

SOUTH TEES HEALTH SCRUTINY JOINT COMMITTEE

A meeting of the South Tees Health Scrutiny Joint Committee was held on 3 October 2011.

PRESENT: Middlesbrough Council:
Councillors Dryden (Chair) and Cole.

Redcar and Cleveland Council:
Councillors N Cooney (as substitute for Councillor Halton), I Jeffrey and Mrs Wall.

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
Stephen Childs, Interim Chief Executive, NHS Tees
Neil Nicholson, Director of Finance & Estates, NHS Tees.

**** CHAIR – MEETING**

AGREED that in the unavoidable absence of the Chair at the commencement of the meeting Councillors Mrs Wall (Vice-Chair) took the Chair for this meeting.

****APOLOGIES FOR ABSENCE** were submitted on behalf of Councillor Lancaster (Middlesbrough Council) and, Councillors Halton, Massey and Wilson (Redcar and Cleveland Council).

**** DECLARATIONS OF INTEREST**

There were no declarations of interest made at this point of the meeting.

**** MINUTES**

The minutes of the meeting of the South Tees Health Scrutiny Joint Committee held on 22 July 2011 were submitted and approved as a correct record.

SOUTH TEES HEALTH ECONOMY – FINANCIAL OUTLOOK

The Scrutiny Support Officer submitted a report the purpose of which was to introduce representatives from the South Tees Hospitals NHS Foundation Trust (STHFT) and NHS Tees to address the Joint Committee about the financial challenges facing the 'south of Tees' health economy.

The introductory report indicated that NHS Tees, as a commissioner of NHS services was a significant contributor to STHFT's annual income and as such, the efficiencies that NHS Tees were obliged to build into its financial planning would have a material impact upon the Trust's financial position.

NHS Tees gave a presentation on delivering the Quality Innovation Productivity Prevention (QIPP) programme the aim of which was to ensure that funding was used to maximum benefit and quality of care to patients. Whilst the figures for the current year were regarded as a realistic estimation a degree of uncertainty was indicated at this stage in relation to the allocations for the next financial year.

From the outset it was stated that the delivery of the QIPP had to be seen in the context of major challenges including significant reduced growth (previously 1% but currently 2.1%), rising demand, changing demographic patterns in particular an ageing population, advanced technology and medical science, health reforms resulting in the need for significant efficiency

savings required to generate resources. In overall terms the NHS needed to make efficiency savings of £20 billion per year for the next four years.

A brief summary was provided on the requirement for funding within the current financial operating framework in respect of 2011/2012 which included inflation contractual requirements of £20m, demographic and need to manage demand growth of £27m, contract pressures and over performance of £24m, pre-commitments valued at £8m and local and national priority developments of £8m.

Specific reference was made to the challenges facing the local NHS not only current requirements and contracts but expectations to continue to pursue new strategies such as that of the dementia strategy.

Information was provided on the funding sources of £21m growth and £66m identified efficiency savings within QIPP of £45m programmed savings, and £21m price efficiencies. The £45m programmed savings included £7m from acute (unplanned care), £21m acute (planned care), £3m arising from better prescribing methods, £2m related to services in respect of mental health and learning difficulties, £6m support functions relating to PCT management cost effectiveness, £4m relating to Community Services and £2 from other schemes.

Details were given of the overall financial plans and future year efficiency requirements for 2011/2012 and indicative figures for 2012/2013 and 2014/2015 although it was stated that it was unlikely that there would be major changes to funding patterns.

In overall terms Members expressed concerns at the financial challenges facing both the NHS and local authorities especially taking into account the likely impact and increased demands on their respective services for the next few years and beyond. The Joint Committee was keen to ascertain as to how local health organisations would be in a position to meet the likely increased demands on services.

The NHS Tees representatives referred to the local Clinical Commissioning Groups early indications from which were that GPs on Teesside were fully engaged to the process. Specific reference was made to one particular aspect of the current areas for examination in relation to prescribing as one of the efficiency savings to be achieved. An indication was also given of the role of the Health and Wellbeing Boards in terms of being a platform to review health resources and hopefully lead to better co-ordination of services mindful of local authorities' responsibilities for public health. A view was expressed that it was critical to free up resources from secondary care and to reinvest such resources into developing community services further.

The Chief Executive of STHFT reiterated that from the Trust's perspective the extent of savings which had to be achieved in 2011/2012 and over the next three years was unprecedented. The Trust had received £6 million less than last year but at a time of increased costs. The extent of the savings which had to be achieved was seen as a major challenge given the requirements of the Trust to run a complex range of services with traditional access targets and expectations.

Given the level of savings which had to be achieved Members were keen to ascertain the likely impact on front-line staff and services currently provided. It was confirmed that no services had ceased and if that ever did occur such action would be subject to the required consultation process. An indication was given of some aspects of service delivery which were currently being discussed including individual referral and admission processes.

Improved integration and adopting a more holistic approach between primary, community and secondary care services was seen as the best opportunity to achieve a high quality and financially sustainable health system which could provide for increasing demands for services mainly as a result of an ageing population and growing complex health needs.

In response to Members' concerns about the risk of too much emphasis on achieving savings the Chief Executive of STHFT gave an assurance that the Trust would continue its best efforts to maintain its status as one of the top performing Trusts and targets achieved in terms of patient safety. Given the fine margins the demands on service such as those which may arise if there is a particularly severe winter were of concern.

In overall financial terms the severity of the reductions over a short period was a real challenge and to meet a 2% reduction spend for each clinical division as previously indicated was unprecedented. In response to clarification sought from Members regarding the status of a Foundation Trust it was confirmed that it provided greater financial flexibility to seek wider funding options to develop services to meet the needs of the local population.

As part of the overall consideration of the South Tees health economy Members suggested that given the current NHS reforms it would be beneficial to gain a perspective of the Clinical Commissioning Groups on current financial constraints and impact on future commissioning arrangements.

AGREED as follows:-

1. That the local NHS representatives be thanked for the information provided.
2. That representatives of the Clinical Commissioning Groups be invited to attend the next meeting of the South Tees Health Scrutiny Joint Committee as outlined.