

2.9 Deputy S. Pitman of St. Helier of the Minister for Health and Social Services regarding the salary of the new Hospital Managing Director:

Will the Minister advise what benchmarks and evaluation process were utilised in deciding the salary of the new Hospital Managing Director; who supervised the process and, given that the figure provided to the Assembly was incorrect, would the Minister advise what the true salary is and who was responsible for the miscalculation?

The Deputy of Trinity (The Minister for Health and Social Services):

There has been a great deal of media coverage in this issue over the last few days, some of which is inaccurate. There are a number of questions tabled and I welcome the opportunity to setting the record straight. I refer Members to the written questions 6077 and 6082, and I hope this provides all the detailed background information Members require. In summary, the miscalculation arose when an estimate for December was wrongly calculated into an annual amount. It is not a salary, and I can advise that the process was supervised by the Interim Director of H.R. (human resources) and my Chief Executive Officer. There was an urgent need for a hospital managing director. This was the first of Verita's urgent recommendations. It is a vital position, designed to secure better value for money and a safer hospital, and I hope Members agree with that. **[Approbation]**

2.9.1 Deputy S. Pitman:

Firstly, could the Minister clarify what the actual pay award is? Sorry, I have not been quick enough to go through the answer to the question. If she could tell Members that. Also in times of tight budgets, could she tell us where this money has all of a sudden come from?

The Deputy of Trinity:

Let me put this in context. The hospital has a budget of £100 million. It has 2,500 staff, and looks after thousands and thousands of patients' lives every single day of every single year. It is an important role. The role is not a salary, it is a contract of services and that is the most important difference.

Senator J.L. Perchard:

A point of order, Sir, I wonder if the Minister could correct her inaccuracy about the size of the hospital budget.

The Deputy of Trinity:

The hospital has got a budget of around £100 million. The whole budget for Health and Social Services is approximately £170 million.

2.9.2 Deputy S. Pitman:

Could the Minister answer the questions that I put to her? Where has this money come from to pay this managing director and also what is the figure? What is his pay award?

The Deputy of Trinity:

It is not a pay award. The money comes from within our budget. This is a contract for services and it is a new 2-year contract and it is a maximum of £4,600 per week based on a minimum of 40 weeks per year.

The Deputy Bailiff:

The second part of the question was where is the money coming from.

The Deputy of Trinity:

Sorry, I thought I had answered that initially. It comes within the budget of Health and Social Services.

2.9.3 Senator P.F. Routier:

Can the Minister identify any areas where the new Hospital Managing Director has really made a positive difference?

[10:30]

The Deputy of Trinity:

Just to remind you that hospital services were overspending in 2010 budget on direct services. The forecast overspend was £1 million. The main areas of financial pressure are around rostering, utilisation of nursing staff in the medical wards, and utilisation of agency, locum doctors, and increasing costs in support of services. Estates and facilities were also forecast to overspend. While some of these pressures remain the Managing Director has assertively managed this problem to ensure expenditure has been minimised and controlled wherever possible, and where expenditure could not be avoided low priority expenditure was restricted so budgets could be transferred to the pressure areas. He has made a significant difference in bringing the finance of the hospital under control.

2.9.4 The Deputy of St. John:

Given that the Minister claims that the new Managing Director has made a big difference to bringing the finances to the hospital under control, does this mean that she no longer requires the £5.3 million she applied to this House for from Social Security and, if so, will she notify the Minister for Social Security that this funding is no longer required? [Laughter]

The Deputy of Trinity:

I think Members are sometimes living in perhaps not the real world regarding health costs. Health costs are rising and will continue to rise. That is fact. The money requested from the Health Insurance Fund was to maintain the services and to grow some services, which we will have to do to maintain a safe and affordable hospital.

The Deputy of St. John:

Supplementary please, Sir?

The Deputy Bailiff:

No, I thought your last question hardly related to the original question [Laughter] ...

The Deputy of St. John:

She mentioned it, Sir, in her reply.

2.9.5 Deputy A.E. Jeune:

The Minister when initially responding to Deputy Shona Pitman's question spoke of the urgent need for this position. But I understood in the first half of 2010 that there was an urgent need and therefore we parachuted in an interim manager, and the

understanding was that within that 6 months they would recruit a suitable hospital manager. The urgency was then not for a 2-year contract at the end of that, perhaps the Minister could explain why it altered.

The Deputy of Trinity:

Yes, it was an urgent need of Verita and we grasped that and got the Interim Director employed. But he has done such a good job, and regarding the budget and the forecast and the rostering of services and on-call that it is important that continuity continues because the hospital is under challenging times with the C.S.R. and also looking forward to the strategic roadmap. That is why we have got in place the 2-year contract of services. In fact, to quote Verita again, and I have it here: "The appointment of the hospital director looks to be very successful and he has quickly established a presence and developed good working relationships" and it is important that that continues for the next couple of years. **[Approbation]**

2.9.6 Deputy T.M. Pitman:

I fully appreciate that we need high value people, *et cetera*, but it is part of most job applications that you would be asked what your previous salary or contract was; was the M.D. (Managing Director) asked what his previous salary or contract was and we are reaching this doubling of salary nearly, as I understand it?

The Deputy of Trinity:

Can he repeat the question?

The Deputy Bailiff:

The question is given that he is providing a contract for services at a price, what inquiries did you make before making that contract and did you ask him what his previous salary was?

The Deputy of Trinity:

Yes, this is not something I do very lightly. The Ministerial team had had briefing papers, which looked at the different options and it was decided that this was the best way forward for the hospital. As I said, and I make no bones to apologise, the whole budget of the hospital is £100 million and it needs a level of experience and specialised skills, especially at this point of time, to take us forward for the next couple of years.

2.9.7 Deputy M.R. Higgins:

With respect, the Minister did not answer the question whether she was aware of his previous salary and took it into account.

Deputy T.M. Pitman:

I said that without moving my lips, Sir.

The Deputy of Trinity:

Was I aware of the contract of services regarding the interim? Yes, I was.

The Deputy Bailiff:

I think the question was whether you were aware of the Director's previous salary?

The Deputy of Trinity:

If the Deputy is referring to a previous salary in other hospitals, I cannot actually remember.

2.9.8 Deputy R.G. Le Hérisier:

Would the Minister not accept that given that the Assistant Deputy Minister, although a humble domestic chartered accountant, occupies both the Treasury and a Health role, and allegedly was put in there to be the hard man from Treasury, that his over enthusiasm for every item of high expenditure in Health is quite remarkable; would she not agree? **[Approbation]**

The Deputy Bailiff:

I disallow that question, it is not relevant to the **[Laughter]** ...

The Deputy of St. John:

Are you being very kind to Ministers, Sir?

2.9.9 Deputy S. Pitman:

How long does the Minister foresee this contract with the M.D. lasting? Also, given that civil servants have had to deal with below inflation pay rises year on year, and the most recent one in 2009, what message does she think this seemingly enormous and over-inflated pay award, what message does it send to them?

The Deputy of Trinity:

This is a contract of services. This is not a pay award. It is a pay award for a 2-year contract for 2 years. The task of running the hospital 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 the Managing Director would want me to point out that the myriad of savings achieved across all the dozens of budgets within the hospital over the last month has been delivered through a lot of hard work of everybody in the General Hospital and not just by him.

2.9.10 Deputy S. Pitman:

Can the Minister please answer my questions? How long does she foresee the need for this position and also what message does it send out, this over-inflated pay award? What message does that send out to civil servants?

The Deputy of Trinity:

I thought I had answered it. It is a 2-year contract. And the message to the staff that they are acknowledging, and it was a recommendation of Verita, that they should need a hospital director. I make no bones to say that the hospital is a very complex and diverse place, and everybody needs to work together and there are some challenging times and I know all the staff, led by a very skilled and experienced managing director, will take the service forward.

Deputy S. Pitman:

Sir, maybe you can put it in clearer terms because the Minister still has not answered my questions.

The Deputy Bailiff:

I think you have got about as far as you are going to go with this question today, Deputy.