

Cheshire East Health and Adult Social Care and Communities Overview and Scrutiny Committee

Date of Meeting: 13 September 2018

Report of: Neil Evans
Commissioning Director – NHS Eastern Cheshire CCG

Subject/Title: Update on Dermatology Services in Eastern Cheshire
Dermatology Contract

1. Report Summary

- 1.1. This paper provides an update to the report received by Adult Social Care and Health Overview and Scrutiny Committee in May 2018 detailing the risk to local provision of dermatology care for the population of NHS Eastern Cheshire Clinical Commissioning CCG.
- 1.2. The actions highlighted to the committee in May have now been implemented by Vernova Community Interest Company, this has partially mitigated the losses being incurred. Commissioners are providing some additional funding to maintain services in the short term.
- 1.3. Despite engagement with the NHS market for provision of Dermatology it has not yet proven possible to identify an alternative provider to Vernova and work is taking place to identify future service models which are both clinically effective and financially viable.

2. Recommendations

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

3. Background

- 3.1 Vernova Healthcare Community Interest Company, served notice on the existing contractual arrangements on 5 April 2018. The basis of this contract notice was financially driven noting the service is regarded highly clinically including recent award of Dermatology Team of the Year by the BMJ.
- 3.2 Dermatology services nationally remain extremely challenged with severe capacity constraints. Eastern Cheshire CCG residents cannot be referred by their GP into services operated by some other local providers e.g. Salford or Mid Cheshire (Leighton) who have restricted referrals due to these capacity constraints. Some other providers allow referrals but due to their capacity limitations there are prolonged delays accessing services as well as requiring patients to travel significant distances.

3.3 Neighbouring NHS Trusts and three independent sector providers have been asked if they would be willing to take over local provision of Dermatology from Vernova. It was reported in the previous report that one provider had indicated an interest on providing local services, however following full due diligence the provider has withdrawn. The reason given by this Provider, and the others approached, cites two main factors:

3.3.1 Unable to employ the required clinical capacity to provide a service

3.3.2 Financial losses associated with running a Dermatology Service
(national tariff income compared to the cost of delivery)

3.4 As was discussed with the committee in May; Vernova have now implemented a range of plans to reduce losses in the short or medium term. The changes implemented are:

3.4.1 Organisational restructuring

3.4.2 Cease local provision of photodynamic therapy with patients referred onto alternative providers as required (in line with regular practice for “non specialist tertiary centre” services)

3.4.3 Restrict the service, for new referrals, to Eastern Cheshire CCG patients only with “out of area” providers accessing their locally commissioned service.

3.4.4 Universal application of Wigs Policy.

3.4.5 Withdraw from higher cost locations, which has meant that residents in Congleton and Knutsford now need to travel to other sites in Macclesfield, Handforth or Alderley Edge, and as a result making phased reductions in Locum medical staffing capacity.

In addition:

3.4.6 A process has been introduced for the management of out-of-area follow up patients and their discharge as treatment is completed. The Commissioners have agreed to an increase in the tariff being paid for patients attending follow up attendances to allow their treatment to be maintained safely. This variation in approach to national NHS tariff pricing has been agreed as appropriate by NHS Improvement, the payment regulator for the NHS

These changes have enabled Vernova to continue to provide a comprehensive service whilst a longer term solution is identified.

3.5 There remains three broad future options for the provision of Dermatology services to our population:

3.5.1 Only commission using the standard national NHS tariff dermatology service in line with national guidance, accepting that because of the

- lack of a local provider market, patients may have to travel significant distances to access services.
- 3.5.2 Commission a provider, using our historic service model, at a significant premium in order to secure a local service.
 - 3.5.3 Commission a redesigned dermatology service which is affordable to the CCG and to the market: continue to work with a provider e.g. Vernova to bring the service offer down to an affordable level but attractive enough to the market to provide.
- 3.6 In assessing the viability of these options the CCG and Vernova continue to work together to maintain a local service in the short term.
- 3.7 To assess the preferred longer term solution a review has been taking place utilising the expertise of the clinical and managerial leads from the Vernova service, CCG, GPs (including those with a special interest in dermatology). This review is assessing how the services provided locally by GPs as well as Vernova could be redesigned to improve effectiveness and efficiency. As a result:
- 3.7.1 A revised service specification for minor surgery provided by Primary Care (GP Surgeries) is being developed
 - 3.7.2 A revised service specification for secondary care (specialist) services is being developed
 - 3.7.3 Exploring the use of new Primary Care diagnostic and technology (telecare) solutions to enable appropriateness of referrals to be improved further
- 3.8 The savings which could be realised as a result of these additional actions have not yet been fully assessed as the changes above need to be finalised.
- 3.9 It is recognised that even with efficiencies the national tariff pricing is not going to cover the costs incurred in delivering a revised service model. Any premium in funding is still to be assessed and additional funding would need to be agreed by the CCG Governing Body.