

LETTER FROM JOHN CONNAGHAN, DIRECTOR OF HEALTH DELIVERY,
SCOTTISH GOVERNMENT, TO THE CONVENER OF THE PUBLIC AUDIT
COMMITTEE, 2 AUGUST 2010.

**AUDITOR GENERAL FOR SCOTLAND REPORT –
REVIEW OF ORTHOPAEDIC SERVICES**

I am writing in response to your letter of 16 June to Dr Woods on orthopaedics in which you seek further information on issues discussed at the Public Audit Committee meeting on 9 June 2010. As SGHD Director with lead responsibility for this area, Dr Woods has requested that I represent him at the committee on 8 September 2010 and reply directly with the further information requested. I set this out in the annexes as follows:

Annex A: National Data Collection

Annex B: National Procurement

Annex C: Use of the Private Sector

Annex D: Progress on review of the Costs Book and tariffs.

I hope this is helpful to you but if you require further detail prior to the next meeting with SG officials, then please do not hesitate to contact me.

Yours sincerely

JOHN CONNAGHAN
Director of Delivery

National Data Collection

NHS Scotland has robust data on clinical services. The Information Services Division (ISD) has developed and maintains over 80 national datasets and the Scottish SMR system is highly regarded for the quality of data it holds on the epidemiology of Scotland and the health services which are provided.

The quality and consistency of this national data is overseen by the National Clinical Dataset Development Programme which has guided the quality and development of clinical datasets since 2003. This programme reviews the appropriateness of every clinical dataset on a bi-annual basis. In this review process, there is a recognition that clinical services evolve and that it is important that clinical datasets reflect these changes as new service models become established.

In orthopaedics there is a range of work underway to ensure that data from new service models such as community back pain clinics are captured. In addition, an Allied Health Professional dataset has recently been developed with NHS Boards who have led the development of these services and the national roll-out of this dataset will be taken forward over the coming months.

A National Musculoskeletal audit has been established across all Boards and is providing rich data on individual pathways such as carpal tunnel and arthroscopy and this data is providing the basis for the redesign of patient pathways and the identification of best practice.

Finally, ISD is working with NHS Boards to test data extract technology which will give NHS Boards the ability to interrogate and make use of the existing national datasets.

National Procurement

National Procurement (NP) is working with NHS Boards to improve procurement of orthopaedic prosthesis, for hips and knees. The plan is set out in three stages to take account of the need to establish initial contracts and baselines, the need to gather robust data and to identify variation in cost and supply and to develop active engagement and commitment of clinicians and managers. There has been good progress against the plan, which to date has achieved savings of £1.2m. The plan has been phased as the procurement in orthopaedics is complex, due to the diversity of the suppliers, the wide range of products and the difference in clinical preferences.

In the first phase of the contract which commenced in 2008, NHS Greater Glasgow & Clyde did not withdraw from the national contract but undertook a mini-tender as part of the national contract. A mini-tender is a technique where the terms of the national framework can be tailored based upon local requirement but not reduce the purchasing power of the overall contract. Savings of £773k have been identified in NHS Greater Glasgow & Clyde alone from being involved in the first phase of the national contract. NHS Lothian will consider taking forward the option of a mini-tender within the second stage.

The second phase of the contract will commence from September 2010 for two years. The knowledge and data from the first contract have been incorporated into the development of this revised contract. This stage aims to move towards greater consistency and reduced variation.

To achieve all of the above in one short leap would have been extremely difficult without the underpinning data and the development of communication and understanding of the needs of the clinical community. This provides the foundations for a more robust approach to orthopaedics nationally.

The final stage of the contract will commence from 2012 onwards and the focus will be on using all the available data and information from the first 2 stages to drive further benefits. To achieve further benefit it will be necessary to take a broader view of the total costs of the procedure rather than simply the cost of the product, including the theatre utilisation associated with the use of different prosthesis and the clinical outcomes for patients.

Use of Private Sector

We have taken steps since 2007 to improve the recording of activity for NHS activity referred to the private sector. Prior to 2007 NHS boards referred activity to the value of approximately £15m (0.206 per cent of the NHS budget for 2006/7). In 2008/9 (the latest year for which data are available), NHS boards referred approximately £10m (0.124 per cent of the NHS budget for 2008/9).

Independent sector hospitals are required to submit records of patients treated and return these records to the referring NHS Board who in turn submit SMR records to ISD. Since 2007 greater emphasis has been placed on the completeness and accuracy of these returns.

NHS Board financial reporting systems also provide a local picture of NHS Board expenditure on the independent sector and this expenditure and its recording are subject to internal and external audit review.

While these data are generated locally and provide assurance to NHS Boards we accept that more can be done nationally to provide an overview of this activity. A new reporting system has been introduced to supply quarterly returns from NHS Boards to the Health Directorates and the first returns are being validated. The reporting system will go live from September 2010.

We anticipate that NHS Boards will continue to refer a small number of patients to the independent sector where short term capacity issues arise to deliver national waiting time guarantees for NHS patients. NHS Boards are engaged in capacity planning to ensure that capacity is available within the NHS to improve upon and sustain the current record of low waiting times for elective treatment.

Costs Book and Tariff

Significant work has been carried out over the last 18 months to identify and address data quality issues, increase consistency between NHS Boards in completing the Costs Book returns and review the current guidance on the Costs Book. The review of the guidance manual for the Costs Book has increased consistency between boards and the outputs will be used in the collection of data for the 2009 -10 Costs Book. In parallel, ISD have developed a national tariff benchmarking tool which is issued to all NHS Boards each year comparing their estimated costs against the national average.

LETTER FROM THE CONVENER OF THE PUBLIC AUDIT COMMITTEE TO DR
KEVIN WOODS, DIRECTOR GENERAL HEALTH AND CHIEF EXECUTIVE OF
THE NHS SCOTLAND, 16 JUNE 2010.

**AUDITOR GENERAL FOR SCOTLAND REPORT – REVIEW OF ORTHOPAEDIC
SERVICES**

At its meeting on 9 June 2010, the Public Audit Committee took oral evidence from NHS Fife, NHS Tayside, the National waiting Time Centre and Colin Howie, Chair of the Scottish Committee on Orthopaedics and Trauma. An extract of the Official Report of the meeting is available at the following link:

<http://www.scottish.parliament.uk/s3/committees/publicAudit/index.htm>

Written Evidence

Having considered the evidence received the Committee agreed that it wished to seek written evidence on a number of matters which arose in oral evidence. I have set these out below and I would be grateful for your response to the questions **by Monday 2 August**. Please do let me know if this time frame presents you with any difficulties.

National Data collection

The Committee heard evidence that the data collected nationally on NHS activity could be improved. In particular the Committee heard the way in which data is captured and recorded has not kept pace with changes in clinical practices and models, and that the data captured at national level may not be comparable between NHS Boards as there may be variations in range and type of data each NHS Board measures.

The Committee would welcome clarification of how Information Services Division is assured that data gathered at a national level is collected consistently and robustly across NHS Boards.

The Committee would also welcome further information on how the information collected reflects changes in clinical practices and models whilst still enabling comparisons to be drawn between NHS Boards over a number of years.

National Procurement

In oral evidence to the Committee, Colin Howie explained that NHS Lothian and NHS Greater Glasgow and Clyde are withdrawing from the national procurement contract, as these NHS Boards believe that they can get a better price independently.

The Committee would welcome further information on the role of National Procurement in negotiating purchasing of surgical implants at a national level or for individual NHS Boards. The Committee would also welcome clarification of the impact on National Procurement's purchasing power of NHS Lothian and NHS Greater Glasgow and Clyde withdrawing from the national procurement contract.

Use of the Private Sector

The Committee heard in evidence that, whilst it was not known nationally how many patients NHS boards refer to the private sector for treatment, this information may be available at NHS Board level and may have recently become available as part of the 18-week pathway.

The Committee would be grateful if you could provide it with the information held by each NHS Board on the number of patients each Board refers to the private sector for treatment.

Finally the Committee would welcome an update on the NHS efficiency and productivity programme review of the Costs Book and tariffs and in particular, when you would expect this review to be completed by.

Oral evidence

At its meeting on 9 June the Committee agreed to invite you to give oral evidence to the Committee at its meeting on **Wednesday 8 September 2010** together with a representative from National Procurement, the Chief Medical Officer and a representative from the Improvement and Support Team at the Scottish Government Health Directorate.

Please find enclosed a leaflet giving further information about giving evidence to a committee of the Scottish Parliament.

Arrangements for Oral Evidence

The meeting will take place at 10 am at the Scottish Parliament in Edinburgh and it is envisaged that your evidence session will be held in public. I will contact you nearer the meeting date to confirm the arrangements including which meeting room the Committee meeting will be held in. I would be grateful if you could confirm your willingness to attend along with the names and titles of the other representatives the Committee has identified above.

Should you wish any other representatives (up to two persons) to attend, other than those identified above, I would be grateful if you could also provide their names and titles. Please send your response to the Clerk to the Public Audit Committee, Room T3.60, The Scottish Parliament, Holyrood, Edinburgh, EH99 1SP, email pa.committee@scottish.parliament.uk).

On the day of the meeting, you should come to the Parliament's main public entrance in Horse Wynd, bringing this letter with you. You should aim to arrive at least 15 minutes in advance of the meeting. On arrival please make yourself known to security staff without waiting in any queues outside the building. Once you have been issued with your witness pass you will be directed to a designated waiting area where you will be met by a member of committee staff.

Please note that your contact details will be passed on to the official report so that you can be contacted about your oral evidence to the committee.

If you wish a named official other than yourself to deal with the meeting arrangements and correspondence, please could you provide the name, telephone number and address of this contact, and all subsequent correspondence will be sent to him or her.

Should you require any further information please do not hesitate to contact the Clerk, Jane Williams on 0131 348 5236 or by email at pa.committee@scottish.parliament.uk.

Yours sincerely

Hugh Henry MSP
Convener
Public Audit Committee