



House of Commons
Committee of Public Accounts

An update on Hinchingbrooke Health Care NHS Trust

Forty-sixth Report of Session 2014–15

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 9 March 2015*

HC 971
Published on 18 March 2015
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

Current membership

[Rt Hon Margaret Hodge](#) (*Labour, Barking*) (Chair)
[Mr Richard Bacon](#) (*Conservative, South Norfolk*)
[Guto Bebb](#) (*Conservative, Aberconwy*)
[Mr David Burrowes](#) (*Conservative, Enfield, Southgate*)
[Stephen Hammond](#) (*Conservative, Wimbledon*)
[Chris Heaton-Harris](#) (*Conservative, Daventry*)
[Meg Hillier](#) (*Labour, Hackney South and Shoreditch*)
[Mr Stewart Jackson](#) (*Conservative, Peterborough*)
[Andrea Leadsom](#) (*Conservative, South Northamptonshire*)
[Rt Hon Dame Anne McGuire](#) (*Labour, Stirling*)
[Austin Mitchell](#) (*Labour, Great Grimsby*)
[Stephen Phillips QC](#) (*Conservative, Sleaford and North Hykeham*)
[John Pugh](#) (*Liberal Democrats, Southport*)
[Nick Smith](#) (*Labour, Blaenau Gwent*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Sarah Petit (Clerk), Claire Cozens (Committee Specialist), James McQuade (Senior Committee Assistant), Sue Alexander, Jamie Mordue and Jim Camp (Committee Assistants) and Janet Coull Trisic (Media Officer).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 4099; the Committee’s email address is pubaccom@parliament.uk

Contents

Report	<i>Page</i>
Summary	3
Introduction	5
Conclusions and Recommendations	5
1 Operation and oversight of the franchise	9
2 Monitoring care quality	13
Formal Minutes	16
Witnesses	16
Published written evidence	17

Summary

In February 2012, Circle took operational control of Hinchingsbrooke Health Care NHS Trust, becoming the first private company to run an NHS hospital. In January 2013, we expressed concerns that Circle's bid to run Hinchingsbrooke had not been properly risk assessed and was based on overly optimistic and unachievable savings projections. The Department of Health responded that the NHS Trust Development Authority would monitor progress and take action if the Trust was failing to deliver on its plans to make the hospital financially sustainable. In the event, Circle was not able to make the Trust sustainable and the NHS Trust Development Authority did not take effective action to protect the taxpayer. In January 2015, Circle announced that it intended to withdraw from the contract, just three years into the 10-year franchise. It told us that its decision was based on three factors: the rising demand for healthcare that the Trust was having to deal with; income not increasing in line with this rise in activity; and its view that there was no immediate prospect of reform in the local health economy which would be needed to make the Trust sustainable. Also in January 2015, the Care Quality Commission published the results of its inspection of Hinchingsbrooke, which gave the Trust an overall rating of 'inadequate'. The Trust disputes the Commission's assessment, but Circle said that the inspection was not the reason for its decision to withdraw from the contract. Whilst this was an innovative experiment we are concerned that none of those involved in the decisions has been properly held to account.

Introduction

Hinchingbrooke Health Care NHS Trust (the Trust) is a small district general hospital in Cambridgeshire, with some 250 beds and nearly 1,500 staff. In 2013–14, the Trust had an annual income of £111.6 million. It has had a history of financial difficulties and had an estimated underlying deficit of between £3 million and £4 million in 2011–12. In 2007, the Department of Health (the Department) gave the then Strategic Health Authority approval to explore options to implement a new management structure at Hinchingbrooke, with the aim of making the Trust financially sustainable and enabling it to repay the cumulative deficit. Following a procurement process, the Strategic Health Authority awarded Circle a 10-year operating franchise beginning in February 2012.

Under the terms of the franchise agreement, the Trust's services, staff and premises remained within the NHS but the management functions passed to Circle, which is responsible for meeting the requirements of the agreement and ensuring that safe and high-quality NHS services are provided to the public. The Trust board is responsible for monitoring performance against the franchise agreement. Cambridgeshire and Peterborough Clinical Commissioning Group monitors the clinical performance of the Trust. At national level, the NHS Trust Development Authority oversees the performance of all NHS trusts, including Hinchingbrooke, and the Care Quality Commission regulates the quality and safety of care. The Department is ultimately responsible for establishing systems that protect health service users and taxpayers.

In January 2015, Circle announced that it had entered into discussions with the NHS Trust Development Authority with a view to withdrawing from the contract. It expects to hand back responsibility for running the Trust to the NHS by the end of March 2015.

Conclusions and Recommendations

1. **As we warned in 2013, the taxpayer has been left exposed by the failure of the Hinchingbrooke franchise.** It was clear at the time the franchise was let that the Trust would only survive if it secured substantial savings. The Comptroller and Auditor General's 2012 report highlighted that the savings projected in Circle's bid were unprecedented as a percentage of annual turnover in the NHS. At our subsequent evidence session, the Department told us that it was confident of success and played down the high degree of risk involved in this novel contract. Our February 2013 report also highlighted that, while some financial risk and demand risk had transferred to Circle, it was always clear that the NHS would have ultimate responsibility for maintaining the service for patients. The franchise agreement transferred up to £7 million of financial risk to Circle over ten years, with the company agreeing to pay the first £5 million of any deficit and a further £2 million for costs in the event of the contract being terminated. In the first two years of the

franchise Circle made payments totalling £4.8 million to cover the Trust's financial deficits, and recent figures indicate that the deficit for just the first nine months of 2014–15 was £7.5 million. It is clear therefore that the total deficit incurred during the franchise will be well above the level that Circle is contractually committed to cover, leaving the taxpayer to pick up the rest of the bill.

Recommendation: *The Department and the NHS Trust Development Authority should report to the Committee on the total cost to the taxpayer arising from the failure of the franchise, including the costs of transition arrangements and the total cost of covering the financial deficits incurred during the franchise.*

2. **Despite our warnings about the risks, oversight of the contract by the various parties who had a role was poor and inadequate and no one has been held accountable for the consequences.** Accountabilities and responsibilities are fragmented and dispersed across the health system, as indicated by the number of witnesses we had to call to answer for what happened at Hinchingsbrooke. The Department's Finance Director accepted that he was ultimately accountable for approving the contract. However, the officials in the Strategic Health Authority who developed the franchise arrangement have not been held to account; the Chief Executive received a generous redundancy package and has since taken up another role in the health service. The NHS Trust Development Authority, which was tasked with monitoring progress, did not oversee this high risk venture effectively. Hinchingsbrooke itself had unusual governance arrangements, including a small board of three non-executive directors. However, neither Circle's management nor the Trust board accepted responsibility for holding the Trust's management to account. The Department acknowledged that aspects of the accountability model for Hinchingsbrooke appeared to be 'a little muddled'.

Recommendation: *The Department and the NHS Trust Development Authority should ensure that strong governance and clear accountabilities are put in place for future novel or high-risk ventures, and that there is strong and effective monitoring.*

3. **The continuing dispute about the findings of the Care Quality Commission's recent inspection, coupled with the ongoing discussions about ending the franchise, risk distracting the Trust from continuing to improve the care it provides.** The Care Quality Commission inspected the Trust in September 2014 with a team of around 30 people, and gave the Trust an overall rating of 'inadequate'. It had particular concerns about A&E and medical care, while critical care, maternity and outpatients were judged as good. The Trust and Circle have challenged the Commission's assessment, although Circle has acknowledged that Hinchingsbrooke did have areas to improve. The Trust told us that it raised 300 points of accuracy on the draft inspection report and that the Commission accepted 65% of these before the report was finalised. The Commission stands by the findings in its report. It re-inspected the Trust in January 2015 and found that improvements had been made, although there was more to do in relation to the A&E department. Circle expects to hand back responsibility for running the Trust to the NHS by the end of March 2015.

Recommendation: *It is important that the Trust does not lose focus on continuing to improve the quality of its care, and we look to the NHS Trust Development Authority to take an active role in ensuring that this does not happen, particularly during the expected transition from Circle to the NHS.*

4. **The contradictory assessments of the quality of care at Hinchingsbrooke risk confusing commissioners, the public and others about the actual quality of care being provided.** The Care Quality Commission reported in January 2015 that overall it rated the Trust as ‘inadequate’. We were not given a satisfactory explanation as to why the inspection rating was so out of line with previous assessments of the quality of care at the hospital. The Trust had won an award in May 2014 for care quality and, prior to the inspection, the Commission’s own ‘intelligent monitoring system’ had assessed the Trust as low risk. The Care Quality Commission told us that, of 49 inspections undertaken, 21 were not in line with the ratings suggested in the monitoring system. Cambridgeshire and Peterborough Clinical Commissioning Group had limited resources for monitoring the Trust’s performance but its view had also been that performance was reasonably good, although it had had some areas of concern. The Clinical Commissioning Group told us that it accepts the Care Quality Commission’s findings and is working with the Trust to rectify the issues raised. The NHS Trust Development Authority also monitored aspects of care quality, such as waiting times and outcome measures, and considered that on the whole performance against these did not indicate a particular problem.

Recommendation: *Once the first full round of inspections of hospital trusts has been completed at the end of 2015, the Department and the Care Quality Commission should evaluate the effectiveness of different approaches to monitoring quality and clarify the roles of the different bodies involved. In particular, it should examine whether its monitoring system is resulting in sufficiently accurate ratings.*

5. **We are concerned that lessons on awarding and managing major contracts will not be learnt from this innovative, but ultimately unsuccessful, venture.** The Department was embarking on an innovative model in Hinchingsbrooke. However it did not put sufficient controls in place to monitor and learn from this innovation. Circle itself told us that trusts could learn from the experience of Hinchingsbrooke. The Department reported that no trusts are currently considering an operating franchise model, but we note that the NHS continues to award major, high value contracts. For example, Cambridgeshire and Peterborough Clinical Commissioning Group told us that it had tendered an £800 million contract for older people and adult community services in the last 18 months. As we have reported before, public bodies will not achieve value for money from their contracts until they become more commercially skilled; both in letting contracts in the first place, but also in ongoing contract management.
6. **Recommendation:** *The Department should report back to our successors at the start of the next Parliament on what lessons have been learnt from the Hinchingsbrooke franchise, which will inform future protocols in dealing with*

private providers, including on how to assess and manage risks in major contracts. It should also set out how it will communicate these lessons across the health system and explain what steps it is taking to develop the necessary skills within the service required to award and manage contracts.

1 Operation and oversight of the franchise

1. Following a report by the Comptroller and Auditor General in November 2012¹ and our subsequent report in February 2013², we held a follow-up session on Hinchingsbrooke Health Care NHS Trust (the Trust). We took evidence from the Department of Health (the Department), the NHS Trust Development Authority, the Trust itself, Circle, the Care Quality Commission, and Cambridgeshire and Peterborough Clinical Commissioning Group.

2. The Trust is a small district general hospital in Cambridgeshire with some 250 beds and nearly 1,500 staff. In 2013–14, the Trust had an annual income of £111.6 million. It has had a history of financial difficulties and had an estimated underlying deficit of between £3 million and £4 million in 2011–12.³ In 2007, the Department gave the then Strategic Health Authority approval to explore options to implement a new management structure at Hinchingsbrooke, with the aim of making the Trust financially sustainable and enabling it to repay the cumulative deficit. Following a procurement process, the Strategic Health Authority awarded Circle, an employee co-owned organisation with just under 3,000 partners, a 10-year operating franchise.⁴

3. In February 2012, Circle took operational control of the Trust, becoming the first private company to run an NHS hospital. In January 2015, some three years into the 10-year operating franchise, Circle announced that it had entered into discussions with the NHS Trust Development Authority with a view to withdrawing from the contract.⁵ Circle told us that all parties were working towards formal responsibility for running the Trust being handed back to the NHS by the end of March 2015.⁶

4. Under the terms of the franchise agreement, the Trust's services, staff and premises remained within the NHS but the management functions passed to Circle, which is responsible for meeting the requirements of the franchise agreement, and ensuring that safe and high-quality NHS services are provided to the public. The Trust's chief executive is responsible for the day-to-day running of the hospital and reports directly to Circle. The Trust board is responsible for monitoring performance against the franchise agreement.⁷ Cambridgeshire and Peterborough Clinical Commissioning Group is the Trust's lead

1 [C&AG's Report, *The franchising of Hinchingsbrooke Health Care NHS Trust*, Session 2012–13, HC 628, 8 November 2012](#)

2 [Committee of Public Accounts, *Department of Health: The Franchising of Hinchingsbrooke Health Care NHS Trust and Peterborough and Stamford Hospitals NHS Foundation Trust*, Twenty-eighth Report of Session 2012–13, HC 789, 7 February 2013](#)

3 [C&AG's Report, para 3.14; Hinchingsbrooke Health Care NHS Trust, *Annual Report and Accounts 2013/14, 2014*](#)

4 [C&AG's Report, para 3; Circle Holdings, *Annual Report and financial statements 2013, 2014*](#)

5 [Circle, *A statement on Hinchingsbrooke*, 9 January 2015](#)

6 [Q 125](#)

7 [C&AG's Report, paras 3.2–3.5](#)

commissioner and monitors its clinical performance. At national level, the NHS Trust Development Authority, an arm's-length body of the Department, is responsible for ensuring that NHS trusts, including Hinchingsbrooke, are well governed and financially sustainable; and the Care Quality Commission, the regulator of health and social care, is responsible for making sure that services meet quality and safety standards. The Department is ultimately responsible for establishing systems that protect health service users and taxpayers.

5. The Trust needed to make substantial savings to remain viable. The Comptroller and Auditor General's 2012 report concluded that Circle's projected savings of £311 million over ten years were unprecedented as a percentage of annual turnover in the NHS.⁸ Despite accepting that the expected savings were at an unprecedented level and had not been fully specified by Circle, the Department told us at our evidence session in December 2012 that it expected the franchise to succeed.⁹ In our subsequent report, we concluded that the savings projections were overly optimistic and unachievable, and expressed concern that Circle's bid had not been properly risk assessed.¹⁰

6. Circle told us that three factors underpinned its decision to withdraw from the contract. The first was the rising demand for healthcare that the hospital faced, which had included an 18% rise in A&E attendances, 25% increase in elective admissions and 11% increase in emergency admissions over the three years of the franchise. Second, income had not risen in line with activity, due to real-terms reductions in the tariff prices paid for healthcare and the imposition of financial penalties by Cambridgeshire and Peterborough Clinical Commissioning Group because the Trust had not met its contractual targets. The third reason Circle gave was that there was no immediate prospect of reform in the local health economy which would be needed to make the Trust sustainable.¹¹ The NHS Trust Development Authority agreed with Circle's analysis.¹²

7. In our 2013 report, we highlighted that, while some financial risk and demand risk had transferred to Circle, the NHS could never transfer the operational risk of running a hospital leaving the taxpayer exposed should the franchise fail.¹³ The Department told us that, at the time of the evidence session, the taxpayer had not lost money. When the contract was agreed, Circle had to put £2 million into a security deposit account for the NHS Trust Development Authority to re-tender in the event of the contract being terminated. In addition, Circle was obliged to cover financial deficits of up to £5 million.

8 [C&AG's Report, paras 10 and 2.10](#)

9 [Qq 1-2](#)

10 [Committee of Public Accounts, Department of Health: The Franchising of Hinchingsbrooke Health Care NHS Trust and Peterborough and Stamford Hospitals NHS Foundation Trust, para 16](#)

11 [Qq 23-25](#)

12 [Qq 1-7](#)

13 [Committee of Public Accounts, Department of Health: The Franchising of Hinchingsbrooke Health Care NHS Trust and Peterborough and Stamford Hospitals NHS Foundation Trust, p3](#)

However, the Department said that the taxpayer would have to cover the excess should the total deficit go above £5 million and the deficit is set to grow.¹⁴

8. In the first two years of the franchise Circle made payments totalling £4.8 million to cover the Trust's financial deficits. The Trust's board papers for January 2015 indicated that the deficit for the first nine months of 2014–15 was £7.5 million, and that the Trust had forecast an in-year deficit of between £7.7 million and £12.2 million by the end of the year, compared with a planned surplus of £2 million. The board papers also said that the Trust had applied to the NHS Trust Development Authority for £9.6 million of funding.¹⁵

9. Responsibility and accountability for what happened at Hinchingsbrooke is hugely difficult to pin down, and we needed to call six witnesses to get the full picture. The Department's Director of Finance explained that the contract had been reviewed by HM Treasury but accepted that he was ultimately accountable for approving it.¹⁶ The East of England Strategic Health Authority, which was abolished as part of the reforms to the health system in 2013, evaluated the franchise bids and awarded the contract. However, we note that its officials have not been held to account. The witnesses told us that the Strategic Health Authority's previous chief executive, Sir Neil McKay received a redundancy payment and had since been re-employed by the NHS on a consultancy basis.¹⁷

10. We asked the Department what expertise and exemplars it had used to help draw up the franchise. The Department said that the Strategic Health Authority had drawn on external financial and legal advisers during the course of the bid process. The Department's note provided after the evidence session highlighted that Hinchingsbrooke was the first contract for a management franchise and there were no like for like examples in this country. It had no record of the Strategic Health Authority drawing on examples of similar hospitals in Europe or the United States.¹⁸

11. In response to our 2013 report, the Department said that the NHS Trust Development Authority would monitor progress and take action if the Trust failed to deliver its plan.¹⁹ The NHS Trust Development Authority explained that it had different monitoring arrangements and ways of intervening at Hinchingsbrooke, compared with other NHS trusts, because of its unconventional board structure (consisting of only three non-executive members) and the fact that day-to-day operational management had been contracted to Circle. The NHS Trust Development Authority accepted, however, that these differences did not change its fundamental duty to monitor the Trust.²⁰

14 [Qq 129–131; C&AG's Report paras 9 and 2.16](#)

15 [Hinchingsbrooke Health Care NHS Trust, Finance Report for December 2014, 15 January 2015](#)

16 [Qq 1, 37](#)

17 [Qq 49–58, 166; C&AG's Report para 3](#)

18 [Qq 59–62, Written evidence from the Department of Health, 20 February 2015](#)

19 [Q 35; HM Treasury, Government responses on the Twenty Fourth and the Twenty Sixth to the Thirty Fifth Reports from the Committee of Public Accounts Session: 2012–13, Cm 8613, May 2013, p23](#)

20 [Qq 68–76](#)

12. In January 2015, the Care Quality Commission reported that both the Circle management team and the Trust board thought that the other was responsible for holding the Trust's executive team to account, and that the governance systems in place were not sufficiently robust. The NHS Trust Development Authority accepted that the governance, in terms of its responsibilities and the role of the Trust board, was confusing and too complicated, and the Department also said that aspects of the model of accountability appeared to be 'a little muddled'.²¹

13. Circle told us that other trusts could learn from the experience of Hinchingbrooke as they sought to improve quality and efficiency. Specifically, its view was that, by engaging staff and putting doctors and nurses in charge, the Trust had transformed quality and delivered above average efficiencies compared with the rest of the NHS.²² It told us that the Trust had made annual savings of 5% over the three years of the franchise.²³

14. The Department and the NHS Trust Development Authority said that there were currently no plans for further franchise arrangements in the NHS. The Department did not expect there to be any more franchising until the issues that had arisen at Hinchingbrooke had been resolved. Cambridgeshire and Peterborough Clinical Commissioning Group told us that, in the last 18 months, it had tendered a contract worth £800 million for older people and adult community services.²⁴ The Comptroller and Auditor General has reported that the NHS as a whole has contracts worth billions of pounds in total each year.²⁵ We have previously reported on how public bodies will not achieve value for money from their contracts until they become more commercially skilled; both in letting contracts in the first place, and also in ongoing contract management.²⁶

21 [Qq 141, 146–48; Care Quality Commission, *Hinchingbrooke Health Care NHS Trust: Quality Report*, 9 January 2015, p12–13](#)

22 [Q 133](#)

23 [Qq 26–30](#)

24 [Qq 146, 167](#)

25 [Comptroller and Auditor General, *The role of major contractors in the delivery of public services*, HC 810, Session 2013–14, 12 November 2013](#)

26 [Committee of Public Accounts, *Contracting out public services to the private sector*, HC 777, Session 2013–14, 14 March 2014; and *Transforming contract management*, HC 585, Session 2014–15, HC 585, 10 December 2014](#)

2 Monitoring care quality

15. In January 2015, the Care Quality Commission published the findings of its inspection of Hinchingsbrooke, conducted between 16 and 18 September 2014 with two further follow-up inspections later that month. The Commission told us that the inspection was the first of the Trust using its new methodology and involved a team of around 30 people, including eight inspectors plus clinicians and ‘experts by experience’.²⁷ Overall, the Commission rated the Trust as ‘inadequate’. It had particular concerns about A&E and medical care, while critical care, maternity and outpatients were judged as good.²⁸ The Trust and Circle dispute the Commission’s assessment, although Circle acknowledged in its written evidence that every hospital occasionally falls short and Hinchingsbrooke did have areas to improve. Circle told us that the inspection was not the reason for its decision to withdraw from the contract.²⁹

16. The Care Quality Commission provided the Trust with its draft report in November 2014 to check for factual accuracy, as part of its standard procedure before publishing reports. At our evidence session, the Trust told us that it had raised 300 factual inaccuracies on the draft report, and that the Commission had accepted 65% of these before the report was finalised. The Trust also said that the Commission did not provide the notes that inspectors made, which meant that it could not investigate some of the cases of poor care highlighted in the report and that there were explanations for other examples identified.³⁰ In view of the volume of amendments, we challenged the Commission as to the robustness of its work. The Commission stood by the findings in its report. It told us that it did find good care at Hinchingsbrooke, which was set out in the report, but that it had also found care that it considered needed to improve quickly, as also set out in the report.³¹

17. The Care Quality Commission accepted that it had amended its draft report as a result of the Trust’s comments. However, it challenged the substance of the matters raised by the Trust.³² At our request, after the evidence session both the Commission and Circle provided us with their lists of comments on the draft report. We have published these schedules, along with the covering commentaries we received from each party, alongside this report. The schedules set out each point that the Trust raised, its reason for doing so, whether the report was amended, and the Commission’s rationale for agreeing or rejecting the Trust’s proposed amendment.³³

27 [Qq 64, 81](#)

28 [Care Quality Commission, *Hinchingsbrooke Health Care NHS Trust: Quality Report*. 9 January 2015, p1](#)

29 [Q 104](#)

30 [Qq 89–90](#)

31 [Qq 91–94](#)

32 [Q 92](#)

33 [Qq 122–123, *Written evidence from the Care Quality Commission*, 10 February 2015; *Written evidence from Circle*, 12 February 2015](#)

18. The records of the Care Quality Commission and Circle are consistent, with some 285 comments on the draft report of which three-quarters were agreed in full or part. The Trust's comments ranged from challenging the Commission's overall rating to correcting spelling mistakes. Many of the comments requested the inclusion of additional material to put the inspection findings in context or to make clear the nature of the evidence that supported particular findings. Overall, the Trust argued that, in light of its comments on the draft report, there would be no reasonable grounds to maintain the rating of 'inadequate'.³⁴ The Commission's written evidence explained that, in light of the changes to the draft, its moderation panel (comprising staff who had not taken part in the inspection) had reviewed again the overall rating but that none of the amendments made were sufficient to lead to a change in the rating.³⁵

19. The Care Quality Commission told us that it had inspected the Trust again on 2 January 2015. It found that improvements had been made and it was clear that action had been taken to address issues identified in the inspection report. However, the Commission considered there was still more to do in relation to the A&E department.³⁶

20. We also asked the Care Quality Commission about concerns about potential conflicts of interest relating to members of the inspection team and people that the team interviewed, specifically that they may have been biased against a privately run hospital.³⁷ The Commission noted that it had considerable experience of inspecting private providers, including care homes and treatment centres, and that people conducting the inspections were asked to declare any financial or family ties with the organisation being inspected. The Commission also highlighted that, as a consequence of the experience at Hinchingsbrooke, it had amended its declarations form so that it also recorded any other potential conflicts of interest.³⁸

21. In May 2014, four months before the Care Quality Commission's inspection, the Trust won a quality of care award from a health informatics company, based on criteria including the length of stay in hospital and the rate of emergency re-admissions.³⁹ The Commission told us that it had not expected to find what it did when it inspected Hinchingsbrooke. Prior to the inspection, its own 'intelligent monitoring system', which uses more than 150 different sets of data on NHS trusts, had rated the Trust in the lowest category of risk. The Commission told us that had undertaken to inspect every acute hospital trust by December 2015 and it used the monitoring system as a 'smoke alarm' to help direct when to inspect and the priorities for the inspection. It explained that the correlation between the ratings of the monitoring system and the outcomes of its

34 [Written evidence from Circle, 12 February 2015](#)

35 [Written evidence from the Care Quality Commission, 10 February 2015](#)

36 [Q 83](#)

37 [Qq 107–114, 117](#)

38 [Qq 116–118](#)

39 [Q 64; CHKS, Press release: Hinchingsbrooke Health Care NHS Trust wins the CHKS quality of care award, 14 May 2014](#)
(link to download of Word document)

inspections was not strong, but it was greater than chance. In 49 inspections, 28 were in line with the ratings suggested by the monitoring system, while the other 21 were not.⁴⁰

22. Cambridgeshire and Peterborough Clinical Commissioning Group also monitored the quality of care provided by the Trust, although it told us that it had limited resources to carry out this role. Its view was that the Trust's performance had, in general, been reasonably good. It had had some concerns over the last year about rates of *C-difficile* infection, delays in getting discharge letters to GPs, staffing levels and A&E performance. It told us that it might have taken further action on these issues had it not known that the Care Quality Commission would shortly be inspecting the Trust. The Clinical Commissioning Group said that it accepted the findings of the Commission's report and was working with the hospital to address them.⁴¹

23. In addition, the NHS Trust Development Authority monitored quality against a range of performance measures and tracked staff and patient surveys. It told us that the Trust had generally done well in delivering constitutional standards, such as waiting times, and its performance against key performance indicators did not indicate a particular problem. However, the Authority explained that it had considered that the Trust was underperforming in some areas and had responded with support and intervention where required to seek improvements.⁴²

24. The Department accepted that more needed to be done to understand why the data on care quality used by the Clinical Commissioning Group, the NHS Trust Development Authority and the Care Quality Commission did not identify the issues raised in the Commission's inspection. The Department said it was not clear whether an in-depth inspection was the only way of identifying problems or whether there was more that could be done to bring issues to attention.⁴³

40 [Qq 65–7; Care Quality Commission, *Hinchingbrooke Health Care NHS Trust: Quality Report*. 9 January 2015, p2; Care Quality Commission, *Intelligent Monitoring: NHS acute hospitals*, 8 December 2014](#)

41 [Q 80](#)

42 [Qq 77–78, 86](#)

43 [Q 141](#)

Formal Minutes

Monday 9 March 2015

Members present:

Mrs Margaret Hodge, in the Chair

Mr Richard Bacon	Dame Anne McGuire
Guto Bebb	Austin Mitchell
Mr David Burrowes	Stephen Phillips
Stephen Hammond	John Pugh
Meg Hillier	Nick Smith
Stewart Jackson	

Draft Report (*An update on Hinchingsbrooke Health Care NHS Trust*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 24 read and agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Forty-sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 11 March at 2.00 pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/pac

Monday 9 March 2015

Question number

Hisham Abdel-Rahman, Chief Executive, Hinchingsbrooke Hospital; **David Behan**, Chief Executive, Care Quality Commission; **Maureen Donnelly**, Chair, Cambridgeshire and Peterborough Care Commissioning Group; **Richard Douglas**, Director General for Finance and the NHS, Department of Health; **David Flory**, Chief Executive, NHS Trust Development Authority; and **Steve Melton**, Chief Executive, Circle Holdings

[Q1-169](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/pac. HIN numbers are generated by the evidence processing system and so may not be complete.

- 1 Care Quality Commission ([HIN0002](#))
- 2 Circle ([HIN0003](#))
- 3 Department Of Health ([HIN0005](#))
- 4 Dr Nik Johnson ([HIN0001](#))
- 5 Victor Lucas ([HIN0004](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/pac.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2014–15

First Report	Personal Independence Payment	HC 280
Second Report	Help to Buy equity loans	HC 281
Third Report	Tax reliefs	HC 282
Fourth Report	Monitor: regulating NHS Foundation Trusts	HC 407
Fifth Report	Infrastructure investment: impact on consumer bills	HC 406
Sixth Report	Adult social care in England	HC 518
Seventh Report	Managing debt owed to central government	HC 555
Eighth Report	Crossrail	HC 574
Ninth Report	Whistleblowing	HC 593
Tenth Report	Major Projects Authority	HC 147
Eleventh Report	Army 2020	HC 104
Twelfth Report	Update on preparations for smart metering	HC 103
Thirteenth Report	Local government funding: assurance to Parliament	HC 456
Fourteenth Report	DEFRA: oversight of three PFI waste projects	HC 106
Fifteenth Report	Maintaining strategic infrastructure: roads	HC 105
Sixteenth Report	Early contracts for renewable electricity	HC 454
Seventeenth Report	Child maintenance 2012 scheme: early progress	HC 455
Nineteenth Report	The centre of government	HC 107
Twentieth Report	Reforming the UK Border and Immigration System	HC 584
Twenty First Report	The Work Programme	HC 457
Twenty Second Report	Out-of-hours GP services in England	HC 583
Twenty Third Report	Transforming contract management	HC 585
Twenty Fourth Report	Procuring new trains	HC 674
Twenty Fifth Report	Funding healthcare: making allocations to local areas	HC 676
Twenty Sixth Report	Whole of government accounts 2012–13	HC 678
Twenty Seventh Report	Housing benefit fraud and error	HC 706
Twenty Eight Report	Lessons from major rail infrastructure programmes	HC 709
Twenty Ninth Report	Managing and removing foreign national offenders	HC 708
Thirtieth Report	Managing and replacing the Aspire contract	HC 705
Thirty First Report	16- to 18-year-old participation in education and training	HC 707
Thirty Second Report	School oversight and intervention	HC 735
Thirty Third Report	Oversight of the Private Infrastructure Development Group	HC 675

Thirty Fourth Report	Financial sustainability of local authorities 2014	HC 833
Thirty Fifth Report	Financial Sustainability of NHS Bodies	HC 736
Thirty Sixth Report	Implementing reforms to civil legal aid	HC 808
Fortieth Report	Excess Votes 2013–14	HC 1046
Forty First Report	Financial support for students at alternative higher education providers	HC 811
Forty Second Report	Universal Credit: progress update	HC 810
Forty Third Report	Public Health England's grant to local authorities	HC 893
Forty Fourth Report	Children in Care	HC 809
Forty Fifth Report	Progress in improving cancer services and outcomes in England	HC 894