Public Accounts Committee

Report on General Report on the Health and Social Care Sector 2012-13 and 2013-14

Together with the Minutes of Proceedings of the Committee relating to the Report and the Minutes of Evidence

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Table of Contents

PUBLIC ACCOUNTS COMMITTEE
MEMBERSHIP AND POWERS

The Public Accounts Committee is a Standing Committee established in accordance with Standing Orders under Section 60(3) of the Northern Ireland Act 1998. It is the statutory function of the Public Accounts Committee to consider the accounts, and reports on accounts laid before the Assembly.

The Public Accounts Committee is appointed **under Assembly Standing Order** No. 56 of the Standing Orders for the Northern Ireland Assembly. It has the power to send for persons, papers and records and to report from time to time. Neither the Chairperson nor Deputy Chairperson of the Committee shall be a member of the same political party as the Minister of Finance and Personnel or of any junior minister appointed to the Department of Finance and Personnel.

The Committee has 11 members including a Chairperson and Deputy Chairperson and a quorum of 5.

The membership of the Committee since 23 May 2011 has been as follows:

Ms Michaela Boyle[3] (Chairperson)

Mr John Dallat[5] (Deputy Chairperson)

Mr Roy Beggs[14]	Mr Trevor Clarke[8]
Mr Phil Flanagan[13]	Mr Paul Girvan
Ms Claire Hanna[16]	Mr Ross Hussey
Mr Adrian McQuillian[1]	Mr Conor Murphy[17]
Mr Jim Wells[15]	

[1] With effect from 24 October 2011 Mr Adrian McQuillan replaced Mr Paul Frew

[2] With effect from 23 January 2012 Mr Conor Murphy replaced Ms Jennifer McCann

[3] With effect from 02 July 2012 Ms Michaela Boyle replaced Mr Paul Maskey as Chairperson

[4] With effect from 02 July 2012 Mr Conor Murphy is no longer a Member and his replacement on this committee has not yet been announced

[5] With effect from 07 September 2012 Mr John Dallat replaced Mr Joe Byrne as Deputy Chairperson.

[6] With effect from 10 September 2012 Mr Sean Rogers was appointed as a Member

[7] With effect from 10 September 2012 Mr Daithi McKay was appointed as a Member

[8] With effect from 01 October 2012 Mr Trevor Clarke replaced Mr Alex Easton

[9] With effect from 11 February 2013 Mr Sammy Douglas replaced Mr Sydney Anderson

[10] With effect from 15 April 2013 Mr Chris Hazzard replaced Mr Mitchel McLaughlin

[11] With effect from 07 May 2013 Mr David McIlveen replaced Mr Sammy Douglas

[12] With effect from 16 September 2013 Mr Alex Easton replaced Mr David McIlveen

[13] With effect from 06 October 2014 Mr Phil Flanagan replaced Mr Chris Hazzard

[14] With effect from 06 October 2014 Mr Roy Beggs replaced Mr Michael Copeland

[15] With effect from 18 May 2015 Mr Jim Wells replaced Mr Alex Easton

[16] With effect from 7 September 2015 Ms Claire Hanna replaced Mr Sean Rodgers

[17] With effect from 14 September 2015 Mr Conor Murphy replaced Mr Daithi McKay

List of Abbreviations Used in the Report

the Committee	Public Accounts Committee (PAC)
C&AG	Comptroller and Auditor General
the Department	Department for Health, Social Services and Public Safety
HSC	Health and Social Care
TYC	Transforming Your Care
DACs	Direct award contracts
DFP	Department for Finance and Personnel

Executive Summary

1. With demand for health and social care services now far outstripping supply and showing no sign of abating, the financial strength of HSC Trusts has continued to decline despite the fact that they receive additional resources year-on-year to shore up their financial position. While only the Western Trust failed to break-even in 2014-15 (a deficit of £6.6 million) this masks an underlying funding gap of Trust pressures from 2014-15 which is reckoned to be over £131 million carried-forward to 2015-16.

2. Putting the HSC Trusts on a sustainable financial footing, therefore, is a significant challenge for all those involved in the health and social care sector unless there is a significant change in funding or transformation of services. The fact that HSC Trusts have no authority to move money from one year to the next impedes their ability to undertake longer-term financial planning. Ongoing service redesign on a major scale will be needed if the HSC Trusts are not only to provide efficient health and social care, but that they can do so by living within their means.

3. Exceptionally high levels of spend on locum doctors has been a key driver in expenditure growth, particularly within the Western HSC Trust, where difficulties in recruiting and retaining permanent consultants continues to put pressure on budgets.

4. The decline in the financial stability of HSC Trusts is mirrored in widespread breaches of key waiting times targets for elective, emergency and outpatient care. In particular, hospitals have been breaching key waiting times for cancer that are meant to ensure speedier diagnosis and treatment in order to maximise patients' chances of survival

5. Going forward, it is hard to see how the current service model can be sustained as financial savings start to dry up. Transforming Your Care is heralded as the great transformational saviour for health and social care, but the pace of change has been at best mediocre. As result, Trusts are likely to struggle to stem the deterioration in performance.

6. Aside from financial and activity issues, our report also covers a range of other issues, for instance:

    - Whistleblowers still face real problems in speaking out in the health and social care services despite the push to create a more open culture. While steps have been taken to improve things over recent years, a "culture of fear" still exists in many parts of the HSC sector. Creating the conditions within which high quality, compassionate care can

flourish needs to ensure that where individuals have concerns about service provision they can have their concerns heard and acted upon in an open and honest manner.

- In exceptional circumstances, health and social care bodies can use direct award contracts where they consider competitive procurement to be inappropriate. In the two years to March 2014, however, Trusts let over 2,600 such contracts incurring expenditure of just under £130 million. While this has since reduced considerably to £48 million in 2014-15, the Committee considers that the level of expenditure is not fully consistent with a supposedly narrow range of scenarios in which competition can be bypassed. The tendering process should be as transparent and competitive as possible to ensure that purchases by health and social care bodies achieve the maximum benefits and corruption and favouritism is minimised.

- The consultants' contract of employment enshrines their right to treat patients privately. While the Committee acknowledges the commitment and dedication of hospital consultants, it considers that the mechanisms for managing how their private work interfaces with their work for the health service may require tightening to ensure that health service patients always receive the most flexible and responsive treatment they can get.

Summary of Recommendations

Recommendation 1

High quality care and the efficient and effective use of health and social care funding go hand in hand. Action is needed, therefore, to place the finances of health and social care organisations on a more sustainable footing. The Committee considers a more flexible system is required (like that which exists in Scotland) which would involve a move from annual to medium term financial planning to avoid the annual budgetary constraints and monitoring round bail-out arrangements which currently afflict Trusts. The Committee recommends that the Department approach DFP to explore the options available for introducing three-year budgets for the HSC Trusts.

Recommendation 2

The Department needs to explain in detail how it will tackle the issue of consultant shortages. In particular, the Committee recommends that it examines the extent to which the consultant contract allows Trusts to award incentives to attract consultants to geographical areas and specialities where there are shortages, without financially disadvantaging the organisations concerned.

Recommendation 3

The Department must work cooperatively with the HSC Board and Trusts to seek innovative and cost effective ways of enhancing staff flexibility. For example, consideration should be given to the possibility of recruitment on a Northern Ireland regional basis for certain specialties as a way of matching skills to need. Moreover, we recommend that the Department should explore the extent to which it may be possible to insist that, for a limited period after qualification, newly qualified consultants would be expected to fill a vacancy where their specialism met the need.

Recommendation 4

The HSC Board should ensure that it can pinpoint why cancer waiting time targets are not being met and should set out the action needed to meet the targets, and the date by which it expects Trusts will achieve those targets again.

Recommendation 5

The HSC Board, working with Trusts, should begin a process of identifying best practice in those hospitals/specialties where performance against waiting time targets is bucking the trend, both locally, and across the wider NHS, so that the lessons learnt from successful innovation can be disseminated across the Trusts.

Recommendation 6

In the interests of transparency and value for money the Department should take steps to get together with its counterpart Departments in the UK in order to agree the specific indicators that would provide the most insight into health and social care performance, establish the data needed to make valid comparisons and identify how to collect that data cost-effectively.

Recommendation 7

The Committee recommends that the Department clarify the expected time period over which it expects the benefits of TYC to be realised.

Recommendation 8

Particularly in light of the Trusts' poor financial performance, it is essential that goods and services are procured competitively in order to ensure value for money. The Department must lead efforts to make sure that the Committee's previous recommendations on the management of Direct Award Contracts have been effectively embedded and applied across all Trusts.

Recommendation 9

While recognising the positive action which has been taken to date, the Committee calls on the Department to continue to do all it can to foster and grow a culture of openness and honesty across all health and social care bodies. It is essential that employees in the health and social care sector have trust in the system for handling whistleblowers and that they have confidence they will be taken seriously, protected and supported by their organisations if they blow the whistle.

Recommendation 10

The Committee recommends that the Department undertakes a review of existing guidance and controls around private practice arrangements to assess whether, as far as is practical, all necessary steps are being taken to ensure that health service patients are not being disadvantaged as a result of the close intertwining of public and private health care. The Department should report its findings back to the Committee by 31 March 2016.

Recommendation 11

Recent revelations and reports from elsewhere in the UK have ensured that the priority and status of patient safety has risen to the top of the agenda among health and social care bodies. The Committee is concerned, however, that, as the other major issues dealt with in this report become ever more prominent, such as reducing waiting times and achieving financial balance, the focus on patient safety may diminish. It is vital that the momentum built up in recent years in terms of learning and improving patient care is not lost.

Recommendation 12

To help inform the development of a culture of openness and transparency across the Trusts, the Committee recommends that the Department should monitor the safety culture in Trusts by arranging to have them use one of the established tools available to undertake a cultural audit.

Recommendation 13

It is important that Trusts lift their game in paying invoices promptly. The Committee recommends that the Trusts develop individual action plans to help them implement measures which will bring about the needed improvement in their performance.

Introduction

1. The Public Accounts Committee (the Committee) met on 16 September 2015 to consider the Comptroller and Auditor General's report "*Health service General Reports 2012-13 and 2013-14*". The main witnesses were:

    - Mr Richard Pengelly, Accounting Officer, Department of Health, Social Services and Public Safety;
    - Dr Paddy Woods, Assistant Chief Medical Officer, Department of Health, Social Services and Public Safety;
    - Mrs Julie Thompson, Deputy Secretary of Resource and Performance Management Group, Department of Health, Social Services and Public Safety;
    - Mr Kieran Donnelly, Comptroller and Auditor General; and
    - Mr Jack Layberry, Treasury Officer of Accounts.

2. The health and social care services face a growing challenge to deliver cost reductions without impacting on the quality of patient care. In its evidence session, the Committee explored the financial position of the HSC Trusts and their performance in the delivery of services.

The financial health of HSC Trusts is weak

3. Health and social care (HSC) bodies are facing an unprecedented financial squeeze. Although the HSC sector has been more generously funded than other areas of public spending over recent years - £5.2 billion in 2014-15 – it faces an ever-increasing demand for health and social care services as a result of an ageing and growing population; changes in technology; and growing chronic conditions.

4. The five regional HSC Trusts account for the bulk of HSC expenditure - £4 billion in 2014-15. During the last number of years they have depended on substantial additional financial support through in-year monitoring rounds to help them avoid incurring deficits. While extra resources are welcome, the Committee is concerned that the re-allocation of funding around the HSC sector can mask underlying financial problems within individual HSC bodies and, therefore, undermine sound financial management. The Committee, therefore, cautions the HSC sector in general against a default position which blames the failure of Trusts to achieve financial balance on insufficient funding.

5. Achieving the kind of cost reductions required to cope with the pressures faced by HSC Trusts will require radical re-thinking and re-shaping of health and social care services. The Department of Health, Social Services and

Public Safety (the Department) agreed that without major change in the way services are delivered, the financial pressure on Trusts will only get more severe. It will be important for the Department and HSC Board to continue to work closely with Trusts to address underlying financial pressures if value for money is to be achieved by the Trusts in the coming years.

Recommendation 1

High quality care and the efficient and effective use of health and social care funding go hand in hand. Action is needed, therefore, to place the finances of health and social care organisations on a more sustainable footing. The Committee considers a more flexible system is required (like that which exists in Scotland) which would involve a move from annual to medium term financial planning to avoid the annual budgetary constraints and monitoring round bail-out arrangements which currently afflict Trusts. The Committee recommends that the Department approach DFP to explore the options available for introducing three-year budgets for the HSC Trusts.

HSC Trusts must take action to reduce reliance on expensive temporary staff

6. Consultants can choose where they work and as a result certain geographic locations, such as the Western Trust, face difficulties in recruiting and retaining consultants. The shortage of consultants makes Trusts heavily reliant on locum consultants and this has been a key driver in expenditure growth. While the Committee accepts that locum consultants provide a necessary element of flexibility in HSC staffing arrangements, we consider that, as the dominant employer of temporary medical staff, Trusts may not be making best use of their position to reduce the costs involved and to safeguard the continuity of care patients receive.

Recommendation 2

The Department needs to explain in detail how it will tackle the issue of consultant shortages. In particular, the Committee recommend that it examines the extent to which the consultant contract allows Trusts to award incentives to attract consultants to geographical areas and specialities where there are shortages, without financially disadvantaging the organisations concerned.

Recommendation 3

The Department must work cooperatively with the HSC Board and Trusts to seek innovative and cost effective ways of enhancing staff flexibility. For example, consideration should be given to the possibility of recruitment on a Northern Ireland regional basis for certain specialties as a way of matching skills to need. Moreover, we recommend that the Department should explore the extent to which it may be possible to insist that, for a limited period after qualification, newly qualified consultants would be expected to fill a vacancy where their specialism met the need.

Trusts should improve their performance to ensure more people start their cancer treatment on time

7. While delays in all types of appointments can cause pain and distress for patients and their families, the Committee was particularly concerned that Trusts have been failing to meet important cancer waiting time standards for patients. Performance against the standard that 95% of cancer patients should start treatment within 62 days of being urgently referred by a GP is a crucial indicator of the readiness of the health and social care sector. Meeting this standard, however, has been challenging because the number of urgent GP referrals has increased in recent years. The C&AG's report records that no hospital was able to ensure that 95% of patients began their first treatment for cancer within the 62 day standard. Also worrying was the finding that the percentage of patients seen within 14 days of an urgent referral for breast cancer had fallen from 84% in 2013-14 to 81% in 2014-15.

Recommendation 4

The HSC Board should ensure that it can pinpoint why cancer waiting time targets are not being met and should set out the action needed to meet the targets, and the date by which it expects Trusts will achieve those targets again.

As demand outstrips supply performance against waiting time targets has deteriorated

8. The harsh reality of the challenges facing the health and social care sector are evident in the reduced accessibility of all services, with performances against waiting time targets for inpatient, outpatient and emergency care services all declining dramatically.

9. The Committee acknowledges that, due to funding constraints, the discontinuation of independent sector involvement to help in reducing waiting times plays a large part in explaining the deterioration in performance. However, while acknowledging that this limits the ability of Trusts to pursue improvements, the Committee cautions against viewing waiting time performance simply in terms of a shortage of funding as this risks excusing deteriorating performance.

10. The Committee considers that declining waiting time performance is a systemic problem which cannot be attributed to any one factor or failure within the system. Faced with the likelihood of further breaches of targets, the Committee expects the Department, along with the HSC Board and Trusts, to take active steps to develop a deeper understanding of the factors driving local waiting time activity by making the most of available data to

assist in developing more effective ways of tackling the decline in performance.

Recommendation 5

The HSC Board, working with Trusts, should begin a process of identifying best practice in those hospitals/specialties where performance against waiting time targets is bucking the trend, both locally, and across the wider NHS, so that the lessons learnt from successful innovation can be disseminated across the Trusts.

11. It was disappointing to hear the Department refer to the difficulties of comparing waiting time performance with other UK countries because of differences in the way that data is collected - the example was given of how the 12 hour maximum wait time in emergency care departments here differed from England. This is an issue the Committee shed light on previously, during the *Primary Care Prescribing* report. Comparable data is crucial to assessing changes in performance and value for money in health care across the UK. More accurate information about the causes of rising service pressures is not simply a management convenience; it is fundamental to the delivery of high quality care.

Recommendation 6

In the interests of transparency and value for money the Department should take steps to get together with its counterpart Departments in the UK in order to agree the specific indicators that would provide the most insight into health and social care performance, establish the data needed to make valid comparisons and identify how to collect that data cost-effectively.

The Department must strengthen and increase the urgency around Transforming Your Care

12. We agree with the Department's view that reconfiguration and reshaping of services offer the best opportunity to put health and social care services on a sustainable footing and to help in addressing the issues around waiting time performance. While there are many local projects working to reshape and improve services under the *Transforming Your Care (TYC)* banner, the Committee considers that there is a lack of strategic coherence. The Department and HSC Board now needs to markedly increase the pace of progress on TYC if it is to make their aspirations for sustainable services a reality.

Recommendation 7

The Committee recommends that the Department should clarify the expected time period over which it expects the benefits of TYC to be realised.

Direct award contracts must be prudently used to ensure that taxpayers get the best deal

14 The C&AG's report shows that in the two years up to March 2014, over 2,260 direct award contracts (DACs) were left incurring expenditure of just under £130 million. While data for 2014-15 shows that the value of DACs had fallen to £48 million, the Department conceded that it could not give a cast-iron assurance that there were always strong grounds for such awards or that their use was always justified. As value for money in procurement is based on a competitive system, the Department must do all in its power to ensure that there is transparency and fairness in the award of all contracts and that, when used, Trusts must have bona fide grounds for following a direct award route.

15. In 2012, the Committee's follow-up report on *Use of External Consultants by Northern Ireland Departments* recommended that departments and their sponsored bodies must ensure that all single tender actions/DACs are reviewed by the Management Board and signed off only by the Accounting Officer. Also, because the public have a right to know the details of the subject or purpose of DACs, their value and the reasons for not having a competitive process, the Committee recommended that each departmental Accounting Officer should make details of non-competitive contracts publicly available.

Recommendation 8

Particularly in light of the Trusts' poor financial performance, it is essential that goods and services are procured competitively in order to ensure value for money. The Department must lead efforts to make sure that the Committee's previous recommendations on the management of Direct Award Contracts have been effectively embedded and applied across all Trusts.

The Department must take steps to ensure that its policy on whistleblowers is matched by arrangements which work in practice

16. The Committee expressed its concern to the Department about failings in the practices of the Estates Department of the Northern Trust which were only exposed when a member of staff had blown the whistle, having exhausted all attempts to get Trust management to respond. In the Committee's view this case demonstrated that there was a glaring "disconnect" between the Trust's whistle-blowing policy and the way it operated in practice. We need to see more action from organisations like the Trusts to protect and celebrate whistle blowing so that we may see an end to the culture of ignoring and victimising those that do speak up.

17. The Department told the Committee that dealing with whistleblower complaints can often be a delicate balance given that some may be vexatious whistleblowers and that it is vital to distinguish legitimate whistleblowers from this group. The Committee acknowledges that clear arrangements are in place for reporting back in a timely fashion to whistleblowers on how their concerns have been addressed. It also welcomes the Department's assurances that it is 100% behind supporting health and social care employees to feel able to raise issues and concerns in a supportive and protective environment without fear that they will suffer detriment or victimisation.

Recommendation 9

While recognising the positive action which has been taken to date, the Committee calls on the Department to continue to do all it can to foster and grow a culture of openness and honesty across all health and social care bodies. It is essential that employees in the health and social care sector have trust in the system for handling whistleblowers and that they have confidence they will be taken seriously, protected and supported by their organisations if they blow the whistle.

Greater transparency is required to demonstrate that health service patients are not disadvantaged as a result of the private practice commitments of consultants

18. Since the founding of the National Health Service in 1948, private practice has been an alternative means for doctors to treat patients and the current consultants' contract enshrines this arrangement. However, against a backdrop of health service patients having to wait inordinate lengths of time for treatment, the Committee is concerned about a lack of control over the possibility of patients being deliberately "pushed" towards paying privately to receive faster treatment – basically, to jump the queue.

19. The Department accepts that, given the close interaction with private care, such a scenario was a real risk under the current control environment. However, the Committee acknowledges that neither the Department nor NIAO had uncovered any evidence of deliberate manipulation of hospital lists by consultants. Moreover, the Department told the Committee that, to a certain extent, it trusted in the professionalism of consultants as a safeguard against this actually happening.

Recommendation 10

The Committee *recommends that the Department undertakes a review of existing guidance and controls around private practice arrangements to assess whether, as far as is practical, all necessary steps are being taken to ensure that health service patients are not being disadvantaged as a result of the close intertwining of public and private health care. The Department should report its findings back to the Committee by 31 March 2016.*

Learning from adverse incidents is essential to help avoid future mistakes

20. The C&AG's report draws attention to the incidence of adverse events in the Northern and Belfast Trusts. While the Committee understands that rules, standards, regulations and enforcement all have a part to play in the pursuit of improved patient safety, it considers these pale in potential compared to the power of ongoing learning.

Recommendation 11

Recent revelations and reports from elsewhere in the UK have ensured that the priority and status of patient safety has risen to the top of the agenda among health and social care bodies. The Committee is concerned, however, that, as the other major issues dealt with in this report become ever more prominent, such as reducing waiting times and achieving financial balance, the focus on patient safety may diminish. It is vital that the momentum built up in recent years in terms of learning and improving patient care is not lost.

21. The C&AG's report draws attention to ongoing concern over the issue of a "blame culture" within the health and social care services. The Committee welcomes the ongoing work the Department has been leading to embed a new culture of openness across the sector so that staff can feel more able to report and discuss incidents without fearing unfair blame.

Recommendation 12

To help inform the development of a culture of openness and transparency across the Trusts, the Committee recommends that the Department should monitor the safety culture in Trusts by arranging to have them use one of the established tools available to undertake a cultural audit.

Sustained improvement is needed on prompt payment of invoices

22. Small and medium-sized enterprises have a vital role to play in the economy. Yet, when it comes to promptly paying these enterprises for goods and services received, Trusts have not been getting the basics right. Payment performance has continued to decline with the result that in 2014-15, Trusts paid just over 83% of invoices within the target 30 days.

Recommendation 13

It is important that Trusts lift their game in paying invoices promptly. The Committee recommends that the Trusts develop individual action plans to help them implement measures which will bring about the needed improvement in their performance.

Links to Appendices

Minutes of Proceedings can be viewed here

Minutes of Evidence can be viewed here

Correspondence can be viewed here

Other Documents relating to the report can be viewed here

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