Department of Health

3 June 2010

Wellington House
133 – 155 Waterloo Road
London
SE1 8UG

SHA Pathology QIPP Leads

RE: QIPP – CLINICAL SUPPORT RATIONALISATION WORKSTREAM – PATHOLOGY

Dear Colleague,

Following David Nicholson's letter to SHA Chief Executives of 25 May, which set out the final shape and scope of the National QIPP workstreams, this letter provides some more information to help guide SHAs on the reconfiguration of their pathology services.

The NHS Management Board has asked me to work with you to build up your plans and to provide you with an outline of the national planning process and timetable for change. They have asked us to share with you a national planning template, which you might want to use regionally to supplement and guide your SHA QIPP planning.

This builds on work, which has been carried out through SHA Medical Directors and their nominated pathology leads, who should be able to work with you to provide the information and expertise to guide your pathology modernisation, and who should be working to a timetable of the end of June to carry out the necessary planning. I will be providing a report back to the Management Board on 14 July on the information that I receive by this date, and flagging any gaps.

Background

The Independent Review of NHS Pathology Services made a strong case for consolidation of pathology to improve quality, patient 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 core laboratories where throughput is sufficient to ensure high quality results. Only tests/investigations requiring a rapid turnaround on clinical grounds would be processed on site.

The case for consolidation is based on the activity and cost data collected from a representative sample of NHS pathology pilot sites in England. Wide variations between pilot sites were found. The main factors were scale of

operation (and the associated economies of scale) and the way in which staff were deployed.

In some instances, the volume of more complex and specialist pathology work undertaken on site is low, resulting in unusually high costs per test/case. A low volume of complex investigations results in expertise being spread more thinly, hindering specialisation and access to specialist expertise. Consolidating specialist as well as routine services would enhance service quality and improve cost-effectiveness. The Carter Review forms the basis of our work on pathology as part of the QIPP workstream on Clinical Support Rationalisation.

Preferred Approach

The national pathology workstream plan, on which you have commented, sets out a clear expectation that planning for change should be on the basis of a consolidated service model, as set out in the Carter report. Within each SHA, a 'core' lab would process all routine, high volume pathology tests and bring together specialist testing and technologies. 'Hot' labs would be provided on acute hospital sites where clinically required. You should also consider the appropriate provision of pathology testing for and in primary and community settings. Your plan should provide details of the preferred approach, with supporting evidence. It should also state when savings will be achieved and the amount. If your approach is different from this, we would expect to see evidence of how the annual savings would be realised.

I advise that plans for change would also seek to bring together molecular pathology and genetics laboratories. This has the potential to benefit patients through better use of the laboratory workforce and more effective uptake and use of new molecular technologies and equipment. It will also provide better value for money and support higher quality through concentrating expertise.

Delivering QIPP in Pathology Services

As you are well aware, there will be a zero per cent uplift in national tariff prices and the uplift for the following three years will be maximum of zero per cent. This uplift in 2010/11 includes an efficiency requirement of 3.5 per cent. A key area to drive efficiency will be to consolidate pathology services as above to deliver annual savings of up to £500 million.

Acute trusts should also introduce service improvement programmes immediately to improve efficiency and productivity and deliver savings. We have commissioned NHS Improvement to deliver a national LEAN programme to aid you in implementing this aspect of your change plans for pathology. Evidence from this programme shows that significant savings can be achieved by implementing a LEAN approach within laboratories to strip out waste. We will be in touch with you separately about the support we can provide to providers within your SHA on implementing LEAN in pathology.

Workforce

There are potentially significant HR implications from service reconfiguration on this scale within your health economies. Close workforce involvement and engagement will be needed to minimise industrial relations issues. We would draw your attention to the importance of these considerations as part of your planning.

DH has published the *Pathology Workforce Planning Tool* (290828) which you may find helpful to support workforce planning and re-profiling in your localities.

Procurement

A significant element of savings from pathology service reconfiguration will from rationalisation of buildings, facilities and equipment. While we recognise that it will not be feasible to suspend all procurement, we would expect you to review new equipment procurements and building projects in the light of overall plans for pathology reconfiguration across the wider local health economy. This will provide better value for money in the longer term.

IT

The Carter Review also recognised the need for IT to support new ways of working and to achieve an end-to-end pathology service. We will shortly send you some additional information on mechanisms, which will assist in achieving service consolidation in line with the approach outlined above. These will not only achieve efficiency savings and safety/quality improvements but will be cash releasing through reduction of unproductive activities.

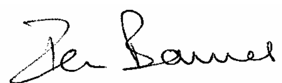
Quality

Finally, I must emphasise that productivity gains are not at the expense of quality in pathology. The NHS cannot afford to let quality drop in pathology service provision if patients are to get the services they need. Consolidation of pathology services provides the model to maintain and improve quality while enabling financial efficiencies to be made.

We are also working with other QIPP workstreams on developments in pathology, which have the potential to transform patient pathways and produce savings in the wider health economy (eg new pathology tests that reduce invasive diagnostic interventions). You may wish to consider such areas in conjunction with commissioners and providers in your localities.

I look forward to receiving your pathology plans shortly. Please do not hesitate to get in touch with me or one of my team to discuss your plans, if that would be helpful.

Yours sincerely,



DR IAN BARNES
National Clinical Director for Pathology
National QIPP Workstream Lead