relevant information available to it, and in particular, relevant information provided to it by a local Healthwatch. The Council has delegated responsibility for discharging this function to this Committee and to the Children and Young People's Overview and Scrutiny Committee as set out in the Council's Constitution.

3. Background

3.1. Medway NHS Foundation Trust and Dartford and Gravesham NHS Trust are in the early stages of developing a Group to help strengthen services for patients and improve long-term sustainability.

3.2. The neighbouring acute trusts deliver a comprehensive range of emergency, elective and specialist services to diverse communities across North Kent and Medway. Together, they serve a combined population of approximately 800,000 people, employ around 10,500 staff and operate with a collective budget of just over £1 billion.

4. Independent review and case for change

4.1. Last year, NHS Kent and Medway commissioned an independent review to assess the potential benefits of closer collaboration between the two trusts. The review examined opportunities to improve quality of care, patient outcomes, operational performance and system-wide efficiency.

4.2. The findings identified clear potential to:

- improve the quality and consistency of care
- enhance patient outcomes
- strengthen operational efficiency and resilience
- expand staff development and leadership opportunities
- accelerate performance improvement across both organisations.

4.3. The review assessed three organisational options:

1. continuing with the current arrangements
2. establishing a formal Group
3. merging into a single new organisation.

4.4. It concluded that establishing a governance-backed Group is the preferred option. This model, already widely adopted across NHS providers, enables trusts to work under a shared leadership team while remaining separate statutory bodies.

4.5. Greater collaboration between NHS organisations underpins delivery of the NHS 10-Year Health Plan for England, which aims to deliver better and more sustainable care through three transformational shifts – from hospital to community, from analogue to digital and from treatment to prevention.

5. Current context

5.1. Both trusts have strong clinical services and a history of constructive partnership working across areas such as Rheumatology, Urology, Ear Nose and Throat (ENT), Pathology, procurement and workforce initiatives. However, collaboration has often been informal and inconsistently governed, limiting its impact.

5.2. The trusts also face a shared set of pressures – rising demand, long waits, workforce challenges, digital fragmentation, limited capital and significant financial deficits – alongside Medway's ongoing cultural improvement work. The trusts are also increasingly interdependent in patient flows, workforce pools, supplier arrangements and clinical transformation priorities.

- 5.3. While both organisations have delivered improvements, the scale of challenge requires a more structural and coordinated approach than incremental change alone.
- 5.4. Working towards a more unified leadership and governance approach will, in time, help streamline processes, strengthen consistency and make better use of shared resources.
- 5.5. It will also enable the trusts to better learn from each other, build on what each do well, and drive innovation that improves patient care and strengthens services for the future.

6. Progress in Developing the Hospital Group

- 6.1. Boards of the trusts are in the early stages of developing the Group, which will, in due course, be led by a shared Board, Group Chair, and Group Chief Executive.
- 6.2. The establishment of the Group represents a significant strategic step for both organisations at a time when the NHS in Kent and Medway is undergoing substantial change, and considerable operational and financial pressures.
- 6.3. Despite delivering substantial savings programmes and maintaining strict controls on recruitment, temporary staffing and non-essential expenditure, the latest forecasts indicate that neither trust will meet its financial plan this year.
- 6.4. This position reflects the combined impact of rising costs, increased demand, workforce pressures, and changes to national and local funding arrangements. This is set against a wider system underlying shortfall of approximately £400 million.
- 6.5. This financial challenge must be addressed while also progressing the transformation of care models so that more care is delivered closer to home for patients, in line with the transformational shifts outlined in the NHS 10-Year Health Plan.
- 6.6. Given this context, it is essential that the trusts progress the development of the Group carefully and with appropriate support. The trusts must balance the need for sufficient leadership capacity to respond to immediate pressures – particularly improving patient care and reducing costs – while also laying the foundations required to secure the longer-term benefits of the Group.
- 6.7. Since confirming [intention to form the Group last November](#), and following discussion at this Committee's [November meeting](#), a central consideration has been ensuring that leadership capacity is sufficient both to manage the current operational challenges at both trusts and to support the Group's ongoing development.
- 6.8. As work has progressed, both Boards have kept leadership arrangements under close review. While the intention remains to appoint a Group Chair and Group Chief Executive, the scale of the operational and financial pressures

facing both organisations had led the Boards to agree that, at this stage, each trust should retain its own Chief Executive and Chair.

- 6.9. This approach will ensure that each trust has the dedicated leadership focus required to address immediate priorities, including reducing waiting times, improving outcomes, strengthening organisational culture, and stabilising finances.
- 6.10. To support the development of the Group, the Boards will establish a joint committee to consider the most appropriate approach, pace, and structure for the Group, supported by an experienced Programme Director.
- 6.11. As part of this programme, the trusts will continue to identify and progress areas of joint working where collaboration will strengthen service improvement, resilience, and outcomes for patients.

7. Leadership Arrangements

- 7.1. Jonathan Wade, Interim Chief Executive of Medway NHS Foundation Trust and Chief Executive of Dartford and Gravesham NHS Trust, will continue to lead both organisations until 31 March. After this date, he will focus fully on his substantive role as Chief Executive of Dartford and Gravesham NHS Trust.
- 7.2. Medway NHS Foundation Trust has commenced the process to appoint a substantive Chief Executive, with Siobhan Callanan continuing as Interim Deputy Chief Executive. The Trust is also progressing the appointment of substantive successors to the current interim Executive positions.
- 7.3. Jonathan Wade will oversee a smooth transition at Medway NHS Foundation Trust and will continue to work closely with colleagues, including the newly appointed Chief Executive, to maintain progress and support the development of the Group.

8. Next steps

- 8.1. Both Boards remain confident that establishing the Group is the right strategic direction, offering significant opportunities for innovation, improvement and long-term sustainability. The approach will enable the trusts to better address shared challenges more effectively, strengthen clinical services and deliver better outcomes for patients and staff.
- 8.2. Moving forward, under the leadership of the joint committee, the trusts will take a series of structured steps to establish the foundations of the Group, during which the timeline for the appointment of the Group Chief Executive and Group Chair will be kept under review.
- 8.3. Once appointed, a priority for the trusts will be the development of a Group operating model, setting out how decisions will be taken, how governance will operate, and how shared priorities will be agreed.

- 8.4. Alongside this, the trusts will design an organisational development programme to support a cohesive culture and ensure staff are engaged in shaping how the Group will work.
- 8.5. The trusts will also build on existing areas of collaboration, focusing initially on work that can deliver the greatest benefit for patients and staff, while beginning to harmonise support functions where appropriate.
- 8.6. The trusts will also develop core strategic frameworks for the Group, including a Group Clinical Strategy to identify opportunities for improvement and excellence, and a Group Strategic Financial Framework to set out the path toward long-term financial sustainability.

9. Governance and risk management

- 9.1. To ensure the anticipated benefits of the Group are identified, quantified, tracked, and delivered over a proposed three-year implementation period, an implementation plan will be developed that will define clear ownership, baselines, performance measures, and reporting structures.
- 9.2. This will focus on the following three key areas:
 - quality and clinical outcomes
 - workforce and culture
 - operational and financial performance.
- 9.3. The governance will be based on the following principles:
 - Clarity of accountability: Each Trust Board remains legally responsible for its organisation.
 - Shared leadership: A single Group Executive team provides operational and strategic alignment.
 - Transparency: Shared data, joint reporting, and aligned assurance.
 - Subsidiarity: Decisions made at the most local appropriate level.
- 9.4. The Group will operate within a robust risk management framework consistent with NHS England standards. Risks will be logged, scored, and monitored via a shared risk register with regular oversight by the Programme Board and both Trust Boards.

10. Consultation

- 10.1. The trusts are at the start of a long-term programme to establish the Group, and this work will be delivered in a phased and carefully managed way. Throughout the Group's development and the shaping of its priorities, the trusts remain committed to listening to staff, patients and partners, maintaining ongoing engagement with this Committee, and drawing on learning from elsewhere.

11. Climate change implications

- 11.1. The development of the Group is aligned to delivery of Net Zero and Greener NHS Framework which mandates carbon reduction through coordinated estate and procurement strategies.

12. Financial implications

- 12.1. Both trusts currently operate under deficit positions, with system control totals requiring substantial recovery plans.
- 12.2. A Group approach will, in time, support resource optimisation, cost avoidance, and reinvestment into frontline services.
- 12.3. Financial oversight will be managed through a Group Finance and Performance Committee reporting to both Trust Boards.
- 12.4. There are no direct financial implications for the Council arising from this report.

13. Legal implications

- 13.1. Each Trust will retain:
 - statutory accountability for CQC registration and compliance
 - independent external audit and annual report, and
 - separate Foundation Trust membership (for Medway NHS Foundation Trust).
- 13.2. The Group will operate under a Memorandum of Understanding, formalised via aligned Schemes of Reservation and Delegation (SoRD).
- 13.3. There are no direct legal implications for the Council arising from this report.

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Appendices

None.

Background papers

None.