

SOUTH TEES HEALTH SCRUTINY JOINT COMMITTEE

A meeting of the South Tees Health Scrutiny Joint Committee was held on 22 July 2011.

PRESENT: Middlesbrough Council:
Councillors Cole, Davison, Dryden and Lancaster.

Redcar and Cleveland Council:
Councillors I Jeffrey, Massey, Mrs Wall and Wilson.

OFFICERS: J Bennington and J Ord (Middlesbrough Council) and M. Ameen (Redcar & Cleveland Council).

****PRESENT BY INVITATION:** Simon Pleydell, Chief Executive, South Tees Hospitals NHS Foundation Trust.

APPOINTMENTS – CHAIR – VICE CHAIRS – SOUTH TEES HEALTH SCRUTINY JOINT COMMITTEE

In a report of the Scrutiny Support Officer details were given of a proposed protocol for the operation of the South Tees Health Scrutiny Joint Committee which suggested that the Chair of the Joint Committee rotates between Middlesbrough Council, and Redcar and Cleveland Council on a yearly basis. The appointment of two Vice-Chairs, one from each local authority was also proposed.

The suggested procedure for the appointment of Chair and Vice Chairs was agreed and nominations were sought accordingly.

AGREED as follows: -

1. That following nominations Councillor Dryden (Middlesbrough Council) be appointed as Chair of the South Tees Health Scrutiny Joint Committee for the Municipal Year 2011/2012.

N.B. Councillor Dryden took the Chair at this point of the meeting.

2. That following nominations Councillor Mrs Wall (Redcar and Cleveland Council) and Councillor Lancaster (Middlesbrough Council) be appointed as Vice-Chairs of the South Tees Health Scrutiny Joint Committee for the Municipal Year 2011/2012.

****AN APOLOGY FOR ABSENCE** was submitted on behalf of Councillor Halton (Redcar and Cleveland Council).

**** DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item / Nature of Interest
Councillor Mrs Wall	Personal/Non Prejudicial	Any matters arising relating to North East Ambulance Service NHS Trust - related to a number of employees.

SOUTH TEES HEALTH SCRUTINY JOINT COMMITTEE - PROTOCOL

The Scrutiny Support Officer submitted a report the purpose of which was to outline a draft protocol to govern the operation of the South Tees Health Scrutiny Joint Committee for 2011/2012.

Reference was made to a number of local health services, such as District General Hospital Services and Community Services that were provided on a 'south of Tees' basis. It was

considered prudent therefore to re-establish a joint health scrutiny committee between Middlesbrough and, Redcar and Cleveland Council to scrutinise health service provision and deal with any statutory consultations affecting only the two local authorities' populations.

Members commented on the references to Primary Care Trusts within the draft protocol and whilst such organisations were currently statutory bodies it was suggested that the emerging relevant NHS Health Reforms with particular regard to Clinical Commissioning Groups should be reflected in the protocol. Given such impending changes and in order to assist in determining the Joint Committee's future work programme Members suggested that arrangements be made for a Seminar focussing on the emerging NHS Health Reforms and local implications.

AGREED as follows:-

1. That the protocol for the operation of the South Tees Health Scrutiny Joint Committee as submitted be approved subject to the addition of references to the relevant emerging NHS Health Reforms.
2. That arrangements be made for a Seminar for the Joint Committee on the NHS Reforms and implications for local health scrutiny.

SOUTH TEES HOSPITALS NHS FOUNDATION TRUST – FINANCE BRIEFING

The Scrutiny Support Officer submitted a report the purpose of which was to introduce the Chief Executive of the South Tees Hospitals NHS Foundation Trust to address the Joint Committee about the financial challenges facing the Trust. It was noted that such pressures were not unique to the Trust but other organisations across the UK were facing similar scenarios.

The report submitted included some background information on the Trust's services and a copy of the last two reports submitted to the Trust's Board of Directors outlining the financial position of the Trust from meetings in May and June 2011. A Briefing Paper issued by the Trust in June was also provided.

The Chair welcomed Simon Pleydell, Chief Executive of the South Tees Hospitals NHS Foundation Trust to the meeting who advised the Joint Committee of the Trust's current financial position and future challenges. From the outset it was acknowledged that the level of savings that the Trust was expected to achieve was a significant challenge at a time of major changes to the commissioning structure together with the need to maintain levels of quality and cope with increasing demands such as an ageing population. As announced by Sir David Nicholson, Chief Executive of the NHS and as highlighted in the national media the NHS was currently facing huge financial challenges and, as a whole, needed to find up to £20bn efficiency savings by 2014/2015.

Improved integration between primary, community and secondary care services was recognised as the best opportunity to result in a high quality and financially sustainable health system which could provide for increasing demands such as an ageing population and growing complex health needs. Clinically led commissioning with GPs and hospital clinicians coming together, and vertical integration of acute and community services was seen as a way of realising such a vision.

It was pointed out that 70% of the North East savings target focussed on hospital care. The Chief Executive of the Trust commented on a common assumption which had been expressed by all political parties that care in the community was less expensive than hospital care but pointed out that there was no evidence currently available to substantiate such a view.

It was acknowledged that the scale of the financial savings which had to be made in 2011/2012 a minimum of around £22 million and savings over the next two to three years was unprecedented. The Trust's total budget for 2011/2012 (excluding community services) was reported as £458,000,000 which was £6 million less than last year and at a time of increased costs. Increased costs were as a result of a number of factors including inflation, reductions in the nationally set tariff for certain procedures, and in some cases having to keep some specialist

services going with expensive clinical agency staff where the Trust had been unable to recruit permanent NHS doctors.

An indication was given of the steps taken by the Trust in achieving savings, 2% reduction in spend for each Clinical Division and 4% reduction in spend for corporate overheads. The Chief Executive gave an assurance of the importance of the arrangements which had been made in talking with staff at ward level and with the whole teams across the organisation on engagement and providing the opportunity to express views and suggestions for making improvements and/or savings. A challenge had been set for staff to suggest efficiency savings on waste of £212 in an endeavour to reach a target of £1 million by cutting out waste. Members referred to a common held perception of high management costs. Whilst precise figures were not known it was confirmed that management overheads equated to 3.2% of the overall budget.

In response to Members' questions as to how savings had been achieved in respect of waste reductions an assurance was given that it wouldn't involve reductions in quality of service to patients but involved for example more effective management of stock levels of medicines avoiding bulk quantities of out of date stocks. Other areas to be examined included certain post operative procedures and hospital discharge policies.

It was confirmed that the Trust had set its budget for 2011/2012 and around £15 million had been identified in savings but despite best efforts there remained a £7 million gap. It was acknowledged that it was a serious situation and that it was imperative for the organisation to work collectively and seek improvements in managing finances and to plan ahead better. Although 2011/2012 would be a difficult year the Joint Committee was advised of the likelihood for the Trust achieving its savings target. It was acknowledged however that next year would be a very difficult year, taking into account PCT commissioning intentions over and above the necessary efficiency savings to be achieved.

An assurance was given that the Trust remained committed to a number of new developments such as the cancer redevelopment and a centralised high dependency unit. Although much work had already been undertaken around efficiencies and improving the patient pathway some immediate actions to control spending had been approved whilst work on other means of achieving year-on-year cost reductions were being examined. Short term measures included:-

- (a) formalised vacancy control which meant no vacancies would be filled other than in exceptional circumstances where patient services could be adversely affected;
- (b) complete nurse agency ban excluding NHS Professionals;
- (c) a control mechanism for medical agency staff through the medical director and chiefs of service;
- (d) new study leave expenditure freeze;
- (e) freeze on all capital equipment replacement/minor works with the exception of major safety issues;
- (f) control on discretionary spend.

As part of the overall measures being pursued with particular regard to back office functions it was noted that the Trust was working with the North Tees and Hartlepool NHS Foundation Trust in order to identify opportunities to pool resources. Reference was also made to ongoing critical discussions with the PCT and new Clinical Commissioning Leads and the likelihood of the Trust having to deal with a similar level of efficiency savings a target of £30 million to achieve for 2012/2013.

Even in such a difficult economic climate the Trust's Chief Executive gave an assurance that the delivery of high quality and safe care remained the priority. The Trust's continued high performance had resulted in James Cook University Hospital earning national recognition as a healthcare centre of excellence. Specific reference was made to the continued improvements which had been achieved in respect of Healthcare Associated Infections. Reference was made to the regular updates which Middlesbrough Council's Health Scrutiny Panel received in respect of Health Care Associated Infections. It was suggested that such information could be shared with the Joint Committee.

Members referred to the increasing pressures facing the local area coupled with reduced long term funding and suggested that consideration should be given to the possibility of the NHS rationalising certain procedures such as cosmetic surgery in order to cope with the ever increasing demands and complex health needs.

With reference to the scope of pooled budgets Members expressed certain scepticism in that evidence had shown that they didn't always deliver as expected and with shared teams often incurred other costs. It was considered that given the required 70% of the North East savings target in relation to hospital care it was inevitable that this would impact on the level of service and therefore there was a need to raise awareness of such circumstances to the wider general public.

The Chief Executive of the Trust referred to the proposed Health and Wellbeing Boards and the potential for more integrated working and decisions taken about 'whole communities'.

In terms of short and long term funding policies it was acknowledged that the level of savings which had to be achieved had been more than anticipated by the Trust. It was also pointed out that the transfer of Community Services had not been determined until mid 2010. The importance of ensuring that robust financial plans were in place for 2012/2013 and beyond to ensure that financial control was maintained and in the likelihood of further financial constraints was acknowledged.

In commenting on the process and importance of engagement with staff reference was made to the current review being undertaken in respect of the Trust's Whistleblowing policy. Members indicated that issues around such matters had been raised within certain NHS organisations.

In terms of arranging a further briefing on the Trust's financial situation the Joint Committee was advised that the Trust was likely to be in a better position to know the proposed level of savings and targets which had to be to be achieved by October 2011. It was suggested that the Commissioning Cluster Leads be also invited to attend such a briefing with the Joint Committee.

AGREED as follows:-

1. That the Chief Executive of the South Tees Hospitals NHS Foundation Trust be thanked for the information provided.
2. That the Joint Committee receives further updates on the financial situation as and when considered appropriate.
3. That information on the six monthly updates provided by South Tees Hospitals NHS Foundation Trust to Middlesbrough Health Scrutiny Panel with regard to Healthcare Associated Infections be made available to the Joint Committee.
4. That further information be provided on the Whistleblowing policy of South Tees Hospitals NHS Foundation Trust.