

## **Adult Social Care and Health Overview and Scrutiny Committee**

**Date of Meeting:** 3 May 2018

**Report of:** Neil Evans (Commissioning Director - Eastern Cheshire CCG)

**Subject/Title:** Future arrangements for Eastern Cheshire Dermatology Contract

### **1. Report Summary**

- 1.1. This paper provides further information on provision of dermatology care for the population of Eastern Cheshire Clinical Commissioning Group (CCG) following the decision of the existing provider, Vernova Community Interest Company, to serve notice on the existing contractual arrangements on 5 April 2018.
- 1.2. The CCG is seeking to find an alternative provider however the very earliest it is projected that an alternative provider could mobilise would be October 2018 and due to significant losses being incurred by the current provider this would be likely to leave a gap in service provision.
- 1.3. Vernova have been in discussion with the CCG as to how short term savings could be made to maintain a local service for long enough to commission and mobilise an alternative provider. The proposals are:
  - 1.3.1. Organisational restructuring to take effect
  - 1.3.2. Cease local provision of photo dynamic therapy with patients referred onto alternative specialist providers
  - 1.3.3. Restrict the service to Eastern Cheshire CCG patients only with “out of area” providers accessing their locally commissioned service
  - 1.3.4. Introduce universal application of Wigs Policy in line with practice in other areas
  - 1.3.5. Withdraw from higher cost locations which would mean residents in Congleton and Knutsford being required to travel to sites in Macclesfield, Handforth or Alderley Edge, and as a result make phased reductions in medical staffing capacity.
- 1.4. The risk of not making these changes is that Vernova become insolvent meaning there would be no local service in Eastern Cheshire and the other services provided locally by Vernova would also cease impacting negatively on local residents and employees of Vernova. The likelihood is that residents would have to make journeys well outside of Cheshire to access services as there is a national capacity issue in dermatology.

### **2. Recommendations**

- 2.1. The committee is asked to note the actions taking place in order to maintain services within eastern Cheshire whilst recognising that the short term actions

outlined in this paper will result in the need for some patients to travel to receive treatment

### 3. Background

- 3.1. This report is based on a report received by the CCG, from Vernova, on 26 April 2018.
- 3.2. The Vernova Board's decision to service notice on the contract to provide dermatology services, has meant that NHS Eastern Cheshire Clinical Commissioning Group (CCG) has contacted alternative providers to explore the possibility of their providing the service in Eastern Cheshire. The provision of dermatology is stretched both nationally and locally limiting alternative options.
- 3.3. Under the NHS National Tariff Payment System, and with existing clinic and staffing structure, the dermatology service is making losses of approximately 25% of turnover. Given Vernova's size it is not possible to subsidise the service sufficiently from other income sources and are therefore likely to become insolvent without urgent action to address the situation.
- 3.4. A potential alternative provider has come forward and is undertaking due diligence and will make a final decision as to whether they will be willing to offer a local service by June 2018.
- 3.5. As it would not be possible to mobilise the service before October 2018 there is therefore a need to make urgent savings in order to ensure that Vernova remain solvent in the meantime and can continue to provide the dermatology service as well as the other services they provide locally.

### Planned Actions

#### 4. Restriction of the dermatology service to NHS Eastern Cheshire CCG registered patients (residents) only

- 4.1. This would be achieved by removing the service from the NHS e-Referral System and discharging follow up patients to their GP for management in primary care or referral to their local dermatology service as appropriate.
- 4.2. Although the current service treats patients from across England through the national "choice" policy, the vast majority of out of area patients are from a smaller number of neighbouring CCGs. The number of patient attendances in 2017/18 for each of these, and the provider of their most local dermatology service, is listed below:

CCG	Attendances 2017/18	Local Dermatology Service (where is the alternative provider
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<b><i>Note this is not is not individual patients but attendances (appointments)</i></b>		
North Derbyshire	1054	Stepping Hill Hospital (Salford Royal NHSFT) 3 Valleys (High Peak)
North Staffordshire	1032	University Hospital of North Midlands NHST
South Cheshire	783	Mid-Cheshire NHSFT
Vale Royal	630	Mid-Cheshire NHSFT
Stockport	655	Stepping Hill Hospital (Salford Royal NHSFT)
Stoke on Trent	250	University Hospital of North Midlands NHST

4.3. The CCG has alerted the local CCGs, and affected providers in order that they can plan to receive the additional volumes of patients.

4.4. The financial impact of restricting the service would mean that savings in locum fees, medicines, pathology and other variable costs could be made. A net saving of £40K per annum would be expected.

## **5. Withdrawal of Dermatology Service from High Cost Premises**

5.1. Services are provided at multiple sites across Eastern Cheshire. Whilst it is possible to transfer services within the Macclesfield area to the Waters Green site there are no alternatives to the existing high cost sites available in Congleton and Knutsford, the only option for generating the necessary savings is to withdraw providing the service from these sites and to offer patients appointments at Waters Green Medical Centre in Macclesfield, Alderley Edge Medical Practice, or Handforth Clinic.

5.2. Based on the number of attendances in the year from April 2017 to March 2018, the number of appointments for Eastern Cheshire residents affected per month will be:

- 54 patients per month from Congleton War Memorial Hospital (90% from Congleton)
- 170 patients per month from Knutsford District Community Hospital (55% from Knutsford)
- Patients who might otherwise have chosen to attend Congleton Hospital would be offered appointments at Waters Green Medical Centre, which is 8.9 miles away. Patients who might currently attend Knutsford Hospital

would be offered appointments at Waters Green Medical Centre (12.3 miles) or Alderley Edge Medical Centre (7.9 miles).

- 5.3. The savings that will be achieved through ceasing provision in these high cost premises would be circa £60K per annum in accommodation charges alone. It is estimated that a further £40K on staffing and consumables can be saved through this change.

## **6. Universal Application of Provision of Wigs Policy**

- 6.1. Vernova's policy on the provision of Wigs to patients who have alopecia is that two stock modacrylic wigs may be provided each year, at a maximum cost of £180 per wig including the NHS appliance charge. Patients may choose a more expensive wig and pay any additional costs.
- 6.2. Patients may choose one human hair wig per annum as an alternative, at a maximum cost of £360 including the appliance charge. Again, patients may choose to pay more if they wish.
- 6.3. The current NHS charges for wigs, other than for patients with an exemption, are:
  - 6.3.1. Stock modacrylic wig – £71.25
  - 6.3.2. Partial human hair wig – £188.70
  - 6.3.3. Full bespoke human hair wig – £275.95
- 6.4. Universal application of Vernova's wig policy to all patients, including former East Cheshire NHS Trust patients, would mean that all patients using the service would be treated equitably and in line with a policy which is at least as generous as those of most other providers of NHS dermatology services.
- 6.5. This would affect approximately 40 patients and create estimated savings of £10K per annum.

## **7. Ceasing the local provision of Conventional Photodynamic Therapy (PDT) Services**

- 7.1. This would potentially impact on approximately 40 patients per annum and would not yield large financial savings. However, the service is currently provided at Knutsford and it would not be possible to accommodate the clinic at Waters Green Medical Centre. Furthermore, the Vernova lead consultant for photo-dermatology advises that PDT is often more appropriately carried out in specialist centres, and that drug treatments are often a better alternative for treating superficial Basal Cell Carcinomas.
- 7.2. Patients are currently booked into the service until 19 June 2018, and there is no waiting list for the service. Any new patients who require referral would be referred to a specialist centre.

7.3. Estimated savings of approximately £3K are anticipated from stopping the provision of PDT.

## 8. Organisational Change

8.1. Although the support of the CCG is not required for this action, the Board of Vernova has agreed to consult on organisational change to deliver savings in staffing costs of £90K per annum.

## 9. Implementation timescales

Any delay in implementing savings could impact on the solvency of the organisation and therefore a proposed timescale for implementing the changes is identified as:

10 June 2018	Organisation restructuring to take effect (internal decision only)
20 June 2018	Stop provision of photo dynamic therapy locally
1 July 2018	Restrict the service to Eastern Cheshire CCG patients only
1 July 2018	Introduce universal application of Wigs Policy
1 August 2018	Withdraw from high cost Congleton, Knutsford, and Macclesfield Sites, and reduce medical staffing capacity

## 10. Glossary

10.1. Vernova CIC Dermatology – The service provided by Vernova treats complex skin conditions which cannot be treated by the person's GP and needs specialist care. This includes conditions such as skin cancer, eczema, psoriasis and acne

10.2. PDT (Photo Dynamic Therapy) – An alternative treatment for some patients. This involves a special light being used to activate a cream applied to an affected area of skin for the treatment of skin conditions including; certain skin cancers, sun damaged skin (pre cancer), warts and acne