



**The Carter Review – so what's changed?**

**HSJ conference - London**

**Wednesday 24th March 2010**



**Collinson Grant  
Healthcare**

# Contents

---

- So what did it say?
- The twenty recommendations
- So it's not all about reducing costs and consolidation then?
- What happened afterwards?
- It's the economy, stupid!
- I thought we agreed Carter 2 wasn't about cost?
- Organisational forms for consolidated Pathology
- So what's your point?

# So what did it say? (1)

---

Two summary paragraphs and twenty recommendations

- In this second phase of the review we set out our vision for NHS pathology services
- The main objective must be to improve quality and patients' safety by **consolidating** services
- The case for **consolidation** uses the data on activities and costs that we collected from a representative sample of NHS pathology sites in England
- Wide variations between pilot sites were found, and analysis of these variations confirms the main recommendations made in our first report
- Modelling exercises for two strategic health authorities (SHAs) showed that significant savings could be achieved through the reconfiguration and **consolidation** of pathology services, given certain assumptions

## So what did it say? (2)

---

- **Consolidation** of services is necessary to enable pathology services to respond swiftly to the challenges posed by innovation (particularly the genomic revolution) and by the reform of systems and of the workforce throughout the NHS
- **Consolidation** provides the means of improving the quality, responsiveness and cost-effectiveness of services by allowing resources to be reinvested in pathology
- Reinvestment of savings is essential to ensure quality of service and to support the rapid adoption of innovative technology and new approaches to the provision of pathology services

# The twenty recommendations - Quality

---

- 1 Objective and measurable standards should be developed for pathology services: from the request for a sample to the provision of the interpreted result
- 2 Accreditation should be modified to apply the standards (once developed) *referred to above*
- 3 Pathology services – and, in future, consolidated networks – should be subject to mandatory accreditation by an organisation independent of the providers and the professions
- 4 All providers of pathology services (including providers of point-of-care testing) should be required to participate in clinical audit and other clinical governance

# The twenty recommendations - IT

---

- 5 IT connectivity should be put in place for NHS pathology services as a matter of priority

## The twenty recommendations - Service

---

- 6 Priority should be given to making pathology services more responsive to users' requirements; and, in particular, to making phlebotomy and the collection of samples more accessible and convenient
- 7 The Department of Health should formulate proposals to make more information about the quality and safety of services available to their users

# The twenty recommendations - Consolidation

---

- 8 Specialist services should be consolidated through referral to specialist testing centres to assure quality and to redress professional isolation
- 9 Pathology networks should be developed on the lines set out in *the report*
- 10 Each consolidated network should have a single, integrated, managerial structure, including a clinical director and commercial director, to provide clear leadership and accountability

## And at the centre... (1)

---

- 11 A national clinical director for pathology should be appointed, working in partnership with a national commercial director for pathology
- 12 Our proposals for the reform of NHS pathology services should be reflected in the Department of Health's Operating Framework for the NHS in England
- 13 The NHS pathology workforce should be reformed as set out in *the report*
- 14 Using guidance and support from the Department of Health, each SHA should require the primary care trusts (PCTs) in its area to take the lead with providers (existing and – where known – potential) in drawing up cost-effective plans to implement this report's proposals

## And at the centre... (2)

---

- 15 The Department of Health should set a tariff for community-based and specialist pathology
- 16 The Department of Health should determine the coverage and format of benchmarks to be collected from all pathology providers, and instigate the collection of such data
- 17 The Department of Health should write guidance on commissioning, as a priority
- 18 The Department of Health should consider drawing up model contracts for pathology

## And at the centre... (3)

---

- 19 The Department of Health should introduce a pathology 'formulary' equivalent to that used for medicines
- 20 The Department of Health should find ways to facilitate innovation in pathology

## So it's not all about reducing costs and consolidation then?

---

- To paraphrase Sir Humphrey Appleby from the BBC series 'Yes Minister'

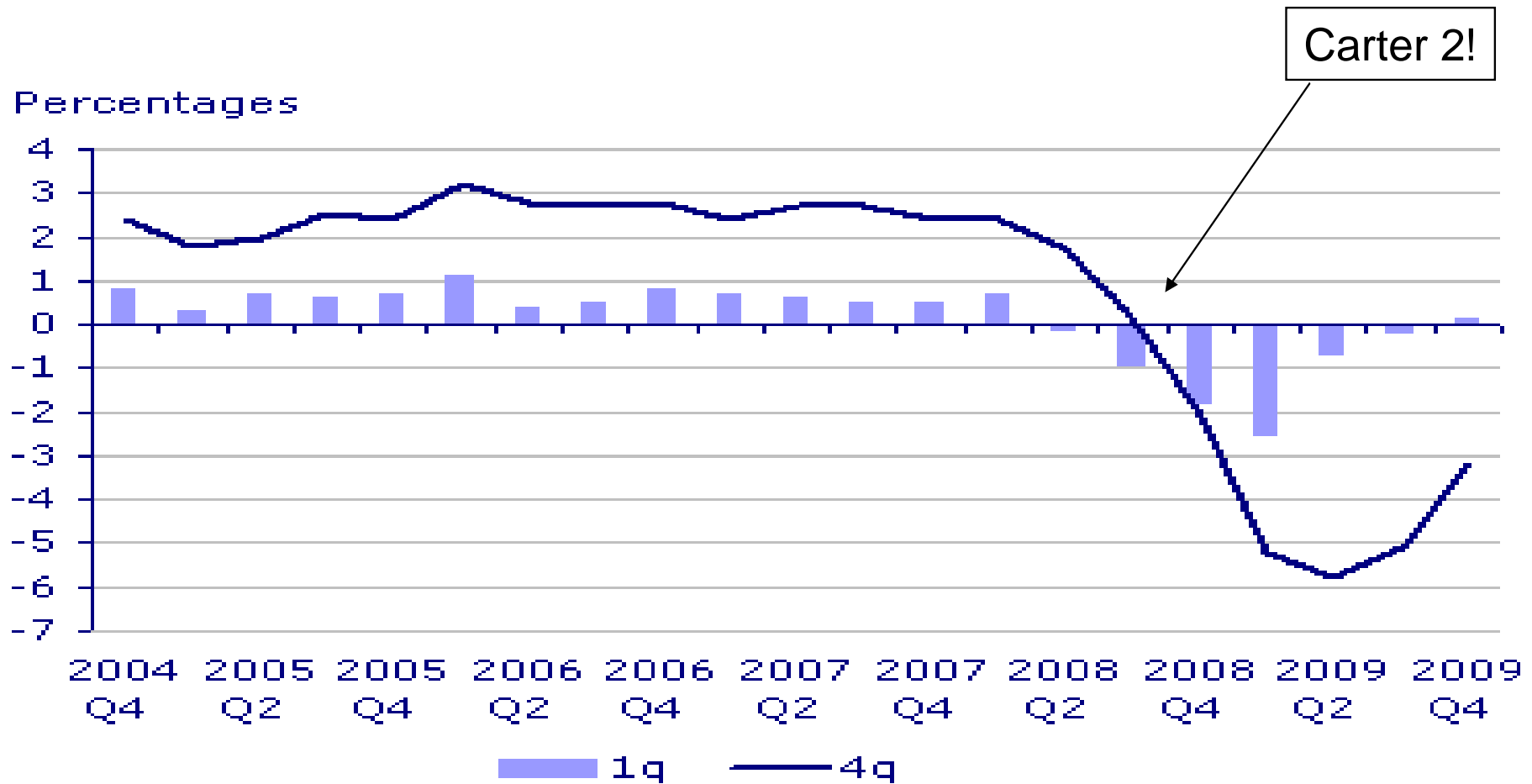
'You might think that: I couldn't possibly comment!'

# What happened afterwards?

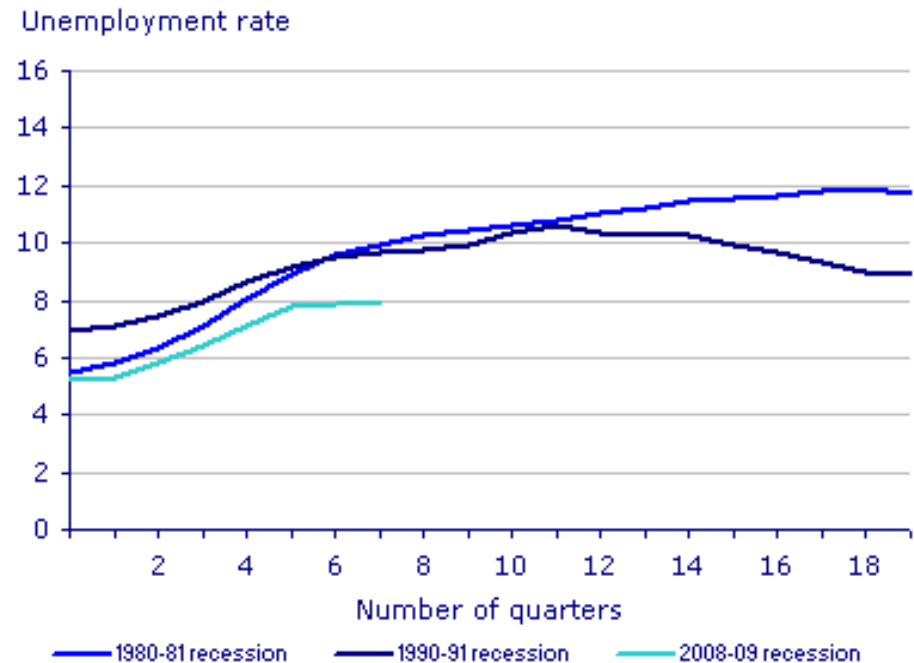
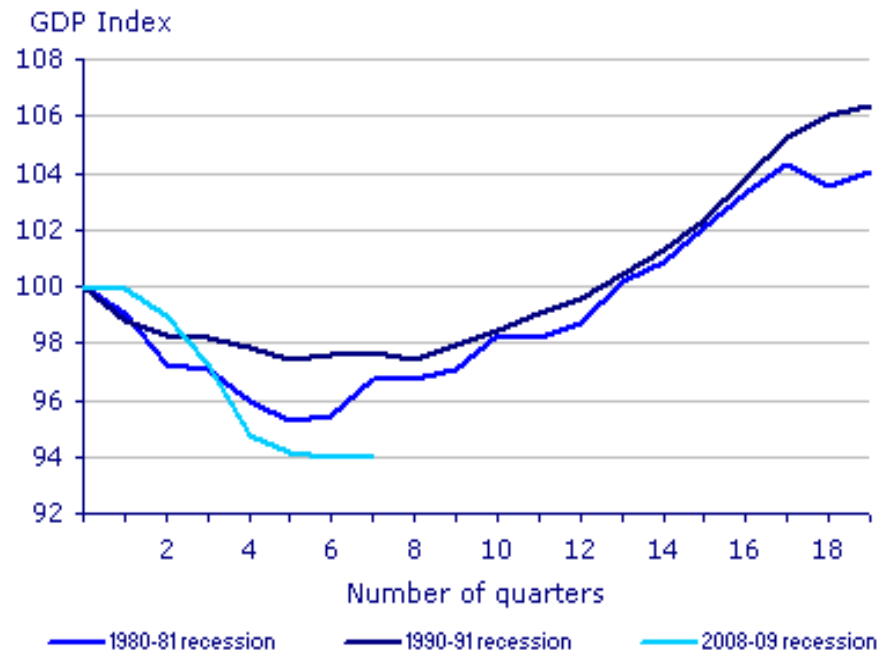
---

- The Department of Health responded
- Modernising Scientific Careers continued
- Predatory Foundation Trusts and World Class Commissioning had less impact on Pathology than expected
- Long-term management of disease and 'Care in the community' came to the fore
- New ways of working began to be considered
- The private sector had a look at Pathology, and then,
- The recession arrived!

# What recession?

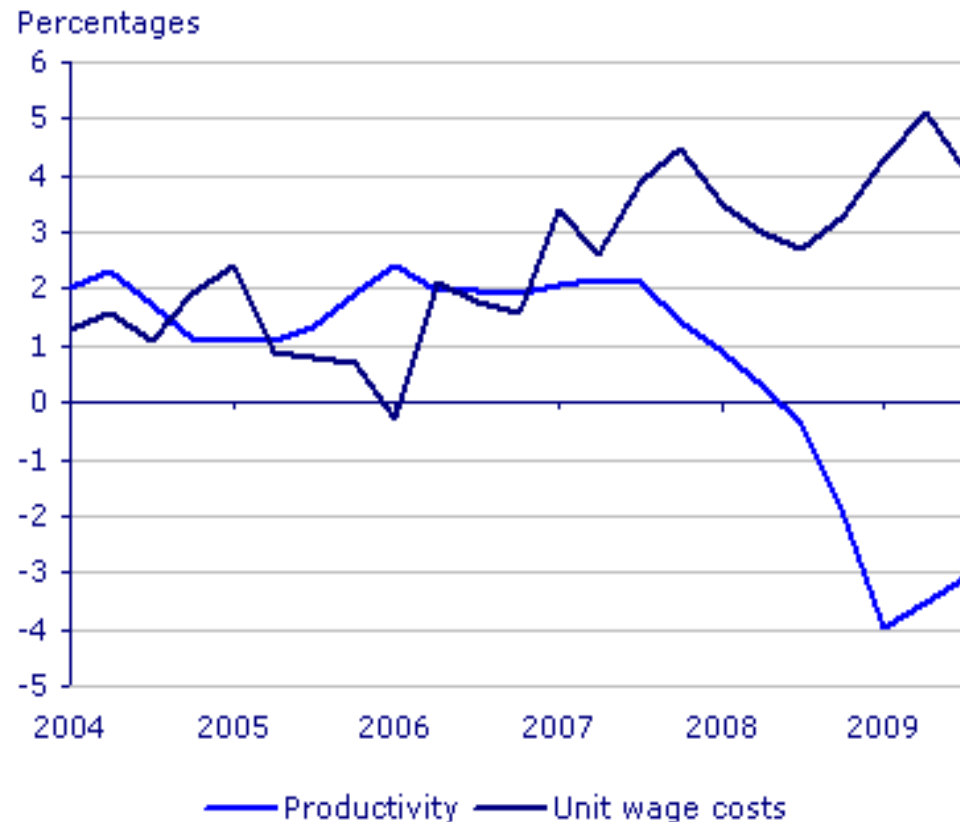


# Comparing recessions – GDP and unemployment



- In Q4 2009 the unemployment rate stood at 7.8% (2.46m people)
- In the 1990s, employers' cuts in their staffs more than matched the contraction in the economy ('over-sacking')
  - bad for unemployment but good for productivity and profits

# Productivity falls as the costs of wages increase



**Annual growth in productivity and unit costs of wages**

- Incomes Data Services suggests that Human Resource managers and unions have saved jobs by freezing pay and using short-time working – a promising sign for employee relations?
- But the CIPD thinks that retaining jobs has caused a slump in productivity
  - unit costs of wages were 4.1% higher in Q3 2009 than a year earlier
  - productivity was 3.1% lower over the same period
- Has there been 'under-sacking'?
  - if so, it might delay any pick-up in recruitment – or result in another wave of redundancies

## Economic forecasts for 2010 – no consensus

	<b>Current</b>	<b>Lowest</b>	<b>Average</b>	<b>Highest</b>
GDP growth	0.3%	0.7%	1.4%	2.2%
Inflation (Q4)				
CPI	3.7%	1.1%	1.9%	3.8%
RPI	3.5%	2.0%	3.0%	4.8%
Unemployment claimant count (Q4)	1.64m	1.4m	1.76m	2.2m

Independent forecasts collated by HM Treasury

## And your point is?

---

- Money is tight, and the recession isn't over yet
- *'The Chancellor's Budget should follow the example of Portugal, Ireland, Greece and Spain. The other heavily indebted members of the EU are already cutting their deficits by cutting the costs of the public sector workforce and cutting benefits and pensions. These ideas should be at the heart of the programme to return the UK public finances to surplus which should start now and last for many years'*  
(Andrew Haldenby, Budget 2010 Briefing, Reform, 22nd March 2010)
- Healthcare productivity fell by 4.3% in the ten years between 1997 and 2007  
(section 4.3.1, Total Public Service Output and Productivity, ONS, <http://www.statistics.gov.uk/articles/nojournal/TotalPublicServiceFinalv5.pdf>, 22nd March 2010)
- People (taxpayers!) are interested in cost savings from anywhere!

# I thought we agreed that Carter 2 wasn't all about cost?

---

Well...

- *In this second phase of the review we set out our vision for NHS pathology services. The main aim must be to improve quality and patients' safety by consolidating services*
- *The evidence we have collected makes a strong case for consolidating pathology to improve quality, patients' safety and **efficiency***

(Lord Carter of Coles, Report of the Second Phase of the Independent Review of NHS Pathology Services, December 2008)

## From the Department

---

- *The evidence we have collected makes a strong case for consolidating pathology to improve quality, patients' safety and **efficiency***
- *Characteristics of a good consolidated service would be end-to-end management of the service (including transport and logistics, IT connectivity and **efficient and effective use of resources, including people**) and the concentration of non-urgent and specialist work in one or more centralised and accredited core laboratories where throughput is sufficient to ensure high-quality results*

(The Rt Hon Dawn Primarolo MP, Minister of State for Public Health, Foreword to the Report of the Second Phase of the Independent Review of NHS Pathology Services, December 2008)

## And in case you missed it...!

---

- *SHA chief Margaret Edwards to lead productivity unit*
  - *She has agreed to lead the unit, set up by NHS chief executive David Nicholson and based in NHS London, and will start as national director of **productivity and efficiency**.....*

(HSJ, 6th March 2009)

- *Everyone we have spoken to acknowledges that driving up standards, quality and patients' safety, at the same time as reducing costs by between **£250 and £500 million** a year for reinvestment in the service, is a prize worth pursuing vigorously*

(Lord Carter of Coles, Report of the Second Phase of the Independent Review of NHS Pathology Services, December 2008)

## Yeah, but no-one is interested in Pathology...

---

- *The prospects for the UK economy have dramatically worsened since the last Budget. One year ago Mr Darling thought the economy would grow by 2.5% this year; now he says it will shrink by 3.5%. But he is still hoping it will bounce back next year*
- *The current budget squeeze means that the gap between government spending and taxes will continue to widen*
- *The government may also face higher costs as benefits and debt service rise. If it also **tries to protect health** and education, other services could face major cutbacks*

(BBC News, <http://news.bbc.co.uk/1/hi/business/8002618.stm>, 11th May 2009)

## And that was ten months ago!

---

- *NHS trusts will have to deliver between £15 billion and £20 billion in efficiency savings over three years from 2011 to 2014, David Nicholson, the NHS chief executive, told health service finance directors in a speech delivered behind closed doors*

(<http://www.telegraph.co.uk/health/healthnews/5524693/>, accessed 2nd December 2009)

- If we can't achieve the £500m cuts in Pathology, we will not achieve the £20 billion in the NHS

(unattributed source, John Stevens, London, 1st December 2009)

## Oh, so it *was* all about costs...

---

- I refer you to my previous answer....
- But don't forget the parts about consolidation!

## So what did it (Carter 2) say again? (1)

---

Two summary paragraphs and twenty recommendations

- In this second phase of the review we set out our vision for NHS pathology services
- The main objective must be to improve quality and patients' safety by **consolidating** services
- The case for **consolidation** uses the data on activities and costs that we collected from a representative sample of NHS pathology sites in England
- Wide variations between pilot sites were found, and analysis of these variations confirms the main recommendations made in our first report
- Modelling exercises for two strategic health authorities (SHAs) showed that significant savings could be achieved through the reconfiguration and **consolidation** of pathology services, given certain assumptions

## So what did it (Carter 2) say again? (2)

---

- **Consolidation** of services is necessary to enable pathology services to respond swiftly to the challenges posed by innovation (particularly the genomic revolution) and by the reform of systems and of the workforce throughout the NHS
- **Consolidation** provides the means of improving the quality, responsiveness and cost-effectiveness of services by allowing resources to be reinvested in pathology
- Reinvestment of savings is essential to ensure quality of service and to support the rapid adoption of innovative technology and new approaches to the provision of pathology services

# Organisational forms for consolidated Pathology (1)

---

Data and opinion '*suggest*' that organisational consolidation is desirable

- Improvements in quality and productivity should occur
- Costs and variation should reduce
- New technology will be introduced more easily
- The development and planning of the workforce will become straightforward

## Organisational forms for consolidated Pathology (2)

---

- Single Acute Trust, with laboratories at multiple locations
- Single Acute Trust, consolidated at a single location
- A 'confederated' network of Acute Trusts
  - Confederations require members to make decisions that are not to the detriment of any participant. They are successful only when no member loses in the short-term
- A 'federated' network of Acute Trusts
  - Federations require collaboration, co-operative ventures and the management of operations, including change, to the mutual, long-term interest of those represented. In the short term, some members may be disadvantaged.

# Organisational forms for consolidated Pathology (3)

---

- A 'managed' 'network', managed
  - by or on behalf of the Acute Trusts
  - by the Primary Care Trusts
  - by the Strategic Health Authority
  - by a commercial entrant
- Organisational forms embed costs (and variation) outside the laboratory

# Organisational forms for consolidated Pathology (4)

---

## ■ Examples include

- Frimley Park and Royal Surrey 'Partnership Pathology Services'
- Pathlinks
- Kent and Medway Pathology Network
- Cumbria and Lancashire Primary Care Network
- University College London Hospital and Sonic Healthcare
- Guys and St Thomas' and Serco

## So what?

---

- 'Consolidation of Pathology services has been talked about for ages – it'll never happen'
- 'Networks are as far as it will go'
- 'Keep your head down for a few more months – then it will go away'
- 'There will be another lot in soon'
- 'Consolidation only works in London'
- 'Don't worry, the RCPATH / IBMS / ACB / Unions / Clinicians (delete where applicable) will stop it'

## So what's your point (finally)?

---

- Well, quite a lot has changed outside Pathology since 'Carter 2' was published!
- 'Something gotta change' (with apologies to The Stranglers, No More Heroes, 1977) - an appetite exists throughout the DH and NHS
- Organisational consolidation is key to success
- Data and opinion 'suggest' that organisational consolidation is desirable
  - Improvements in quality and productivity should occur
  - Costs and variation should reduce
  - New technology will be introduced more easily
  - The development and planning of the workforce will become straightforward
- Workforce reprofiling a close second

# A word about Collinson Grant Healthcare

---

- For over 20 years we have been helping managers in Healthcare - public and private - to transform the performance of their organisations
- We have worked in Pathology at all levels of the NHS
  - We played a big part in Lord Carter's independent review
  - We have helped the Department of Health to plan and develop the Pathology workforce
  - A Strategic Health Authority engaged us to examine the costs, structure and effectiveness of a confederated network
  - We have led projects in many Acute Trusts
- We have also helped many private providers of Pathology Services to consider how best to succeed in the NHS market

Collinson Grant Healthcare has asserted its right to be identified as the Author of the work in accordance with the copyright, designs and Patents Act 1988.



**Collinson Grant Healthcare Limited**

Ryecroft Aviary Road Worsley Manchester M28 2WF United Kingdom

**Telephone** (0)161 703 5600 **Facsimile** (0)161 790 9177 **Web** [www.collinsongranthealthcare.com](http://www.collinsongranthealthcare.com)

**In London** 33 St James's Square London SW1Y 4JS **Telephone** (0)20 7661 9382 **Facsimile** (0)20 7661 9400

**Part of Collinson Grant Group Limited**