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# CALDERDALE AND KIRKLEES JOINT HEALTH SCRUTINY COMMITTEE

**Wednesday 25 March 2015**

Present: Councillor Robert Barraclough
Councillor Anne Collins
Councillor Malcolm James
Councillor Andrew Marchington
Councillor Chris Pillai
Councillor Elizabeth Smaje
Councillor Molly Walton

In attendance: Anna Basford – Director of Commissioning & Partnerships Calderdale & Huddersfield NHS Foundation Trust
Paul Chandler – Regional Director Monitor
Keith Griffiths – Director of Finance Calderdale & Huddersfield NHS Foundation Trust
Carol McKenna – Chief Officer Greater Huddersfield CCG
Kemi Oluwole- Senior Regional Manager Monitor
Matt Walsh – Chief Officer Calderdale CCG
Richard Dunne – Principal Governance & Democratic Engagement Officer Kirklees Council
Mike Lodge – Senior Scrutiny Support Officer Calderdale Council

**1 Minutes of previous meeting**

**RESOLVED –** That the minutes of the meeting of the Committee held on 22 September 2014 be approved as a correct record.

**2 Interests**

No interests were declared.

**3 Admission of the Public**

The Committee considered the question of the admission of the public and agreed that all items be considered in public session.

**4 Monitor – the Sector Regulator for Health Services in England**

The Committee welcomed Paul Chandler Regional Director Monitor and Kemi Oluwole Senior Regional Manager Monitor to the meeting.

Ms Oluwole stated that Calderdale and Huddersfield NHS Foundation Trust (CHFT) was currently in breach of its provider licence and that Monitors key concern was the clinical and financial sustainability of the Trust although there were no significant concerns regarding the operational and quality aspects of the Trust's work.

Ms Oluwole presented the Committee with an overview of the foundation trust (FT) sector financial performance for Quarter 3 2014/15 which showed that approximately half of FT's where currently in deficit.

Ms Oluwole explained that a key reason for the current financial position across the sector was pay costs particularly relating to contract and agency costs.

Ms Oluwole presented a number of charts that highlighted the financial position of CHFT at quarter 3 2014/15 compared to the FT sector. Ms Oluwole explained that CHFT's deficit for 2014/15 showed that it was currently positioned in the middle of the sector although the Trust's financial position for 2015/16 was likely to significantly change.

Ms Oluwole highlighted the costs of contract and agency spend which showed that CHFT was at the lower end when compared to the whole sector and moved to middle of the range when compared to FT's in the north.

Ms Oluwole explained that there were a number of issues that had an impact on contract and agency expenditure which included a general lack of supply of staff particularly relating to the safer staffing requirements and FT's internal capacity to deal with fluctuations in the level of demand.

Ms Oluwole presented an overview of the percentage of revenue spent on Private Finance Initiative (PFI) by CHFT compared to the FT sector. Ms Oluwole explained that due to the differences in scale and scope of PFI schemes it was difficult to provide a true comparison when looking at each FT.

Mr Chandler stated that the PFI scheme at CHFT was one of the first to be established and the term of the contract was 60 years which was unusually long compared to many other schemes.

In response to a question from the Committee querying the length of the PFI contract, when it was signed and who had authorised it Mr Griffiths stated that the contract had been renegotiated from a 30 year term to 60 years but was unable to confirm the date of the new agreement or who had authorised it.

Mr Chandler informed the Panel that although the PFI agreement was an important long term financial commitment is was not the only or primary reason for the Trust's financial difficulties.

Ms Oluwole explained that the configuration of CHFT which operated across two sites and the pressure on staffing were the key issues that had an impact on the Trust's financial sustainability and Monitor was working with the Trust to see how these issues could be more effectively managed.

Ms Oluwole outlined Monitor's regulatory approach to dealing with CHFT and explained that Monitor had accepted enforcement undertakings which was a commitment by the Trust to undertake a number of actions within a defined timeline designed to help deal with its financial position.

Ms Oluwole presented an overview of Monitor's key requirements and the support it would provide which included the development and delivery of a financial stability plan to stabilise its finances over the next two years followed by a strategic sustainability and financial turnaround plan which would address the Trust's longer term financial stability.

Ms Oluwole informed the Committee of other key areas of work that Monitor would require the Trust to undertake that included a well-led governance review that would be linked to the Trust's financial governance.

Ms Oluwole explained that the Trust was making progress and had implemented recommendations from a Pricewaterhouse Coopers financial performance review that had included the appointment of a Turnaround Director and a recommendation to establish a programme management office.

Mr Chandler informed the Committee that although the Trust had focused on investing and strengthening the quality of its services it hadn't been able to deliver the required efficiencies to offset the impact of inflation on the goods and services it purchased and pay awards for its staff. The committee was informed that it was the failure to deliver these efficiencies over the last year or two that had contributed to the Trust's current financial difficulties.

Mr Chandler explained that one issue that was different from many other Trust's in the region was the delivery of key services at two separate hospital sites and although this was good for patient access it was a very expensive way of delivering services.

Mr Chandler stated that the operation of some services being delivered across two sites was made more difficult by the national issue of shortages of substantive staff in key areas such as A&E and locum and agency costs in these areas were high.

Mr Chandler informed the Committee that there was also a compelling clinical case for looking at the delivery of services across two sites and that much work had been done over the last few years examining if the delivery of services across the sites was the best and safest way of delivering services to patients.

Mr Chandler stated that there was a lot of clinical evidence that suggested that consolidating services onto one site would lead to better outcomes and Monitor believed that the Trust and commissioners would need to look

carefully over the next year or two on how services at the Trust were delivered.

A question and answer session followed that covered a number of issues that included:

- An explanation of the costs incurred by the Trust to strengthen and improve the quality of its services and the need to balance this investment by developing efficient pathways to care.
- A more detailed explanation of the Monitor well-led governance framework.
- Clarification on what had changed since the Royal Colleges recommendation that Calderdale and Huddersfield to be brought together under one hospital in order to reach the required level of critical mass in the delivery of key services.
- A concern over the numbers and costs of agency staff and the public perception regarding the numbers of managers employed by the Trust.
- The impact of the European working time directive.
- How the work that Monitor was doing to support the Trust linked to the NHS vision as set out in the five year forward view and the future plans of commissioners both locally and across West Yorkshire.
- The work of commissioners and providers in Calderdale as a vanguard site.
- Clarification of progress of the financial stability plan and the strategic sustainability and financial turnaround plan.
- The significant progress made by the Trust in developing a robust structure to control costs and the positive response by the Trust to the breach of its licence.
- A query on the Trust's ability to adequately cover services at weekends as a result of the working time directive and the impact of national pay agreements and contracts for consultants.
- Clarification on the timeline relating to the work that Monitor required the Trust to undertake and how this linked to the review of the case for change.
- The work that was being done to mitigate the negative impact of the cost improvement plans.

Mr Griffiths informed the Committee that nationally the bar was constantly rising with what was expected on 7 day access and over the years a key challenge for the Trust had been to look at ways to maintain and improve patient safety and outcomes.

Mr Griffiths stated that providing 7 day consultant led access in key services such as A&E and cancer diagnostics added pressure to the Trust's payroll.

Mr Griffiths stated that the over the last 12 months the Trust had continued to invest in nursing levels to meet the standards that had resulted from the Francis inquiry but the costs of this investment put added pressure on the need to drive through efficiency measure elsewhere.

Mr Griffiths explained that the Trust was continuing to improve on the safe staffing levels in clinical areas which meant that the efficiencies were coming out of the non-clinical areas.

Mr Griffiths informed the Committee that there was also a focus on obtaining the right level of consultant productivity in outpatients and diagnostics and to be able to move consultant time to other parts of the organisation in order to negate the need to have to go out and employ more people.

Mr Griffiths stated that every cost improvement plan would have to undertake a quality impact assessment and would not be actioned by the Trust's Board unless there was clear evidence that there would be no impact on the quality of care.

Mr Chandler informed the Committee that the Trust currently held significant cash reserves which would be used to repay the Trust's deficit.

Mr Chandler explained that it wasn't unusual for Trusts to run out of cash reserves and once a Trust reached this point it was dependant on the Department of Health for financial support and this would be the case for CHFT.

A further question and answer session ensued that covered a number of issues that included:

- The growing problem of legal costs incurred by the NHS in relation to compensation claims from patients.
- The impact of the increased financial pressures and challenges faced by all Trusts.
- Clarification on the deficit calculation and the restructuring costs incurred by the Trust.
- Concern that employees that had taken advantage of voluntary redundancy would come back onto the Trust's books employed as locums or agency staff.
- Confirmation that the majority of voluntary redundancies had come from administrative and non-medical personnel.
- The need for the Trust to continue to make year on year efficiency savings on top of the cost improvement plans designed to stabilise the Trust's financial position.
- Clarification on the CCG's role in the process that included the CCG contractual relationship with CHFT and the discussions with CHFT and other providers regarding the wider strategic challenge that faced the local health economy.
- Further details of the work that was done as part of the well-led governance review.
- The role of NHSE and the CCG's in monitoring and assessing the performance of CHFT.

**RESOLVED**

(1) That Paul Chandler Regional Director Monitor, Kemi Oluwole Senior Regional Director Monitor, Keith Griffiths Director of Finance CHFT and Anna Basford Director of Commissioning and Partnerships CHFT be thanked for attending the meeting.

(2) That the Committee's supporting officers be authorised to liaise with Monitor and Calderdale and Huddersfield NHS Foundation Trust to obtain any further information that had arisen from the discussions.

**5. Right Care, Right Time, Right Place Programme**

The Committee welcomed Carol McKenna Chief Officer Greater Huddersfield CCG and Matt Walsh Chief Officer Calderdale CCG to the meeting.

Mr Walsh provided an overview of the background to the Right Care, Right Time, Right Place Programme which included an outline of the three implementation phases.

Mr Walsh informed the Committee of the work that and been developed by both CCG's in respect of the Care Closer to Home Programme and explained that both CCG's had made a decision to ensure that community services were strengthened and enhanced before implementing changes to hospital services.

Mr Walsh stated that CCG's would use the evidence generated from delivering the new services in community settings to inform the timeline for consultation on changes to hospital services.

Mr Walsh outlined the different approaches that had been taken by Calderdale CCG and Greater Huddersfield CCG to commissioning and developing community services.

Ms McKenna stated that Greater Huddersfield CCG had agreed to re-commission services using a competitive dialogue procurement process and explained that the dialogue phase of the process had been completed and final submissions from bidders were expected in April 2015 with the contract being awarded in May 2015.

Mr Walsh informed the Committee that the timeline for change to hospital services was dependant on the CCG's being confident that the new models of care in the community designed to help reduce the dependency for care in a hospital setting and the work that was being done with local authorities through the Better Care fund was working effectively.

Mr Walsh stated that during the summer of 2015 the CCG's expected to be in a position to determine the impact of community services on reducing dependency on hospital services and to have a discussion on the readiness to go out to consultation.

A question and answer session followed that covered a number of issues that included:

- Feedback on a positive personal experience of the service provided by a consultant and a specialised nurse in a community setting.
- The perception that care provided in a hospital setting was superior to that delivered from a community setting.
- The involvement of patient representatives in the procurement process.
- The role of the three scrutiny panels in Calderdale and Kirklees in the process and the need to ensure that there was a framework in place to enable robust scrutiny of the work that is being developed in the care closer programmes and the changes to hospital services.
- The importance of scrutinising the quality and safety aspects of the case for change.
- Clarification on the key drivers for change which included the views of clinician's that reconfiguration was important for quality, safety and clinical sustainability.
- How the two CCG's were working together to reach a shared understanding on the changes that would be required.
- The need to communicate a clear and honest message on why changes to services were required.
- The importance of introducing better prevention and earlier interventions in the pathways of care to help reduce demand on hospital services.
- How the performance framework would be used to measure the impact of changes to community services and to provide the confidence that services were working well.
- How the CCG's would model and reflect periods of pressure in the health system to ensure that they were confident that the proposed changes in hospital services scheduled for summer 2015 could cope with demand during a winter period.
- Clarification on how the timeline for change being developed by the CCG's would link to the timeline on the work that Monitor required the Trust to do.

**RESOLVED: -** That Carol McKenna Chief Officer Greater Huddersfield CCG and Matt Walsh Chief Officer Calderdale CCG be thanked for attending the meeting.

**6. Joint Scrutiny Development Session – Developing Health Services in Calderdale and Kirklees**

Cllr Smaje highlighted a number of background documents that had been included in the development session resources pack and proposed that the documents be circulated to committee members and included as evidence in the Joint Committees work.

Cllr Smaje proposed that the Joint Committee consider and understand the requirements of the relevant Royal College Speciality at the appropriate stages of the Joint Committees' work.

It was also proposed that the report produced by the last Calderdale and Kirklees Joint Health Scrutiny Committee on proposals for future Health Services in Calderdale and Huddersfield be circulated so that members of the Joint Committee could identify the changes from the last review of services.

Cllr James made reference to the report produced by the People's Commission that had been established by Calderdale Council and suggested that consideration be given to including the report as an item in a future meeting.

**RESOLVED:**

(1) That feedback on the recent development session be noted.

(2) That the documents identified in the development session resources pack be circulated to Committee Members and included as evidence to support the work of the Committee.

(3) That information from the relevant Royal College Speciality be considered at the appropriate stage of the Committee's review and included as evidence.

(4) That the report produced by the last Calderdale and Kirklees Joint Health Scrutiny Committee on proposals for future Health Services in Calderdale and Huddersfield be circulated to Committee Members.