

Procurement of pathology services in South East London has no NHS bidder

- The contract covers South East London and parts of Kent and Sussex for **15 years and is worth £2.25 billion**: 1/9/2020 until 31/8/2035 (option to renew for 5 years).
- As we predicted in the September briefing, the scale of the contract is too enormous for an NHS trust to risk bidding for the contract: **there is no NHS bidder**
- Three companies are shortlisted – all private and private-FT alliances.
- If the contract goes ahead, it will result in outsourcing a key NHS service to the private sector, including thousands of staff who should be working for the NHS.
- Pathology services are central to the NHS, with blood and tissue analysis used in 70% of all patient diagnoses.
- **Contact between pathologists/scientist staff and GP and hospital clinical teams is essential. This is put at risk by the enormous scale of the contract.**

The three bids^{1 2}

- **Health Services Laboratories** (a joint venture between the Royal Free London Foundation Trust, University College London Hospitals FT, and The Doctors Laboratory);
- **Synlab Group**, through one of its UK subsidiaries (an international medical diagnostics provider with laboratory services for human and veterinary medicine); and
- Incumbent provider **Viapath** (a joint venture between Guy's and St Thomas' FT, King's College Hospital FT, and Serco).

Conflict of interest:

- Lord Carter of Coles, author of the recommendations for large pathology networks, is paid chair Health Services Laboratories³ and is on the board of NHS Improvement⁴

NHS England and Department of Health policy on contracting in the NHS

- The NHS Long Term Plan and briefings from NHS England suggested that they are moving away from the damaging impact of privatisation. This pathology procurement and similar moves on imaging (in Oxford, InHealth and in SE London – Alliance Medical, Kings, GSTT consortium) represent two huge blows to the public NHS.⁵
- There was a detailed briefing pack for potential bidders. ***This was not available for public scrutiny under cover of 'commercial confidentiality'.***

Impact on GPs, patients, the SEL NHS and Lewisham & Greenwich NHS Trust

- The close and important clinical connection between pathologist, test findings and the clinical team and patient will be endangered.
- Currently, LGT provides its own pathology services for Lewisham and Queen Elizabeth Woolwich Hospitals, for local GPs, mental health and community services.
- ***LGT stands to lose the NHS-run, cost-effective and clinically proven, reliable service to a company without proven standards at this scale, and without local loyalty, relationships or accountability.***
- LGT has a recently established a centralised pathology service at QEH, which it describes as state of the art. LGT has made it clear that they want to find a solution which enables the services it provides to continue to be provided within the NHS, not outsourced to an external organisation.

¹ Trio of private providers fight for £2.2bn London contract

<https://www.hsj.co.uk/service-design/trio-of-private-providers-fight-for-22bn-london-contract/7024446.article>

² <https://lowdownnhs.info/outsourcing/biggest-ever-pathology-contract-will-go-to-a-private-bidder/>

³ http://www.hslpathology.com/hsl_team/lord-carter-of-coles/

⁴ Private Eye No.1490, 22 February 2019

⁵ <https://www.theguardian.com/society/2019/mar/06/nhs-cancer-centre-loses-scanning-contract-to-private-firm>

- In contrast with LGT, the other main hospital trusts in SEL [Kings + GSTT] have outsourced their pathology services since 2009 to the private-public organisation they set up in partnership with Serco – Viapath.⁶
- Viapath employs the staff involved both inside and outside the hospitals as with subsidiary companies. It is a lead contender as incumbent in SE London and one of three bids.
- Viapath has had the serious problems so prevalent with outsourced public services – overcharging, inadequate staffing and unsatisfactory performance.⁷
- OHSEL and the SEL Pathology Board (under NHS's direction) made no provision for an NHS bid for SE London pathology. They assumed that LGT would give up its pathology services.

Carter Review, 2008⁸, Carter Reports 2015/16⁹, STPs and NHS Improvement

The Carter Review recommended that NHS pathology services merge into a maximum of three consolidated networks per each of the then 10 Strategic Health Authorities. Later Carter Reports claimed £5bn of annual savings were possible from NHS procurement including pathology. NHS Improvement instructed the 44 Footprint bodies (of which OHSEL is the SE London version) to build into sustainability & transformation plans (STPs) the strategy for 29 merged groupings throughout England. The major motivation behind STPs is to make savings.

Procurement timescale: Despite little or no public information or discussion, SE London is one of the first to go out to procurement, through a formal notice in the *Official Journal of the European Union* [OJEU] in August 2018. Shortlisting has happened. The service would start September 2020.

What will Lewisham & Greenwich Trust do?

The only way for LGT to maintain and NHS pathology service is for it to find another NHS partner. The LGT Board 25 September decided to stay out of the SEL procurement. LGT is in discussion with both Barts and St Georges.

The 'core contracting authority' derives from the SE London Pathology Board

Partners: GSTT, Kings, SLAM, Oxleas, Royal Brompton & Harefield, East Sussex Healthcare trusts, NHS SEL Commissioning Alliance (six SEL CCGs).¹⁰ 'Additional contracting authorities': SW London & St George's Mental Health Trust; Epsom & St Helier's – a huge contract for one organisation in a geographically incoherent area.

What SLHC is asking our elected representatives to press for:

1: Full public consultation: Ask the question in Parliament and to OHSEL your local CCG:

* where is the public consultation

2. A full impact and risk assessment: this project will commit £2.25bn of public money over 15 years. This must take into account historic experience of many outsourcing deals – risk of failure, the potential problems and inflexibilities etc; impact on the local NHS trust losing the services and impact of changed relationships with GPs and hospitals at local level.

3. Keeping pathology in the NHS

4. The safeguarding of the position of NHS staff working within LGT and elsewhere.

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⁶ Viapath – a public-private company partnering Serco with GSTT, Kings and Bedford Hospital. Set up 2009 after Carter Review 2008 – claims to be 'a unique partnership of clinical, scientific and operational expertise, with a mission to transform pathology services in the UK'; and to be a founding member of Association of Independent Pathology Providers (AIPP). The current contract is up and they must either expand or lose their contract.

⁷ <https://www.independent.co.uk/news/uk/politics/exclusive-overcharging-by-outsourcing-giant-serco-costs-nhs-millions-9695342.html> 'Outsourcing giant Serco is embroiled in a fresh misuse of public funds scandal' August 2014

⁸ http://webarchive.nationalarchives.gov.uk/20130124044941/http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_091984.pdf

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/434202/carter-interim-report.pdf

¹⁰ This was set up in April 2018 <http://www.lewishamccg.nhs.uk/about-us/Pages/South-East-London-Commissioning-Alliance.aspx>

SE London Pathology network: questions for elected representatives to ask

1. Where is the **public consultation** on this huge change of service provision, involving a very long term contract (15 years with the option to extend to 20 years) and a huge contract value of £2.25bn?

2 What **impact and risk assessments** have been done?

2a eg on the risks of the bidding **companies getting into financial difficulties** as with, for example, **Carillion** or **acting irregularly as with Serco/Viopath in 2014?** (We understand that Viopath is one of the bidders for this pathology contract): <https://www.independent.co.uk/news/uk/politics/exclusive-overcharging-by-outsourcing-giant-serco-costs-nhs-millions-9695342.html>

2b eg on the **risk of failure to deliver timely and accurate test results** to a diverse and fragmented group of NHS providers?

2c eg on the **risk of failure to provide clinical pathology advice to clinicians** in primary care and hospitals as is the norm with NHS-provided pathology services currently?

3 **What are the clinical (as opposed to the financial) advantages** of this change of service to a very large scale pathology network? What evidence is relied on for the benefit of mergers to form such a huge network?

4 Could you provide examples of other large pathology networks which have proven to be **value for money?**

5 Would you provide us with the **evidence of due diligence** done over the potential conflict of interest of Lord Patrick Carter who is the Chair of Health Services Laboratories which we understand is one of the bidders for the contract? Lord Carter is also on the NHSI Board which approved this new pathology provision policy. He also wrote the report on which this policy is based.

6 Could you explain how this competitive procurement process for a large pathology network is in keeping with the **intentions of the NHS Long term Plan to reduce competition** and to increase place-based care?