



STATES OF JERSEY

Health, Social Security and Housing Scrutiny Panel Medium Term Financial Plan Review Hearing with the Assistant Minister for Health and Social Services

TUESDAY, 4th SEPTEMBER 2012

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.G. Reed of St. Ouen
Deputy J.A. Hilton of St. Helier

Witnesses:

Connétable J.M. Refault of St. Peter (Assistant Minister for Health and Social Services)
Mr. R. Jouault (Managing Director, Community and Social Services)
Finance Director
Chief Nurse
Director, System Redesign and Delivery

In attendance:

Mr. W. Millow (Scrutiny Officer)
Ms. J. Hales (Scrutiny Officer)

[12:30]

Deputy K.L. Moore of St. Peter (Chairman):

Have you all got good access to a microphone? If you could try and angle them as close to you as possible because now that we are podcasting apparently yesterday some of them were off-mic so we just need to make sure that they are well angled towards you so we can hear you clearly and hopefully members of the public will enjoy logging on and listening back to our hearing. Are you all settled? Thank you very much for joining us this afternoon.

[Introductions]

We will start by introducing ourselves for members of the public. I am Deputy Kristina Moore, Chairman of the panel.

Deputy J.A. Hilton of St. Helier:

I am Deputy Jackie Hilton, Vice Chairman of the panel.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed, panel member.

Managing Director, Community and Social Services:

Richard Jouault, Managing Director, Community and Social Services.

Chief Nurse:

Rose Naylor, the Chief Nurse.

Finance Director:

Jason Turner, Finance Director.

Assistant Minister for Health and Social Services:

Constable John Refault, Assistant Minister for Health and Social Services.

Director, System Redesign and Delivery:

Rachel Williams, Director of System Redesign and Delivery.

Mr. W. Millow (Scrutiny Officer):

I am William Millow, Scrutiny Officer.

Ms. J. Hales (Scrutiny Officer):

Janice Hales, Scrutiny Officer.

The Deputy of St. Peter:

Thank you. If we can start by looking at recruitment. In the response to written questions, which you kindly provided, you stated that the M.T.F.P. (Medium Term Financial Plan) does not support recurring one-off costs and listed recruitment as a one-off cost example. How do you propose to fund recruitment if it is not a one-off cost?

Assistant Minister for Health and Social Services:

I think it is fair to say that the M.T.F.P., and really the White Paper going forward for the health transformation, a lot of the staff costing when we go from the outline business cases to the broad business cases will identify where the staffing requirements will be and many of those may well end up within the third sector within those business cases, not directly employed by Health.

The Deputy of St. Peter:

I see. So they would be a one-off cost to implement the new strategy and then will no longer recur but, for example, nursing services, that would be a recurring cost I presume in your ...

Assistant Minister for Health and Social Services:

Within the base budget? Rose, can you help me at all with that one?

Chief Nurse:

Jason just opened his mouth then so ...

Assistant Minister for Health and Social Services:

Did he? Sorry, Jason.

Finance Director:

Perhaps I could help. In preparing all the costings and so on for the White Paper and working through our business cases we identified that there were some costs that were non-recurring in nature because they are moving from one place to another place and part of that is the cost of additional recruitment which is one-off to move from the current state to a different state. You will see in the Medium Term Financial Plan that the funding proposed in there is just for the recurring costs and that that total amount was reduced by 10 per cent as part of the affordability exercise. So, in doing the full business cases over the next few months, one of the challenges we have got is to set out how we are going to deliver those changes within those funds and some of that will be addressing how we deal with the non-recurring costs. There will be some innovative processes to go through to help us find different ways to do that, I am sure, but some of it will be about phasing when we start it and therefore when the costs are incurred. We will obviously be making use of existing resources as much as we possibly can.

The Deputy of St. Ouen:

I am still struggling, though, to understand how recruitment of staff can be a one-off cost. Just as a for instance, I believe that some of the carry forwards that you are allowed to make use of this year

included recruitment of staff, which was obviously not a one-off cost but an ongoing commitment that was required.

Finance Director:

The one-off costs that I believe we are talking about are the type of non-recurring spend that you incur when you launch a big recruitment campaign, so there could be relocation expenses, there could be advertising expenses. It is those sort of costs where we are having a marked change in the number of staff so therefore there are some one-off costs associated with recruiting those staff rather than the ongoing costs which are funded within the proposals.

The Deputy of St. Ouen:

So ongoing revenue expenditure would be shown where?

Finance Director:

That is in the Medium Term Financial Plan proposals.

The Deputy of St. Ouen:

Under what line?

Finance Director:

Under the line that is described as the White Paper funding.

The Deputy of St. Peter:

So you are talking about growth areas rather than ongoing service provision?

Finance Director:

Yes. The recurring costs of additional nurses and so on described in the White Paper are included in the figures in the Medium Term Financial Plan, described as White Paper funding.

The Deputy of St. Peter:

Thank you. Could you provide some more information on the equal pay for equal work claim by nurses which S.E.B. (States Employment Board) are currently considering?

Assistant Minister for Health and Social Services:

Can I refer to the officers again on that one.

Chief Nurse:

The work was undertaken with the agreement of S.E.B. at the request of the nursing trade unions and we worked with a rewards analyst who came over and did some work on it with us. We basically looked at a basket of nursing jobs who are currently on a nurses and midwives pay structure in Jersey and we compared them with some similar clinical posts within Health and Social Services. These were jobs like physiotherapists, occupational therapists. If you look across in the U.K. (United Kingdom) under Agenda for Change these jobs are weighted exactly the same in terms of job weighting. So the work was done with a basket of about 7 posts and basically the findings of that piece of work showed that there was a substantial difference in pay of jobs of equal weighting of a varying degree, depending on the grade of post you were looking at. So that paper was taken back to States Employment Board, probably about 6 weeks ago I think it went back now, and basically we sought their agreement to go forward and do some additional work to look at how we could start to close that gap from within existing resources currently allocated. That is where we are up to at the moment.

The Deputy of St. Ouen:

You are planning to use existing resources to deal with the problem. Is that what you are saying?

Chief Nurse:

Jason has been working with Treasury on looking at the way forward for that.

The Deputy of St. Ouen:

You are comfortable with that?

Finance Director:

We have not reached a conclusion yet. We are literally in the midst of trying to work through how we might address the issues that the report has identified.

The Deputy of St. Ouen:

Just focusing on the Medium Term Financial Plan, are you confident that allocations have been made or contingencies are there within the Medium Term Financial Plan to deal with this problem if you find that there is an additional and significant ongoing cost to the department?

Finance Director:

At present we are working within the limits of that within the Medium Term Financial Plan to try and resolve the problem or the issue. It may take some time to do that but we are working within those overall terms.

The Deputy of St. Ouen:

I suppose the political question is, and I direct it to the Assistant Minister, are you confident that the funds allocated to the Health Department within the Medium Term Financial Plan can deal with matters like this particular subject?

Assistant Minister for Health and Social Services:

We put in our M.T.F.P. bids and obviously those are the sort of parameters we would hope to be able to work within, so I suppose on that basis we are confident but always there is the unknown factor which is the unknown. So I cannot really comment on that but at the moment we are fairly confident about the work going forward but it is still a work stream in hand, James, and we have not come to the end of that yet to get the actual quantities.

The Deputy of St. Peter:

Has any investment been allocated to encourage off-Island professionals into the Island to provide services?

Assistant Minister for Health and Social Services:

Within the M.T.F.P.? I know there is work going on across pan-Island particularly to look at ways of where we can share costs and reduce our individual costs as well but I do not think there has been particularly ... Rose?

Chief Nurse:

We did some work last year with States Employment Board where we identified some additional resources to support the retention of nurses, particularly general nurses working in medicine and surgery in some of the specialities, and they allocated an extra £800,000 of resource to assist with that element of recruitment. Part of that money went on some additional nursing posts for elderly mental health where we recognised that there was a staffing shortfall, and the remaining monies, which is around £600,000, are used in a variety of means. One is to rebalance some of the differences we have in the grading structure compared to nurses coming over from the U.K., so we did some rebranding of our grading, and also probably the most significant one which has helped us with recruitment has been the release of some of the money for the relocation allowance. The way that works at the moment, prior to this agreement, was that nurses could apply for up to £800,000 in relocation costs when they came to Jersey.

Assistant Minister for Health and Social Services:

Could we say £8,000 not £800,000?

Chief Nurse:

Sorry, £8,000. I got carried away. They could apply for up to £8,000 for relocation costs. We were finding on average that nurses were claiming between £2,000 and £5,000 and were still struggling when they first came to Jersey. So we now have an agreement that they can, as long as they are within the £8,000 envelope, release £3,000 on appointment and that helps them substantially, particularly with their rental deposits when they come over. All of the initiatives that we put in place are under review as well so it does not necessarily mean they will stay.

The Deputy of St. Ouen:

There are no future proposals for further investment in the particular area?

Chief Nurse:

Within the Medium Term Financial Plan there is £600,000 allocated to continue some of those schemes.

The Deputy of St. Ouen:

Right, but not develop new ones?

Chief Nurse:

Potentially. Within the brief that we got from States Employment Board, if we felt that one of the initiatives we put in place was not particularly working any more or did not have the desired effect we would have an opportunity to change that within the brief.

The Deputy of St. Ouen:

Just to follow up. I am using words out of the Medium Term Financial Plan as described under your Health Department. You speak about the financial investment being allocated to develop new ways of working with off-Island specialists in particular and we are just wanting to understand what those funds are going to be used for and, if there are any, what numbers have been attached to this particular initiative.

Assistant Minister for Health and Social Services:

I have not got the actual figures in mind. Jason is reaching for his M.T.F.P. and hopefully can find those for you. Certainly the general thrust is towards using people off-Island that will come in here to deliver the specialities. It goes back to an underlying problem that we are a general hospital but a lot of the clinicians now are becoming specialist clinicians and with the retiring generalists that we have got - there are a number of them retiring over the next couple or so years - to replace them with

speciality clinicians would be phenomenally expensive. So the new ways of working is to stream the requirements of the speciality and to bring somebody in to deliver that work for short periods of time.

The Deputy of St. Ouen:

So it is more of a reallocation of resources? It is just the current resources rather than new?

Assistant Minister for Health and Social Services:

The problem we have got is we cannot fund the specialties throughout the 12-month period so what we are doing is finding ways of working with other areas where people can come in and deliver specialities and then go back, reducing our overall costs but still trying to provide the overarching services that the Islanders of Jersey expect from the general hospital.

Deputy J.A. Hilton:

Can I just ask you a question around that. In conversation with a G.P. (general practitioner) recently I was told there is currently a 6 to 8-month waiting list to see an orthopaedic surgeon and on top of that, after you have got your appointment, there is another 6 to 8-month wait to have surgery. Are you aware of that and how do you feel that what we have just been talking about previously is going to help reduce the unacceptable delays that people are currently facing to receive much needed surgery?

Assistant Minister for Health and Social Services:

That is the objective. In every aspect we are trying to reduce the time that people take to be referred into the hospital. That is one of the areas we are working on and I do not know whether we have got any specific plans in train. Rose, are you aware of anything?

Deputy J.A. Hilton:

You have just been talking about specialists and formerly we had surgeons who maybe specialised in or had a general understanding of hip, knee and shoulder replacements or whatever and you are now saying that they are more specialised. Is this possibly a reason why there are very long delays for people to get to see an orthopaedic surgeon?

Assistant Minister for Health and Social Services:

I hesitate to say yes because we still have the generalists there doing the general surgery that they do but it may contribute in the longer term. I think one of the other problems that we are starting to see coming through is the ageing demographics and the type of things you are talking about, hip replacements, knee joints and all of those. The number of those we are required to process are

putting pressures within the system and that will only get worse as the ageing demographics starts to bite towards 2040.

Deputy J.A. Hilton:

I see from the annex that basically there is a 2 per cent growth across the health budget from managing business as usual. Are you confident in that 2 per cent growth that you will be able to address the issue of lengthy waiting lists? Can you show me where in the Medium Term Financial Plan it points to or it will indicate to us that those issues are going to be addressed?

[12:45]

Assistant Minister for Health and Social Services:

I do not think it has been described as such within the M.T.F.P. It is part of work as usual, business as usual, but within that we are trying to refocus our efforts so that we are reducing these waiting times. A lot of the waiting times that also can be generated, particularly if they require surgical work intervention at the end, is availability of not so much the operating theatre itself but the post-operative bed within the general hospital. We do have the problem at the moment where there is no step-down or limited step-down facilities, although we are trying to improve that as well, to enable people who come in for their surgery so we can put them into post-operative care immediately in the hospital and then step them down to allow others to come and occupy their beds. So that is one of the other pressures that we need to manage as well.

Deputy J.A. Hilton:

I understand the pressures but do you accept that it is unacceptable for the public to have to wait such a long period of time to receive surgery?

Assistant Minister for Health and Social Services:

It is unacceptable and we are doing our utmost to resolve that. Step-down is going to be one of the major options which we are already starting to work on. Rachel, you have done some work on that, have you not?

Director, System Redesign and Delivery:

Yes. A lot of the issues that we have just been talking about are the issues that came out 18 months ago when we did the first piece of work to look at what challenges we face here in Jersey, both now and how those challenges will be compounded in the future as demands as grow, as technology takes its advances forwards, as the demographic changes as we get more older population, as we get the specialisation, sub-specialisation. So all of those factors that you will have seen played out in the

technical document, the Green Paper, the White Paper, and as of next week the report and proposition. There is a whole range of different solutions and responses that we need to consider to look at that. There has been quite a lot of hard work in the last 18 months-plus in terms of looking at those areas where there are particularly long waits and crafting solutions to bring down those waits, whether that is making more services available off-Island or making services available in a different way. The thrust of the White Paper, as you are aware, is around releasing some of the capacity pressures on the hospital in order to help the throughput flow a lot better, particularly as those demands start to get compounded as the population gets older and that is why we are prioritising building up services in the community, including step-up and step-down, but also the 24 hour services in the community, particularly for end of life care and for older adults, to release some of those bed pressures that then helps particularly the surgical specialities to run much more smoothly and to get people in, have the operations, get them back out again and do the rehab and the transition back to being looked after at home. So that is the medical building up of the capacity in the community to release the capacity on the hospital. Of course, the other aspect of that is the future for the hospital itself and we know we need a new hospital in the next 10 years. We are doing a lot of work now on the pre-feasibility study for the hospital and that again you will see mentioned in the report and proposition when that gets lodged in September. We are also at the same time looking at the acute services strategy, so looking particularly at the impact of those demographic changes, those sub-specialisations, those retirements, those staffing changes, those technological advancements, and prioritising which specialities need to be developed, at the same time as we are moving towards a new hospital, whether that is the same site or a different site. We need to not stop changing and developing services while we are having the hospital redeveloped because if we did that that would only compound waiting lists and quality and safety. So there are 3 things happening concurrently. There is the build-up of services in the community, there is the work on do we need a new hospital onsite or offsite, there is the ongoing development of the services within the hospital, because we cannot do nothing for 10 years with hospital services, and then allied to that there is also looking at primary care and those G.P. services and making sure we have got sustainable primary care. All of that you will see wrapped together in the report and proposition that is going to be lodged on 11th September.

The Deputy of St. Peter:

Thank you for that. As you mentioned primary care, we would like to talk to you about the Health Insurance Fund also and what plans you have to compensate for the loss of that, the grant of £6 million from Social Security from 2013 and beyond.

Assistant Minister for Health and Social Services:

We had the £6.1 million agreed for the 2 years, 2011-2012, and that is now coming to an end. Certainly we are looking at different ways of funding that and we are being asked to consider a proposition to contribute a further £2 million from the H.I.F. for 2013 and going forward, rising to £6 million in 2014 and a further £6 million in 2015 as well. We are looking to the Health Insurance Fund to fund that.

The Deputy of St. Ouen:

What is the purpose of that?

Assistant Minister for Health and Social Services:

The Health Insurance Fund traditionally, the £6.1 million which has been granted for the 2 years 2011-2012, was principally to refund or is a cost recovery from the hospital, if you wish, for the primary health services that they were delivering at the hospital, people coming to A. and E. (accident and emergency) with an earache, for example, rather than going to their G.P. So it was to pay off all that type of thing where people choose to come to the hospital because it is free rather than go to their G.P. and it was taking up a lot of time and resources within the hospital. So that £6.1 million was to fund that primary care service which we were delivering, which the Health Insurance Fund is there to do.

The Deputy of St. Ouen:

Are you saying that apart from the £26 million, £28 million growth identified in the Medium Term Financial Plan, there is likely to be additional growth required through another source, which is the Health Insurance Fund?

Assistant Minister for Health and Social Services:

No, I would rather call it business as usual because we have had £6.1 million over the 2 previous years to provide the primary care service at the general hospital and we are seeking to continue that by the same funding mechanism, the Health Insurance Fund.

The Deputy of St. Ouen:

Was it not the case that the whole reason why the proposal came forward and the States agreed the funds taken from the Health Insurance Fund was that a sustainable funding solution would be found within those 2 years to maintain and deliver the services that Health obviously identified?

Assistant Minister for Health and Social Services:

I think it might be useful to go back to Rachel and talk about the primary care work that we are doing.

Director, System Redesign and Delivery:

Yes. We have been working again over the past 18 months with clinicians and other professionals within primary care and one of the things that we need to make sure is that, as well as having the sustainable health and social care system in totality going forwards, we have got sustainable primary care as an essential element of that. That is quite a complex piece of work and we are continuing working on that and will continue working on that in the next year, 2 years, 3 years to bring proposals forward about sustainable primary care in the longer term going forwards into M.T.F.P. periods 2, 3 and onwards for that. We also need to look at sustainable funding mechanisms for health and social care going forwards. At the moment there are a number of different funding sources around health and social care in different places. So, again in the same time period, we are proposing that we do a significant piece of work, working with Treasury and with Social Security, who are the main holders of those funds at the moment, in order to ensure that we have got a sustainable funding mechanism or funding mechanisms going forwards for M.T.F.P. periods 2 and 3.

Assistant Minister for Health and Social Services:

Just to add one last thing. In the report and proposition going forward there will be a request for the Minister for Treasury to identify sustainable funding mechanisms for the future as well.

The Deputy of St. Ouen:

But in fairness he has already been requested to do that 2 or 3 years ago and that has not happened.

Assistant Minister for Health and Social Services:

That was an interim measure, to be fair, James.

The Deputy of St. Ouen:

I suppose more importantly, if you are suggesting that £6.1 million needs to continue to come out of the Health Insurance Fund, why are we not being clear about it rather than just setting a short timescale to it?

Assistant Minister for Health and Social Services:

I think when the year 2011-12 came to the States it was very much passed as an interim measure at that time. What we are saying, or Rachel has just been saying, is that we are developing up a mechanism looking for sustainable funding in the longer term. So in the interim, until we get to the point where the Minister for Treasury comes up with identifying that long-term solution, we would like that £6 million effectively to continue to enable to fund business as usual and at the same time, I do

not know, Rose, have you been involved with the primary care commissioning? Has that been part of yours?

Chief Nurse:

No.

Director, System Redesign and Delivery:

No, that is part of mine.

Assistant Minister for Health and Social Services:

Part of yours as well? Is it worth commenting now or is that something ...

The Deputy of St. Peter:

I think we might need to move on in the interests of time management today, thank you, but that is helpful. If we move on to procurement and savings, are you confident the department can deliver £2 million worth of savings in 2013?

Assistant Minister for Health and Social Services:

I think I might ask Jason if he can deal with that one. The answer is yes but I will ask Jason to give you the detail.

Finance Director:

The £2 million figure is the C.S.R. (Comprehensive Spending Review) sums which is more than just procurement. In terms of procurement, there is 2 elements to it from the department's point of view. One is you will see in our 2013 cash limit there is a reduction of just over £200,000 in procurement savings. Those are specific procurement schemes that have been managed by the Treasury to deliver some savings, that include things like saving on mobile phones, saving on travel arrangements, on janitorial cleaning products and so on, where they have put in place States-wide arrangements with suppliers that have generated savings through 2013. So that is that £200,000 that is highlighted in the 2013 cash limit. Some of those have already been achieved and already delivering, some are scheduled to deliver towards the end of this year, and some will deliver during 2013.

The Deputy of St. Peter:

What about the savings beyond that in 2014 and 2015?

Finance Director:

2014 and 2015, the current C.S.R. scheme as it stands comes to an end at the end of 2013 so the savings that were effected in M.T.F.P. cover that period and we are working to deliver those savings in that period.

The Deputy of St. Peter:

Thank you. How much of a reduction has Health been given in respect of procurement savings? It is the £200,000 you ...

Finance Director:

£200,000 to date, yes. There may be further amounts in due course.

The Deputy of St. Peter:

Are you on goal? Do you expect to achieve that?

Finance Director:

As I say, some have already been achieved, some are in the midst of happening as we speak, and some are scheduled for the latter part of this year and the beginning of next year. So we are planning to deliver all of them. We have got additional schemes going on within the department itself where we are looking at a whole range of areas such as theatre consumables, medical equipment and so on to see if we can get better deals from our suppliers on those purchases as well. We are hopeful that will deliver some further savings.

Assistant Minister for Health and Social Services:

I think it would be fair to say that Procurement have been very helpful. We have got one of their staff members embedded within Health and Social Services now to assist us with this programme.

Finance Director:

We actually have 2.

Finance Director:

Two? Even better.

The Deputy of St. Peter:

When we look at funding, a carry forward of £156,000 for medical equipment has been approved but no reference is made regarding funding allocated for equipment maintenance. How do you propose to fund that maintenance?

Finance Director:

The £156,000 carried forward was for replacement equipment. This is minor equipment. It is not big enough to be classed as a capital asset, so it tends to have a value of less than £10,000, but we obviously have an awful lot of small pieces of equipment. They are all maintained under various contracts and the allocation that you see in the carry forward was simply there to reflect the fact that we had ordered the equipment from the budget towards the end of last year but for various reasons it had not been delivered prior to the year end. So we need to have a mechanism to be able to account for it in 2012 rather than 2011. There is no further impact on maintenance agreements or anything because it is simply replacing equipment that is already there.

The Deputy of St. Peter:

No further training needed to ...

Finance Director:

No. It is literally replacing like for like.

The Deputy of St. Ouen:

Can I just ask, new specialist equipment which we know there is quite significant amounts of equipment available to the department, how is that funded?

Finance Director:

If it is a new piece of equipment for a new type of treatment or something like that, we would prepare a business case to understand the full costs of it, so not just the cost of buying the piece of equipment in the first place but the cost of training on it, maintaining it, operating and replacing it in due course, understanding how many patients it would treat, what the benefits are, whether that is the most cost effective way of providing that particular type of care.

The Deputy of St. Ouen:

So over the 3 years within the Medium Term Financial Plan have you allowed or is there an allowance been made for the provision of new equipment that is quite likely to be required?

Finance Director:

Yes. Although you cannot predict with certainty everything that is going to happen over that 3-year period, we have made some assumptions in there that there was equipment to be purchased.

The Deputy of St. Peter:

We are all aware of the rising costs of medical drugs and also insurance. What plan B do you have if those particular costs rise above the 2 per cent that you have allocated?

Finance Director:

Do you want me to take that?

Assistant Minister for Health and Social Services:

Yes, I think so. It would be useful. Thank you.

[13:00]

Finance Director:

Drugs is always a very real cost pressure. The inflation on drugs alone never stays within the 2.5 per cent R.P.I. (retail price index) type figure that you would expect. In the N.H.S. (National Health Service) it runs in the region of 8 per cent per annum just on drugs. In addition to that we do experience inflation on the drugs budget, if you like, in terms of new high cost drugs that come to the market. We have a high cost drugs committee internally that reviews any high cost drugs and that committee looks at material from the likes of N.I.C.E. (National Institute for Health and Clinical Excellence) in the U.K., or the England and Scottish equivalent, to make an assessment about the value for money and affordability and that adds to the pressure on the drugs budget overall. The way we manage that is that it is one of the issues that is funded from the 2 per cent figure that was referred to earlier in terms of the increase to our cash limit for the year. So in a typical year, looking at next year, the increase in drugs cost to the department is likely to be somewhere in the region of £1 million. So that comes out of that overall increase in our budget.

The Deputy of St. Ouen:

Is there any dialogue between ourselves and Guernsey regarding drugs costs and management of them?

Finance Director:

We have got links not just with Guernsey but with the U.K. and the N.H.S. as well and we are tied into many national contracts.

The Deputy of St. Ouen:

So the answer is no, we do not talk to Guernsey about this particular matter?

Finance Director:

We do talk to Guernsey.

The Deputy of St. Ouen:

Okay, all right.

Assistant Minister for Health and Social Services:

Guernsey and others to get large discounts on collective buying.

The Deputy of St. Peter:

Your vehicles, I believe, are now being leased from T.T.S. (Transport and Technical Services) rather than purchased. Could you explain the background and the benefit to that change of plan?

Finance Director:

A year or so ago there was a States-wide decision to put all the vehicle purchase and management together into one place. Again, it is a similar process to some of the procurement savings to get more economies of scale and better purchasing arrangements and so on. So the fleet management team at T.T.S. now purchase all States vehicles and then each department will lease them back on a lease charge which provides funding for the fleet management team to replace the vehicles in due course. The benefits for us as a department are that we have certainty over the cost, we have got a managed vehicle which gets maintained, gets looked after, we have got experts doing the purchasing and experts doing the maintaining, we have got one relationship, one supplier rather than relationships with several providers of vehicles.

The Deputy of St. Peter:

Sticking on a similar theme, in I.T. (information technology) there does not appear to be any provision for improving the infrastructure. How do you propose to move forward with that?

Finance Director:

We have had a significant investment over recent times in the hospital patient administration system. We are still continuing with that investment literally year by year and there is a particular rollout going on at the moment to do with pathology which is upgrading and enhancing that particular element of the system. There is another one planned for next year. So we have some capacity for implementing those developments and improvements within our existing budget which we have earmarked to be able to do that. The other element of it is to deliver the White Paper and the changes in there we need to make some significant improvements to our information systems, both within the hospital and outside the hospital, and to integrate with primary care and the U.K. in terms of hospitals that provides

services in the U.K. So the White Paper going through into phases 2 and 3 starts to recognise significant investments in some of those areas to bring about those changes that we need.

The Deputy of St. Ouen:

Just to be clear, are you saying that although you say that significant investment has been made in I.T. within the Health Department, in 3 or 4 years time further substantial investments are required to deliver some of the proposals contained in the White Paper?

Finance Director:

The investment that has happened previously has largely been focused on the replacement of the hospital patient administration system. The White Paper talks about the importance of being able to integrate systems growth in the hospital and in the community with primary care, so the exchange of data both to improve the patient care and make it more efficient, and that is some of the investment we are talking about.

The Deputy of St. Ouen:

Finally just to confirm that the significant funding that is required for I.T. development has not been included within the first period, which is 2013 to 2015?

Finance Director:

That is right. It is phased for the second period of the White Paper developments.

The Deputy of St. Peter:

Could you explain why there has been an overall reduction of approximately £650,000 in net revenue expenditure in hospital inpatient services between 2012 and 2013?

The Deputy of St. Ouen:

It is in the annex. You will find we are referring to figures that are included in the annex to the draft Medium Term Financial Plan.

Finance Director:

There is obviously a whole host of things that make up those numbers but, to give you the headlines, that will be reflecting an increase in private patient income. That will be the single biggest driver, an increase in income from private patient care.

The Deputy of St. Ouen:

That is quite a significant increase. Is that normal?

Finance Director:

No, it is not normal. Well, it is planned and expected and it is one of the things that has been implemented during 2012. It is a combination of a whole host of things, one of which is we put the tariffs up earlier in the year to make sure that we were covering the costs associated with private patient services.

The Deputy of St. Peter:

Under States revenue and income allocations, income in 2013 is £20,478,000. In 2014 it is £24,900,000 and in 2015 £25,332,000. How have these increases been calculated?

Finance Director:

The big increase between 2013 and 2014 will be the reflection of what we were talking about earlier with the income from the H.I.F. where 2013 will include £2 million of income from the H.I.F. In 2014 it will include £6 million of income from the H.I.F. That is the big difference there.

The Deputy of St. Ouen:

You are classifying the funding that is going to be provided by the Health Insurance Fund as income?

Finance Director:

To the department, yes. We have to do that under the accounting rules.

The Deputy of St. Ouen:

It is £4.5 million higher in 2014 than 2013. You just told us there is £2 million allocated. Accepting that the States approve it, but if £2 million does come from health insurance there is still £2.5 million that has to be accounted for.

Finance Director:

The movement between 2013 and 2014, which is an increase of just over £4 million, reflects the fact that in the 2013 income there is £2 million of H.I.F. income and in 2014 there is £6 million of H.I.F. income, so that is an increase of £4 million which is part of the increase in income. The remainder of it will be rather smaller changes to do with putting prices up and accounting and other operational changes.

The Deputy of St. Peter:

There is another area where we have seen increases and that is in public health services. There is an increase from £292,700 in 2013 to £577,000 in 2014, which is quite a substantial increase. Are you able to explain that one for us, please?

Finance Director:

Sorry, in public health?

The Deputy of St. Peter:

Public health services, yes.

The Deputy of St. Ouen:

Under the income line.

Finance Director:

Oh, under the income line. Again, that will be some of the services that public health provide other primary care services that relate to the H.I.F. income. So again that is reflecting the fact that we are expecting that income to come into the department at the £6 million level in 2014.

The Deputy of St. Ouen:

Sorry, just explain that to us. You just told us that overall income is higher because of the Health Insurance Fund. Now you are saying that the income has been split to ...

Finance Director:

The table that we are looking at - it does not have a page number but that landscape table that analyses the income and expenditure by service - allocates the total income and total expenditure across those services. So the figure that we were talking about in total, in terms of the £4 million movement from 2013 to 2014, has just been spread across those service areas, depending on where the particular primary care services are being provided.

The Deputy of St. Peter:

Again, income from women and children's services increases. Between 2013 and 2014 it is almost a 100 per cent increase.

The Deputy of St. Ouen:

Are you suggesting that is the same thing? It is a way of distributing the Health Insurance Fund across different services?

Finance Director:

Some of that will relate to that, some of that will also relate to private patient income. I can go away and do a detailed analysis.

The Deputy of St. Ouen:

Maybe we could just ask you to provide us with greater detail because what we want to understand is whether the Health Department is choosing to increase its income by increasing charges significantly to clients, users and customers or whether it is, from what you have just described, some form of paper exercise which is taking a source of funding and reallocating it across.

Finance Director:

The movement from 2013 to 2014, as you will see is just over £4 million. That is largely the income from the H.I.F.

Assistant Minister for Health and Social Services:

A paper exercise, as you refer to, James.

Finance Director:

There is not a host of new charges in there.

The Deputy of St. Ouen:

As I say, if you could provide us with just a bit of detail on that would be great. Thank you.

Assistant Minister for Health and Social Services:

Yes.

The Deputy of St. Peter:

If we look now at charitable donations, how much income is received from charitable donations, please?

Finance Director:

Unfortunately this is one thing I do not have off the top of my head. I will have to provide that to you separately. I just do not have it off the top of my head.

The Deputy of St. Peter:

Thank you, if you could. More generally, how much reliance is placed upon charitable donations on a year-to-year basis?

Finance Director:

We do not have any great reliance on charitable donations. We do account for all the charitable donations separately in a set of charitable funds which the Comptroller and Auditor General has audited previously. When money is donated from those funds into the department it is shown as income to the department, the rationale behind that being that we then have absolute clarity over our costs so we know what our costs are so we do not commit to spend more than we ought to spend. In addition to that, there are some charitable organisations that jointly fund posts, nursing posts for example, with us for a period of time, sometimes months, sometimes a few years, and part of those agreements is always that when that funding comes to an end the department picks up the cost of that funding and we put it back into our forward planning. I think in the previous session that we had a month or so ago, in the written answers I provided I think I gave a list of the organisations that we are currently working with in that particular way.

The Deputy of St. Ouen:

There are a number of charities that you rely upon to provide certain services, and equipment indeed, to be utilised within the hospital. I think it is really just for us to be able to understand how much reliance you are placing on that, or are you planning in the transformation programme to move to some form of more sustainable position where less reliance is placed on charities or other individuals donating and providing much needed equipment to meet the needs of our community?

Assistant Minister for Health and Social Services:

In general terms, I think to say that we have a reliance on charitable donations would be not quite the most appropriate thing to do because you cannot guarantee you are going to get charitable donations. I think if we did not have them then we would be restricted from being able to do some of the work that we would like to do, the additional work in looking after patient care, and particularly some of the charitable donations will be linked to a particular type of care. For example, it may be a donation to do with cancer research or cancer care, so obviously it would be streamed into that and that money put into those areas. I think to say to rely on it would be difficult but it is a very welcome additional income stream to help particular areas.

[13:15]

The Deputy of St. Ouen:

It is true that diabetes, for argument's sake, is almost entirely funded by a charity. Am I right?

Finance Director:

No, it is not entirely funded by a charity.

The Deputy of St. Ouen:

I suppose the question is if the charity pulled its funding, if that funding stopped, would it have an impact and what impact would it have?

Assistant Minister for Health and Social Services:

Any reduction in income will have an impact. It is as simple as that.

The Deputy of St. Ouen:

But it is something that you would be able to manage?

Assistant Minister for Health and Social Services:

We would find ways of coping without it. We would have to.

The Deputy of St. Peter:

What funding has been allocated to implement the Children and Young People's Strategic Framework, please?

Managing Director, Community and Social Services:

I am not aware of that actually. What is in the M.T.F.P. in relation to that?

Finance Director:

Is this referring to the strategic objective?

The Deputy of St. Ouen:

This is referring to one of the strategic priorities, of which there are 7, which money has been allocated to.

The Deputy of St. Peter:

So the strategic framework that was developed by the C.P.G. (Children's Policy Group). That is the next question. The strategic priority, the strategic framework that was set up last year or the year before ...

Managing Director, Community and Social Services:

That work is already underway. I am not sure if additional funding is mentioned.

The Deputy of St. Peter:

There is no new funding?

Finance Director:

I think it is fair to say that in the Medium Term Financial Plan one of the sections allocates all the new funding to a particular strategic priority, and the health ones and one or 2 others are identified as performing health and social care as a strategic priority. That is done on the basis of that is the headline that it comes under. I think it is fair to say there are a number of initiatives within our White Paper in terms of where the funding would be deployed that will contribute to some of the other strategic priorities but that has not been allocated and apportioned over all the other priority headings that have been allocated to the main priority heading. Rachel, you might be able to talk about that.

Director, System Redesign and Delivery:

It is my understanding from the strategic priorities that are in the States strategic plan that there is a lead department for each of those and obviously Health and Social Services is the lead department for the strategic priority around health and social services. It may be incorrect but my understanding is that Education is the lead department for the strategic priority around family values.

The Deputy of St. Ouen:

I think, as the Chairman quite correctly reminded me, that is the follow-up question and this is focusing on the strategic framework which was published about a year ago with a commitment that detailed plans would be produced to implement some of the required changes and improvements required within that overall plan, high level plan. I suppose the question is where can we gain confidence that that is being dealt with and funding has been identified to support the implementation of the plan that was published and committed to by the Children's Policy Group.

Director, System Redesign and Delivery:

My understanding is that the Children and Young People's Framework, which is overseen by the Children's Policy Group, has a number of work streams within it. Within Health and Social Services, various areas of the work that we do contribute to that. Richard, unless you tell me that I am wrong, as a department we do not lead on the actual strategic framework, the Children and Young People's Strategic Framework, but a lot of the work that we do contributes to that framework, contributes to the Children's Policy Group, which I think has 6 or 7 streams of it, and indeed a lot of the service areas

that you will have seen within the White Paper has a contribution to that Children and Young People's Strategic Framework. So the areas that are H. and S.S. (Health and Social Services) related are in the White Paper but that is only a very small proportion of the entire Children and Young People's Framework, which is led by the Children's Policy Group, which we contribute to but we do not lead.

Managing Director, Community and Social Services:

The executive office for the Children's Policy Group, as you well know, is placed within Health and Social Services but operates with all other departments in delivery of that plan. So to answer your question, where do you get an update from, it will be from the Children's Policy Group because they will receive updates from the various groups as to where the progress is being made.

The Deputy of St. Ouen:

But who is ultimately accountable?

Managing Director, Community and Social Services:

The chair of the C.P.G.

The Deputy of St. Ouen:

If I want to pick up the plan, which we have all agreed to, and say: "Right, has this been delivered?" who do I go to?

Managing Director, Community and Social Services:

The chair of the Children's Policy Group, who is the Minister for Health and Social Services.

The Deputy of St. Ouen:

The Minister for Health and Social Services, which is why I come back to the original question which is what funds within the overall budget of your department are going to be used to deliver the plan?

Director, System Redesign and Delivery:

The funds that we understand that we need to deliver the Health and Social Services-led elements of the development of services for children for the next 3, 6, 10 years are within the White Paper, but that is our side of things. I wonder whether we should take the question away, get a more detailed briefing and submit to you a written response, because in order to do that we will need to link in and liaise with each of the other departments that contribute to the Children's Policy Group and the Child and Young People's Framework. I think that regular meetings take place for the various committees and subcommittees within that. I am not involved in that detail, I am afraid. We will send a written

response. If we can maybe understand exactly what question you are asking we will get a written response sent into you.

The Deputy of St. Peter:

We would just like to know what growth bids and growth allocations are committed towards achieving the aims of the strategic framework. Thank you.

Director, System Redesign and Delivery:

We will get a written response to you.

The Deputy of St. Peter:

Thank you. If we could briefly touch upon a couple of specific allocations. One is related to a facility for housing for young people with complex needs and another in the line beneath relates to providing facilities for residential care for adults with complex needs. We wondered if any consideration had been given to amalgamating those 2 sites and facilities to perhaps try and save costs and plan for the future and the development of those young people who will inevitably become adults at some point.

Assistant Minister for Health and Social Services:

I think this one is really a question for Richard, other than to say there has been a lot of background work that is ongoing looking at just that: how can we improve the delivery in staff and in costs as well? Richard, you are majoring on that, are you not?

Managing Director, Community and Social Services:

There is a lot of work currently underway in terms of the capital programme around the estate, and more specifically around the estate for the provision for adults with complex needs, and indeed children in terms of respite care. It is almost a revolution in our capital programme really in terms of what we are currently doing, so we can provide all the details in relation to all of that. That will be detailed in the capital plan submission, will it not?

Finance Director:

It is a narrative for the capital plan submission.

Managing Director, Community and Social Services:

We are working closely with the director of the National Autistic Society and with a variety of different charities also looking at different ways in which we may be providing for children and young adults, particularly with autism. I think we have spoken at length in the past about Eden House and the variety of changes that we have made there. Yes, I think there is endless changes ahead really.

The Deputy of St. Ouen:

I suppose the question again is what confidence can we as the public or States Members have that the Medium Term Financial Plan has made provision for these necessary upgrades of facilities and so on and so forth that we have just spoken about?

Managing Director, Community and Social Services:

As I say, I think it is detailed in the capital programme where those changes are and they are to provide improvements in the areas that you have identified.

The Deputy of St. Ouen:

I am interested because you just mentioned charities again as a contributor. It is great that charities are happy to contribute, but if a charity chose not to are we left with we cannot have the facility or are there provisions being put in place or safeguards being put in place that whatever happens these facilities will be provided?

Assistant Minister for Health and Social Services:

I think it is a longer programme. There is a programme in nebulous form at the moment of rebuilding and disposing of old stock. So a lot of the work that we are trying to do with rehousing and providing new facilities is about providing new, if I can use the term, satellite type of facilities which have a linking element within them which reduces the overall running costs of them and the numbers just are not required. This is one of the options we are looking at. To fund that there are a number of quite substantial residential properties which are under the Health and Social Services portfolio at the moment which could be released to fund that work stream. That is currently the objective, to try and get it to a point where we can improve the delivery and make it self-funding by releasing what would become expired assets.

Managing Director, Community and Social Services:

Just to clarify round the charitable input. It is not always about money; in many respects it is the charities and societies have expertise. The engagement of the National Autistic Society is not around their funding but around their expertise that they bring to the table in terms of the development ...

The Deputy of St. Ouen:

With regard to the White Paper, and we have a lot about the thrust of the White Paper, developing community services, working closely with third sector organisations and so on and so forth, can you explain to me why are grants and subsidies being reduced by £570,000 in 2013 and which organisations will be affected?

Finance Director:

I will come back to you and confirm this but my understanding is that that is not a reduction in the amount of funding going to any particular organisation but more of a classification of that expenditure. One of the things that you will have read about in the White Paper is the move to modernising our relationship with some third sector providers. The old way of doing it, if you like, is where it is classified as a grant or a subsidy where we are contributing money towards an organisation's costs. As we move forward, more and more of that expenditure is going to get classified as purchasing the service from that provider. The move that you are seeing in 2013 is the first part of that. I can come back to you and tell you exactly what that relates to.

The Deputy of St. Ouen:

Until you do, are you able to assure us that no grants to third sector organisations are proposed to be cut in 2013?

Assistant Minister for Health and Social Services:

Talking about funding generally, I can say we are not proposing to cut any funding to any third sector organisation in 2013. I say funding because it is across the spectrum.

The Deputy of St. Ouen:

Including grants and subsidies?

Assistant Minister for Health and Social Services:

Yes, it is across the spectrum, so funding in whatever form. There may be changes in the way we fund them but the funding will still be available.

The Deputy of St. Ouen:

We will be very interested then in that detailed information because you do not make it particularly clear in the Medium Term Financial Plan.

Managing Director, Community and Social Services:

Can I just caveat that as well. We may seek to purchase different services from third sector providers next year which may result in a reduction or an increase in the amount of money that we provide to them because we seek different services. I think it is important that we say that. If we are buying X amount of service from a third sector provider and next year it is half from that provider because it is from another provider then we will expect the amount of money we provide would change.

Assistant Minister for Health and Social Services:

I am just a bit concerned that we are going to be cutting funding.

The Deputy of St. Ouen:

To the extent of £500,000.

Assistant Minister for Health and Social Services:

What it may well be, James, is we are moving away from grants to applying a service level contract with them so therefore it comes under a different category. It does not mean the amount of money has changed. It is changing the way we deal with things. Rather than you coming along and saying: "I need £100,000 to deliver this. Can I have a grant this year?" we will say: "No, but we will come up with a service level contract with you to deliver that service." You would then become a provider of services. Equally at the same time I might say to one of your competitors: "Would you like to tender for that service at the same time?" We may say: "We will fund you for a portion and we will also fund somebody else for a portion", but the overall funding is not intended to be cut at all to the third sector organisations.

The Deputy of St. Ouen:

So some organisations could find the direct funding that is provided to them reduced?

Assistant Minister for Health and Social Services:

I would say if that were to happen there would have to be a reason for it. Either the service delivery that they are giving is not appropriate to the need at the time or we have been able to get better services from elsewhere.

Managing Director, Community and Social Services:

I think if the States were to agree the M.T.F.P. the likelihood is that the third sector funding will increase not decrease. It is a different investment.

The Deputy of St. Ouen:

I will flag up that as an issue because at the moment, and maybe it is something we need further information on, certainly you need to improve how you report this support because on first glance, as we have identified, third sector support is being reduced under grants and subsidies by £500,000.

Assistant Minister for Health and Social Services:

Yes, understand that. We will do that.

Director, System Redesign and Delivery:

Can I also add that with all of these changes it will not just happen overnight. It will be through ongoing discussion with various organisations, be it third sector, G.P.s, our own provider services. It would not be fair to change things overnight. What we are trying to do is to build really strong relationships, much more transparency, visibility, fairness, but also sustainability. Making changes like that very quickly does not help with sustainability and it is not fair on individuals and organisations.

[13:30]

The Deputy of St. Ouen:

I am pleased to hear that because I am well aware, perhaps more than others, that with Family Nursing and Home Care in the recent past grants were significantly reduced. It seems rather perverse that we are now looking at improving community services and asking that particular organisation to deliver greater services and broaden their range when we have previously reduced funding to that particular organisation.

Assistant Minister for Health and Social Services:

It would be wrong to comment on a particular case but perhaps from time to time we have to review the funding stream because of changes in the organisation itself and the service they are delivering and it would be appropriate in that case to ask them to work in a different way so we can really support them, if you understand what I am saying without being specific.

Director, System Redesign and Delivery:

Ultimately the aim is to have the right services in terms of range and choice and location, availability, quality and the best value for money to meet the needs of Islanders now and going forwards into the future but to do it in a sustainable way where we are really working together on this to understand what Islanders need and to make those services available.

Assistant Minister for Health and Social Services:

I think it is fair to say as we mature and move on through the M.T.F.P. and the second and third parts of it, the second 3 years or the third lot of 3 years, it would be an ideal situation where, to make it sustainable in the long term, we got into a position where we had preferred service providers after some robust tendering processes so it reassures as the buyer of services that we have got a sustainable provider and equally the provider knows they would have a sustainable client as well. That would be an objective in the longer term, which the M.T.F.P. does potentially create the environment for us to be able to do that.

Deputy J.A. Hilton:

Just one question. Earlier in the hearing reference was made to increased income, I believe, from private patients. That is correct? Yes. Obviously the more private patients you put through the hospital system, through the theatres, the greater the hospital income is. Can you explain to me who decides what percentage of private versus public patients are going through the theatre system, which obviously impacts on waiting lists for public patients, what the policy is? Has the policy changed in the last 12 months? I do not know whether you operate on a percentage.

Finance Director:

I am not an expert in this area, but it is managed by the managing director of the hospital and I am not aware that it has changed in the last 12 months. It is reported through to the Minister on a quarterly basis. It is on a percentage basis, yes.

Deputy J.A. Hilton:

Okay, and the policy has not changed. After the hearing finishes, could you go away and answer that question in a little bit more detail? I am interested to understand better. I know the theatres are operating at capacity but I want to understand better how that impacts on waiting lists for public patients versus private patients.

Assistant Minister for Health and Social Services:

Not quite in answer to your question but certainly the significant increases this year was a reconfiguration of the costs that we were requiring and putting on private patients. When we worked out the actual costs, we were being underpaid for the services that they were getting and there was quite a large change in our costing profile which I think probably contributes a significant part of that. If I can just go back to something I alluded to earlier, one of my first questions I asked the general manager of the hospital was what are the utilisation rates for the operating theatres and he said around about 60 per cent to 70 per cent. I said why is it not higher than that. He said: "We do not have the beds to put them post-operative."

Deputy J.A. Hilton:

My understanding was that the theatres operated at 90 per cent-plus, 92 per cent.

Assistant Minister for Health and Social Services:

That is not what the general manager informed me on that particular occasion, unless there has been a major change.

Deputy J.A. Hilton:

No, that is what we have been told previously that normally the theatres in Jersey are operating at a far greater capacity than their equivalent in the U.K. and that obviously causes issues with cross-contamination and everything. That was my understanding anyway.

Director, System Redesign and Delivery:

I think as with other areas in the hospital, and in Community and Social Services as well, there has been quite a lot of work done, and will continue to be done - partly answers your questions about the C.S.R. schemes as well earlier on - regarding efficiency and productivity and, for want of a more attractive term, sweating the assets that we have got. We need to make sure that we have made best use of all of our assets, particularly the buildings, the theatres, the beds, et cetera. There is a lot of hard work going on around that, whether it is on operational management issues or introducing service improvement schemes like Lean to make sure that we are as productive and efficient as we can be.

Director, System Redesign and Delivery:

That is true. Rachel has just corrected me because that was my information when I first came to the department. It has moved on and certainly the general manager has made some significant steps forward.

The Deputy of St. Peter:

Thank you very much to all of you for answering our many questions today. You have dealt with them most efficiently, and I close the hearing.

[13:35]