

**WRITTEN QUESTION TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES
BY DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR
ANSWER TO BE TABLED ON TUESDAY 1st MARCH 2011**

Question

“What NHS hospitals, if any, were used for comparison purposes in fixing the contract payment for the Hospital Managing Director? Would the Minister specify the precise savings achieved by the Hospital Managing Director during his initial period in office to December 2010?”

Answer

The contract with the Managing Director for the Hospital is a contract for services and not an employment contract. The value of the new two year contract was arrived at by taking the daily rate of the interim contract agreed in April 2010, which in turn was determined following a competitive recruitment exercise involving several agencies. The daily rate was that which the market determined to secure the level of skills and experience required by the Hospital. This was an immediate response to the urgent first recommendation of the Verita Report published in February 2010. A reduction in overall cost was achieved by placing the contract for services directly with the Managing Director’s company rather than via the original placement agency thus eliminating the agency fee. This resulted in a saving of £76,000 over the 2 year period of the contract.

In arriving at the decision to extend the contract with the then interim Managing Director, alternative approaches such as a fixed term employment contract and a permanent appointment via open competition were also considered and benchmarked for cost. In arriving at a potential salary for a permanent appointment, consideration was given to the prevailing salaries in the Hospital sector in the UK for CEOs of small district general hospitals and Chief Operating Officers of large Teaching Hospitals. Professional advice was taken from an executive search firm retained for this purpose.

In 2010 some areas of hospital services were overspending on their direct service budgets. The forecast overspend was circa £1M. The main areas of financial pressure were around the rostering and utilisation of nursing staff in the medical wards, the utilisation of agency/locum doctors and increasing costs in some support services. Estates and facilities were also forecast to overspend due to pressure on maintenance budgets and overtime expenditure. Whilst many of these pressures remain, the Managing Director has assertively managed this problem to ensure expenditure has been minimised and controlled where possible and that where the expenditure could not be avoided, other lower priority expenditure was restricted so budgets could be transferred to the pressure areas. By combining the hospital under one manager, priorities between Surgical Services and Medical Services have been more effectively managed and ultimately enable a breakeven on Hospital budgets overall in 2010.

The Hospital Managing Director is directly responsible to the Chief Officer of Health and Social Services for the management of the General Hospital, the Ambulance Service and Estates & Facilities for the entire Department. This responsibility includes around 2,500 staff, revenue budgets of almost £100M and the care of many thousands of people who use the Hospital every year. This task is complex and demanding and can only be delivered successfully by someone able to change the culture and win the respect and trust of some very talented people. I know that the Managing Director would want me to point out that the myriad of savings achieved across dozens of budgets over the last 9 months have been delivered through the hard work of everyone in the General Hospital and not just by him.