I am writing on behalf of the Save Lewisham Hospital Campaign to inform you and update you on developments in the campaign against the decision of Greenwich CCG to award the contract for MSK services for Greenwich to Circle Health. Our campaign is working along with Greenwich Keep Our NHS Public to alert people to the problems with this decision and to challenge it. We ask for your support in this.

1. **Background**
   1. In August 2016 Greenwich CCG awarded a contract to Circle Health to be the prime contractor for MSK services in Greenwich. Circle Health is a private company funded by a hedge fund based in an offshore tax haven. It is mostly known for its failure to run the Hinchingbrooke Hospital, where it had to hand back the contract following a devastating CQC report. Circle has also been prime contractor of an MSK contract in Bedfordshire, where there were also serious problems.
   2. The Greenwich MSK contract includes outpatient orthopaedics, rheumatology, physiotherapy and pain management. The other bidder was Lewisham and Greenwich NHS trust (LGT), which had the support of Greenwich GPs for their proposal. LGT already provide about 75% of MSK services to the Greenwich population.
   3. Greenwich CCG wants the contract to be provided for about 10% less than current cost, to make savings of approximately £1.5 from a contract worth over £16 million.
   4. The Prime Contractor model is one where the prime contractor holds the contract and subcontracts others to provide services. It is essentially a way for a CCG to outsource its commissioning functions and therefore its level of financial risk. The prime contractor passes on their risk to subcontractors. Circle will subcontract service provision to LGT. LGT will have little choice but to agree to this, as it needs to continue to make an income from providing these services, but it risks losing money if Circle subcontracts them for less than they are receiving at present for providing MSK services. This could have a knock on effect on LGT’s ability to employ orthopaedic surgeons to provide emergency trauma care, for example.
   5. The contract has not been signed off yet as there are still negotiations going on. Originally the new service was to have started on 1 October but this has slipped to 1 December.
   6. **On 27 October Greenwich Healthier Communities and Adult Social Care Scrutiny Panel refused to endorse the contract and said there needed to be more information and more consultation. There are many concerns about this contract decision.**
2. **Greenwich CCG did not do an impact assessment on the risk to other NHS services in the area as a result of their decision to outsource MSK services to Circle. There is now a lot of experience around the country of significant failures of similar outsourced contracts and harm to local NHS services. There have been reports and investigations into these and lessons were supposed to have been learned, but it seems that in the case of Greenwich CCG and its decision to award this contract to Circle no lessons have been learned and they have carried on regardless of risk.** 
   1. In Sussex the CCG awarded a contract for MSK services to BUPA, without doing an impact assessment on the local NHS trust, which ran the main local hospitals. After local campaigners raised concerns the CCG commissioned Price Waterhouse Cooper to do an impact assessment. The PWC report showed that it would have a damaging impact on acute orthopaedic and trauma services at the local NHS Trust, putting their ability to provide A+E services at risk. As a result BUPA handed back the contract and the CCG subsequently recommissioned it from the NHS trust. <http://www.westernsussexhospitals.nhs.uk/news/local-nhs-welcomes-msk-impact-assessment/>
   2. In Bedford Circle won a prime provider contract to provide MSK services. This reduced referrals to Bedford NHS trust by 30%, destabilising the viability of its trauma and accident and emergency services and undermining its capacity to retain the seven trauma surgeons it employed. Bedford NHS Trust refused to become a subcontractor of MSK services to Circle, and has opted to go it alone in the hope of retaining sufficient MSK business to remain viable. The Circle MSK referral management hub is sending more people to the local private hospitals for elective orthopaedic procedures.
   3. In Nottingham the CCG decision to outsource non-acute dermatology services to Circle led to Nottingham University Trust being unable to maintain a 24-hour emergency dermatology service. The decision effectively dismantled Nottingham’s previously distinguished dermatology service, including research and teaching to trainees and medical students. There was a report into this debacle that said that there had been mistakes all round and “lessons would be learned”. <http://www.rushcliffeccg.nhs.uk/media/3116/final-report-from-the-independent-review-nottingham-dermatology-service-4-june-2015.pdf>
   4. These examples show that removing some services from NHS provision and outsourcing to private providers is fraught with clinical and financial risk from contract failures and harm to other NHS services. NHS services are interdependent and interconnected. Taking some parts out destabilises others. NHS hospitals cross subsidise their acute care from the income from their elective care. If elective income drops it jeapardises acute care. There are also effects on ability to staff acute services because consultant staff provide both acute and elective services. If the hospital loses elective care then it can no longer fund the staffing levels for acute care. That is what happened in Nottingham and would have happened in Sussex had the decision not been reversed. Bedford too risked losing its orthopaedic surgeons and not being able to provide acute trauma and A+E services.
   5. While each of these examples may have aspects that are different from the Greenwich MSK contract there are enough similarities for there to be concern about the risk to the wider health economy and local NHS trusts from the Greenwich decision. There is no indications that Greenwich CCG took account of such risks or showed they had learned anything from these experiences or the official reports that were conducted.
   6. We sent an FOI to Greenwich CCG asking if they had done an impact assessment on the wider health economy and LGT. They replied to say they had not and justified it by saying that they had to treat all bidders equally. In other words they were treating LGT as just another bidder, ignoring the fact that it is a major provider of a wide range of NHS services in the area. Potential harm to LGT would have broad implications for our health services and this is something that Greenwich CCG should have evaluated before making their decision. The reply to the FOI stated that NHS England did an impact assessment on LGT. We have sent an FOI to NHSE to find out more about this. LGT says it is not aware of any impact assessment on them by NHSE so it will be interesting to see exactly what was done. Furthermore it is surely incumbent on the *commissioners,* i.e. Greenwich CCG, to do impact assessments before making their decisions, as they are the body responsible for their decisions and for any consequences.
3. **Failure to learn from National Audit Office (July 2016) and NHS England (April 2016) reports into collapse of Uniting care Partnership** 
   1. The prime contractor contract for elderly and community care in Cambridgeshire and Peterborough was awarded to a consortium of two NHS trusts called Uniting Care Partnership. Uniting Care found it could not run the contract at the price it had bid for and handed it back after eight months. The total cost of the failed contracting process was £8.9 million. The National Audit Office and NHS England conducted an investigation into this failure and identified lessons that should be learned and applied to all subsequent prime contractor contracts. Although it was a much bigger contract than the Greenwich CCG one (about 10 times the value), nevertheless as an example of a prime contractor contract that went badly wrong it is worth learning from.
   2. The investigations identified several problems with the way the Uniting Care contract was managed that should not happen again, yet it seems there were a significant number of parallels between that procurement and the Greenwich MSK procurement. For example there seems to have been a lack of clarity from the Greenwich commissioners about the scope of the contract. Tim Higginson, CEO of LGT said at the recent Greenwich scrutiny panel that right up until the closing date for bids there was uncertainty about whether or not fracture clinical services were included in the contract. In reply to an FOI we sent to LGT we were informed that LGT submitted over 50 clarification questions to Greenwich CCG about the bid, and they still did not receive answers to many of these. The NAO and NHSE reports explicitly state that commissioners should be very clear when putting contracts out to tender exactly what the scope of the contract is, so that bidders can make realistic bids. That this appears not to have happened shows a poor level of commissioning competence on the part of the CCG and a failure to learn the lessons of the NAO and NHSE investigations.
4. **Circle Health’s poor track record and reputation disregarded.**

In awarding the contract to Circle, Greenwich CCG disregarded Circle Health’s poor track record in providing health services. The bidding process specifically excludes looking at the history of an organization. It is like offering someone a job without taking references. Circle’s failure to manage Hinchingbrooke Hospital as well as the controversy surrounding its Bedford MSK contract should sound a warning bell to all concerned that this is not an organisation that we should trust with our vital health services. The fact they don’t pay UK tax but are based in a tax haven is a moral issue that surely the CCG should have regard to. The people of Greenwich and Lewisham would certainly not be happy to think of their vital services being handed over to such an organisation to manage.

1. **Greenwich GPs were excluded from decision to award contract to Circle**

All seven GPs on Greenwich CCG were excluded from the part of the meeting that decided to award the MSK contract to Circle because there was deemed to be a conflict of interest. This was because the LGT clinical model had been developed with the support of local GP provider networks, to which all GP practices in Greenwich belong. But most if not all the GPs on the CCG were unlikely to benefit financially from LGT winning the contract, especially the salaried GPs who are on fixed incomes, and had no direct involvement in the LGT contract development. So it seems an extreme interpretation of conflict to interest to exclude them from the decision. It makes a mockery of clinical commissioning if the majority of clinicians on the CCG are excluded from an important decision like this.

Even if GPs had to be excluded there should have been replacement clinicians making the decision, for it to be consistent with *clinical* commissioning. Instead three interim managers were given votes at the meeting to make it quorate. It was thus an overwhelmingly management based decision.

1. **Inadequate public consultation**

This decision has far reaching consequences for health care in our area and should have been subject to proper public consultation, yet it appears that public consultation was scant. When asked at the recent Greenwich CCG meeting about what consultation took place, Annabel Burn, the CCG Chief Officer, said there were 15 replies to a questionnaire and about 16 people attended the single public engagement event which took place in autumn 2013. It is not clear that participants were told about the proposal to outsource MSK services to the private sector, or about the risks of such a decision, and would therefore not have been able to take an informed view on the issue.

1. **Challenging the decision**
   1. Campaigners attended the last Greenwich CCG meeting on 21 September and the Greenwich Healthier Communities and Adult Social care Scrutiny Panel scrutiny meeting on 27 September to ask questions and express our serous concerns about the decision. We have sent several FOIs to find out more about the circumstances surrounding this decision. We are pleased that the scrutiny panel has called for further consultation and clarification. We intend to submit our detailed objections and to raise awareness amongst the public in Greenwich and Lewisham about our concerns about this decision.
   2. We are concerned about the risk that this decision will have a serious negative impact on the wider health economy, as we have seen in other areas, and in particular could be damaging to L&G Trust. This could undermine L&G trust’s clinical and financial sustainability and would have consequences for everyone in Lewisham and Greenwich and the other areas from which people access services at L&G Trust. We hope our elected representatives in both boroughs will raise these issues and do all in their power to challenge this decision.
   3. One immediate demand should be that an impact assessment of the risk to local NHS providers, in particular L&G Trust be done. The precedent for this is the impact assessment by PWC for the Sussex MSK contract.
   4. We should also demand clarity about the contracting process in particular why the guidance from the NAO and NHSE reports about how lead provider contracts should be run does not seem to have been followed.
   5. We should demand that there is full public consultation on a decision with far reaching implications for health care in Greenwich, Lewisham and beyond.

Louise Irvine, Save Lewisham Hospital Campaign 8 October 2016