Are pathology services in England fit for purpose?

Ann McGauran asks whether Lord Carter's vision for pathology services in England is being realised

Five years ago the second stage of the Carter review of NHS pathology services in England put the finishing touches on an inspiring vision. Reconfigured networks would bring economies of scale, while putting patients first. But to what to extent are the benefits being realised?

Some evidence is emerging that the changing environment for providers, including new joint ventures with the private sector could risk undermining quality, research and development and provision of specialist services. In Essex, clinicians have opposed proposals to transport local blood samples for testing to laboratories at Bedford Hospital NHS Trust. The laboratories are run by GSTS—a joint venture involving Serco Group PLC, Guy's and St Thomas' NHS Foundation Trust, and KingsPath (the pathology services of King's College Hospital NHS Foundation Trust).

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The *Southend Echo* has published a copy of an open letter to secretary of state for health Jeremy Hunt signed by 115 consultants from Southend University Hospital NHS Foundation Trust. They say the proposals for Essex 'may have serious implications for patient safety, including delays to GPs receiving unexpectedly abnormal blood results and the risk of erroneous results due to degradation of blood samples with transport delays'.

Minutes of Bedford Hospital's clinical governance committee meetings have been put in the public domain as a result of a Freedom of Information request and reported by *Private Eye*. Seen in detail by *BJHCM*, they show that by November 2011, GSTS was 'looking at 10 per cent savings' in pathology services. By February 2012, clinical biochemistry was 'struggling to maintain on-call with current staffing', and for histology, 'concerns were raised about quality issues'. GSTS made a loss of £5.9 million in 2011 following a programme to consolidate laboratories across its London sites. It said it made a 'small surplus' in 2012, and that its pathology services 'compare favourably with any pathology service in the NHS and patient safety and the quality of our service are our foremost priorities'.

Quality assurance is also under the spotlight. An investigation by the Care Quality Commission and the Royal College of Pathologists (2013) has highlighted ineffective quality assurance processes for breast cancer testing at Sherwood Forest Hospitals NHS Foundation Trust. The inspection has triggered a national review of quality assurance across all pathology services.

Pathology staff are also facing changes to their ways of working. For example, plans to impose shift changes at two hospitals in Lancashire—which union Unite said could see pathology staff losing up to £6000-a-year in pay—have led to a vote for strike action. The changes will affect patient safety because of future insufficient staffing levels, said the union.

Pathology networks

The case for rationalisation and integration was re-emphasised in 2008 in the second tranche of Lord Carter of Coles' review of NHS pathology services (Department of Health, 2008). Consolidation was seen as vital, by creating critical mass, and enabling reinvestment in pathology services.

Setting up pathology networks was the key, said Lord Carter. He recommended that non-urgent and specialist investigations should be carried out at a single core laboratory for each network, and other laboratories located only where a rapid turnaround was needed. He saw a strong case in parts of the country for involving the independent sector in 'some form of partnership arrangement'. Based on modelling,

Box 1. A new joint venture

University College London Hospitals (UCLH) Foundation Trust is close to agreeing the terms of a formal pathology joint venture involving private partner Sonic Healthcare and the Royal Free London NHS Foundation Trust. It is understood that the North Middlesex University Hospital NHS Trust may become a commercial partner. All three trusts are members of UCL Partners—one of five accredited health science systems in the UK.

Sir Robert Naylor, chief executive of UCLH, says that it's 'only with the current financial challenges that trusts are beginning to take notice of the huge savings and quality improvements that can be made'.

His Trust was the first to develop a significant commercial relationship with a private pathology company more than 10 years ago. He said: 'UCLH had to demolish its old labs to make way for the new hospital, so rather than building new ones we entered into a joint venture with The Doctors Laboratory (TDL). TDL was immediately bought out by Sonic Healthcare to secure a foothold in the UK market. We bought the latest equipment, ran the service jointly and shared staff costs—although Sonic employs most of them. The more samples we processed the cheaper the unit price.'

He added: 'The premises are leased by Sonic, about 200 yards away from the main hospital and connected by pneumatic specimen tubes to convey samples automatically. When we installed new automatic analysers they were reputed to be the largest of their kind in Europe. We've taken all the samples generated by ourselves, Sonic and other contracts won in the intervening period. Increased volume has saved UCLH about £5 million per year, as well as the cost of building a new laboratory.

Sir Robert added: 'At the outset UCLH was not a foundation trust and prohibited from creating a legal company—but our current status allows that to happen. Equity in the company will be shared between Sonic, UCLH and the Royal Free on a basis to be agreed. Creating a company does not require an Official Journal of the European Union (OJEU) procurement process, but placing our business in the new company does.'

He added: 'This means that one part of the trust has to look at this as an investor in the company and the other as a customer. There are obvious conflicts of interest between maximising profit as an investor and ensuring cost-effectiveness as a customer.' He said this conflict is being addressed by a Chinese wall approach separating the director of the trust responsible for getting the best deal as a customer from the other director responsible for maximising investment opportunities.

An invitation to tender was placed in the OJEU last year. There were seven applicants. Two satisfied the criteria for shortlisting—Sonic Healthcare and Synlab, a large German company providing services throughout Europe. Sir Robert said Synlab withdrew from the process and eventually Sonic became the preferred bidder.

The plan is to acquire a pathology hub to cover 'the vast amount of pathology that doesn't need to be done urgently'. He added: 'It's time which is the critical factor between testing samples on-site or at the hub. Samples tested at the hub with automatic analysers are much cheaper to process and quality assurance is better.'

He predicts that within 10 years most NHS pathology will be delivered by collaborative arrangements, with London having perhaps only four or five pathology hubs. 'There are great opportunities to make big financial savings and improve the quality of patient care at the same time.'

potential cost savings of between 10 and 20 per cent of an estimated £2.5 billion per year NHS spend on pathology services were envisaged. This implied annual savings of £250–500 million across England, based on figures for 2005.

Professor Adrian Newland, a consultant haematologist and director of pathology at Barts Health NHS trust in London, highlights that when the financial squeeze started to hit, and the government pledged to make £20 billion in efficiency savings across the NHS by 2015, each strategic health authority (SHA) put a plan together to rationalise diagnostics. Carter's figures translated to reductions of '20 per cent on £2.5 billion per year spent on pathology over 10 SHAs, and that's £50m per year per SHA'.

Professor Newland was the diagnostics lead for the review work for NHS London in 2011 commissioned from accountancy firm Deloitte. That project recommended rationalising pathology services into 'five pathology clusters, with one core laboratory for each'. University College London Hospitals Foundation Trust has for some time been working alongside the private sector on large-volume analysis. It is now setting up a formal joint venture. (see *Box 1*).

What are his view on pathology services now? 'The quality of analysis is good, but it's the start and end of the process that's more problematic. Lord Carter did identify a lot of the problems. We had too many labs doing too much'.

Barts looked for a strategic partner, but Professor Newland felt its pathology services were best run by the NHS. 'If you're running a financial model, there are some tests that are not worth doing, as they're too complex, time-consuming and expensive. For example, no-one in the private sector wants to do histopathology. But if you

have a machine running 24-hours-a-day you just need staff to load the machine and it's a licence to print money. If you are automated you need fewer of the high-grade specialist staff.'

Why go it alone? 'We wanted to keep the money within the NHS health economy. I need to cover my costs, but I have a certain flexibility. Some of the independent companies are now pulling back, because the profits they thought were going to be there have receded'. His department at Barts is able to encourage and support research departments, including provision of research at cost.

Jill Rodney is chief executive of the Institute of Biomedical Science—the largest professional body for scientists in pathology and laboratory medicine. Her organisation sets professional standards, provides accreditation and offers continuous professional development. While she does not believe specialist services in pathology 'need to be under threat', she does strongly emphasise the crucial responsibilities facing GPs as the new commissioners of services. 'What's key is that they commission an end-to-end service, rather than seeing it as a testing-only service.'

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She added: 'They need to make sure they commission for quality, and the skill mix in terms of generalists and specialists should flow from that. We need to be careful about how we retain, build up, and continue to grow commissioning skills. It's about making sure they're applied to pathology so that patients get the highest quality service.' BJHCM

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