

HEALTH AND ADULT SOCIAL CARE OVERVIEW AND SCRUTINY COMMITTEE

23 JUNE 2011

UPDATE FROM MEDWAY NHS FOUNDATION TRUST

Report from: Rose Collinson, Director of Children and Adults

Author: Rosie Gunstone, Democratic Services Officer

Summary

This report sets out an update on developments at Medway NHS Foundation Trust in relation to

- (a) a proposed merger with Dartford and Gravesham NHS Trust and
- (b) a recent breach notified by Monitor, the Foundation Trust regulator.

1. Budget and Policy Framework

- 1.1 Under Chapter 4 – Rules, paragraph 22.2 (c) terms of reference for Health and Adult Social Care Overview and Scrutiny Committee has powers to review and scrutinise matters relating to the health service in the area including NHS Scrutiny.

2. Background

- 2.1. The Chief Executive of Medway NHS Foundation Trust will be present to introduce the attached report setting out an update on:
 - (a) the proposed merger of the Trust with Dartford and Gravesham NHS Trust, and;
 - (b) the recent breach in conditions notified by Monitor, the Foundation Trust regulator.

3. Risk management

- 3.1. As this is an update report there are no risk implications at this stage.

4. Legal and Financial Implications

- 4.1. There are no legal and financial implications at this stage.

5. Recommendations

- 5.1. Members are asked to note the update.

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Background papers - none

Medway



NHS Foundation Trust

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Statement from Mark Devlin, Chief Executive – Medway NHS Foundation Trust

1. Strengthening the Trust's financial position

Over the past year, Medway NHS Foundation Trust performed well in many areas and has many successes to be proud of. This includes achieving some of the best infection control performance in the south east coast region and exceeding all patient access targets which ensured our patients received the right care, at the right time.

The Trust's financial plans for 2010/11 however were ambitious; there was a savings target of £15 million to action expected efficiency improvements and generate a small surplus for reinvestment. The Trust achieved more than 90 percent of planned savings but the shortfall, coupled with other significant one-off losses in the year, led to the Trust failing to meet its overall financial plans in 2010/11 and incurring a deficit.

Having not been able to meet the savings intended, at the end of April, Monitor, the regulator of NHS foundation trusts, announced that Medway NHS Foundation Trust was in significant breach of the terms of its authorisation. The Trust board was, naturally, disappointed with this announcement given the financial challenges the entire public sector must meet. However, the Board understands why Monitor took this precautionary measure. Monitor has not used its formal powers of intervention, but has asked the Trust to provide further assurance of the plans and processes for delivering financial recovery in the coming year.

Before the start of the new financial year, the Trust was fully aware that measures were needed to ensure financial plans for the current financial year (2011/12) were more robust. The Trust also realised the importance of starting the year on a stronger footing than we did in April 2010, putting it in a better financial position for the rest of the year.

The Trust's commitment to offering the highest standards of care, as measured by the Care Quality Commission, remains unaffected, as do the patient services that the Trust offers. A team is working closely with Monitor to return to compliance as soon as possible. The Trust is confident that an improved financial position will be demonstrated shortly.

2. Exploring a sustainable future

With political and economic factors likely to change the way in which the NHS delivers services in future, and with growing local populations in mind, it is important that the Trust considers the longer-term provision of local healthcare services. For this reason the Trust is currently exploring the possibility of integrating with Dartford and Gravesham NHS Trust, to form one organisation.

There could be significant patient benefits in bringing the trusts together, delivering a better and wider range of services for local people. In addition, by merging the boards and some support functions, the trusts can cut out duplication and release savings that can be reinvested in delivering more and better frontline care. This would include maximising the use of both hospitals facilities and estate, and bringing more specialist services locally, preventing the need for patients to travel to London hospitals.

The trusts are currently carrying out a thorough feasibility study to look in detail at the implications and practicalities of integration. This includes establishing a long-term financial model.

Only if both boards are assured, following this feasibility study, that integration would achieve significant benefits for both trusts and the patients they serve, would the decision to proceed be taken. Integration would then need the approval of the Competition and Cooperation Panel, the Strategic Health Authority (SHA) (on behalf of the Department of Health) and Monitor, the independent foundation trusts regulator. Approval would only be granted if it was shown that integration would benefit patients and achieve financial sustainability for the new organisation. This work will be completed by the spring of 2012.

Mark Devlin
Chief Executive