

Report for Nottingham City Health Scrutiny Committee: 18 January 2018

Review of Inpatient Detoxification Services at The Woodlands

1. Introduction

- 1.1 This paper updates the Health Scrutiny Committee on the review by Nottinghamshire Healthcare of the detoxification inpatient services at The Woodlands.
- 1.2 The Committee received a report in November last year which set out the background and context to the review. The report explained the current model of provision is not affordable and the Trust is not able to continue to bear the financial losses of the service.
- 1.3 The Committee in November asked the Trust to come back to the Committee before any final decision was made

2. Update

- 2.1 The Trust Board received a report at its meeting on 21 December 2017, which provides the latest update and is attached at Appendix A. The report summarises the engagement that has taken place; the review of expenditure; a market assessment; and modelling of income scenarios.
- 2.2 The report highlighted how the national picture shows many NHS units have closed and that independent providers now manage most residential detoxification provision.
- 2.3 It also explained that commissioners in Leicestershire, Leicester & Rutland (LLR) have now launched a competitive procurement for inpatient detoxification services that are currently provided at The Woodlands Unit. The commissioners have signalled a price range that even at the upper end falls well below that at which the Trust can deliver a safe and viable service. Unfortunately, as a result, the Trust is not able to bid for the LLR inpatient services and The Unit will lose income of circa £478k pa from June 2018.
- 2.4 In effect, this will mean the commissioned service will reduce to the equivalent of circa four beds for the Nottingham City population. By itself, this will not be a viable or sustainable model.
- 2.5 The paper noted that there was a final piece of work ongoing to determine if there was the opportunity to achieve alternative income streams through providing earlier transfer from acute hospitals for patients on the urgent care

pathway with detoxification needs, which might deliver financial savings for the local health economy. This work would be concluded prior to the final recommendation being received at the next Board meeting.

- 2.6 The report concluded all indications are the Trust will not be in a position to renew or seek further extensions to contracts for inpatient detoxification services once the current contracts expire in 2018.
- 2.7 The Trust Board noted the report and agreed to receive final recommendations at its next meeting on 25 January 2018.

3. Provision for Nottingham City patients

- 3.1 The Trust is continuing to work closely with City commissioners to explore ways of preserving a level of local provision potentially through another provider and on another site. As mentioned above, the capacity required for the City equates to only four inpatient beds.
- 3.2 The Trust is engaged in discussions with Framework to understand if alternative models could be delivered. City commissioners would need to take a view and reach a decision on appropriateness of any alternative model and compliance with procurement regulations. In the meantime, the Trust has indicated to City commissioners it is willing to extend the contract for City patients at The Woodlands Unit beyond the current contract end date of 31 March 2018, until the end of May, to allow sufficient time for a smooth and safe transition to alternative arrangements, be they through the aforementioned route, or the commissioners procuring an alternative service provider.

4. Engagement and consultation

- 4.1 The Committee has indicated it wishes to understand the engagement that has been carried out, and, for the Trust, this is summarised in the Board report at Appendix A.
- 4.2 The Trust has since received a petition signed by 158 people calling on the Trust to keep the Unit open, and campaigners attended the Trust Board meeting on 21 December. This will be formally responded to at the Trust's January meeting in line with appropriate Trust policy.
- 4.3 As mentioned in the last report to the Committee, the Trust is mindful that it is the responsibility of commissioners to commission inpatient detoxification provision in line with NICE guidance.
- 4.4 In terms of staff consultation, there are currently 26 staff working at The Unit. They have been supported since October to involve them with the review and to give security in employment. We are confident that, should the decision be taken to close The Unit, there will be no compulsory redundancies because we have vacancies in other parts of our services.
- 4.5 With regards to wider communication and consultation, the Trust is ensuring key stakeholders are aware of the review and are able to offer input. The Trust

has released a press statement and is ensuring that any Board discussions and decisions are made in public. Information is also available on the Trust's public website.

- 4.6 We understand that City commissioners are leading a process of engagement with service users to seek their views on alternative provision and we will support this in any way we can. City commissioners are planning a service user, family and carer engagement event on 23 January.

5. Next steps

- 5.1 The Trust is:
- Concluding the exploration of other income streams – however it now appears highly unlikely that this is achievable.
 - Continuing to support staff working at The Unit and keeping them fully engaged.
 - Working with Framework to explore the scope for the re-provision of circa four inpatient beds for the City population, for consideration by City commissioners.
 - Continuing engagement with other key stakeholders.

6. Conclusion

- 6.1 The Trust recognises The Woodlands Unit provides high quality, specialist care to a cohort of vulnerable patients, with very complex needs. The Trust has endeavoured to maintain local provision but this has become increasingly challenging since we lost the Nottinghamshire County contract. In addition, the Trust has decided it cannot respond to the recent tender by LLR commissioners and so The Unit will lose further significant levels of income.
- 6.2 The national picture shows that many NHS units have closed and that independent providers now manage most residential detoxification provision.
- 6.3 The Trust Board will receive final recommendations at its meeting on 25 January 2018. All indications are that the Trust will not be in a position to renew or seek further extensions to contracts for inpatient detoxification services once the current contracts expire in 2018. However, the Trust will provide an extension to City commissioners' contract up to the end of May 2018.
- 6.4 The Committee is asked to:
- NOTE this report.

**BOARD OF DIRECTORS MEETING
21 DECEMBER 2017****REVIEW OF INPATIENT DETOXIFICATION INPATIENT SERVICES
AT THE WOODLANDS UNIT****1. INTRODUCTION**

This paper provides an update on work to review the future of the Trust's inpatient detoxification services provided at The Woodlands Unit, on the Highbury Hospital site.

2. BACKGROUND

In Part 2 of its meeting in August, the Board of Directors considered a paper on the declining financial position of the inpatient detoxification services at The Woodlands Unit. The report showed The Unit made a financial loss of £692,000 in 2016/17 and was projected to make an even greater loss of £837,000 this year.

A significant factor for the Unit had been the loss of its £567,000 pa contract for inpatient provision for Nottinghamshire County in October 2014. This was the equivalent of 6.5 beds.

The Board approved the proposal to begin a process of engagement around closure and a parallel process of examining different service models that might help The Unit achieve financial viability.

The Board received an update and proposed timeline for the review at its Part 2 meeting in October. At that point, the Board of Directors asked for a further update and an indication of the direction of travel by December, and for final recommendations to be brought to the Board in January 2018.

Since the last update to the Board in October, work has progressed as described below.

3. ENGAGEMENT

Staff engagement – good levels of engagement continue, with staff involved in developing a new staffing model. However, understandably, staff are concerned about the uncertain future of The Unit and some have already begun to seek alternative jobs. This is a risk we need to mitigate against.

Commissioner engagement – we have continued to engage with commissioners, some of whom have decided to put the service for their catchment out to tender. See more details at sections 5 and 6 of this report.

City Health Scrutiny Committee – we attended the Committee meeting on 23 November and set out the Trust's position. City commissioners also attended and provided their perspective. The Committee had received representation from the Chair of the Local Medical Committee outlining concerns of local GPs and from Double Impact, a local 3rd Sector organisation supporting recovery from addiction. Double Impact set out its concerns about the possible loss of The Woodlands Unit as a highly specialist unit for vulnerable people.

The campaign group Keep our NHS Public attended the Committee meeting and distributed a leaflet 'Save The Woodlands Unit' which encourages people to join the campaign and attend the Trust's Board meeting on 21 December.

The Committee was very concerned about the possibility of The Woodlands Unit closing, however, Councillors were understanding of the position the Trust finds itself in. The Committee asked that the Trust and City commissioners return to the Committee at its meeting on 18 January 2018 before a final decision is made. The Committee has said it will determine at that point whether it considers the proposed way forward to be a substantial variation of the service and if so, whether the proposal has taken into account the public interest through appropriate patient and public engagement and whether the proposal is in the interests of the local health service. Clearly, these will be matters for commissioners to address.

Other correspondence - the Trust has separately received a letter from the local GP, who is the Chair of the Local Medical Council, and three local MPs raising concerns about the possible closure of The Unit.

4. REVIEW OF EXPENDITURE

We have completed a detailed analysis of The Unit's costs (expenditure) in order to determine what would be required to make it clinically and financially viable. We have also reviewed a number of potential income scenarios.

Review of costs

The review is based on a model of between 10-15 inpatient beds.

Pay – we have modelled a number of options for a revised staffing model and have held an internal clinical review to ensure the recommended staffing model is safe and sustainable.

Non-pay – the review has concluded there is little or no opportunity to reduce non-pay.

Overheads – since the loss of the County contract in 2014, The Unit has borne a disproportionate level of overheads. In the re-modelling, we have reduced the overhead apportionment level and set the contribution at 15% to reflect a more reasonable and fair share.

The review of costs has enabled us to determine that £307 per occupied bed day (OBD) is the rate required by the Trust to ensure The Unit is clinically and financially viable and we are able to ensure safe staffing levels.

In the paper to the Board in August, we set out the current OBD price received from each of The Unit's commissioners. During the course of the review, we have approached those commissioners currently funding below £307 OBD to see if they would be willing to increase their level of funding. One of these commissioners has offered to increase their OBD by 15% but this does not get anywhere near the £307 required. Other commissioners have instead decided to go to procurement.

5. MARKET ASSESSMENT

The Trust's Business Development & Marketing Unit has scanned recent market activity in England to get a sense of OBD prices more widely. Many commissioners choose to use a framework contracting model. Our assessment suggests the market average rate is around £239 per OBD and that very few NHS providers are able to operate at that price point.

The latest position for each commissioner of The Woodlands Unit is summarised in Table 1 below. This shows the declining levels of income and contract end dates. The contract OBD rates across our current commissioners range widely from £171 to £352.

Table 1: Woodlands Income and Contracts					
COMMISSIONER	CONTRACT TYPE	15-16	16-17	17-18	Contract end dates
		TOTAL (£) 1516	TOTAL (£) 1617	Full year forecast (£) 1718	
RUTLAND	Block contract	£5,130	£5,130	£5,130	31-May-18
LEICESTER CITY COUNCIL	Block contract	£276,949	£276,949	£276,948	31-May-18
LEICESTER COUNTY COUNCIL	Block contract	£217,921	£196,129	£196,128	31-May-18
EAST RIDING	Block contract	£195,853	£204,641	£194,691	31-Mar-18
NOTTINGHAM CITY	Block contract	£436,546	£393,625	£394,020	31-Mar-18
DERBY CITY	Cost per case (CPC)	£52,686	£42,345	£9,528	Out to tender
DERBYSHIRE CC	CPC Framework	£137,758	£69,515	£38,109	30-Sep-18
Other	CPC	£80,000	£42,000	£0	Not applicable
TOTAL		£1,402,843.00	£1,230,334.00	£1,114,554.00	

This analysis illustrates that all of our contracts have only short periods left to run. Nottingham City commissioners served notice on their contract with us in June 2015 to take effect from July 2016, but have since issued two contract extensions, the latest of which expires on 31 March 2018.

The Board will wish to note that the CQC has recently issued a briefing on the quality and safety of residential detoxification services in some independent sector providers. The CQC noted that *"the substance misuse sector has changed considerably over the past 20 years. Overall community-based provision has expanded significantly to meet demand. At the same time, many NHS hospital-based specialist inpatient addictions units have closed and independent providers now manage more residential detoxification provision."* The CQC analysed inspection reports of 68 independent sector services that offered residential detoxification and

found that “a substantial proportion of these services did not provide good quality care and treatment.”

https://www.cqc.org.uk/sites/default/files/20171130_briefing_sms_residential_detox.pdf

It is clear that NHS units across the country are finding it increasingly difficult to operate safe and effective services within the prices offered by local authority commissioners and there has been retraction from the market by NHS providers.

6. LEICESTER, LEICESTERSHIRE AND RUTLAND TENDER

Commissioners in Leicester, Leicestershire and Rutland (LLR) have now launched a competitive procurement for inpatient services and have signalled an OBD price of between £190 - £250, depending on levels of activity, with a total annual cap of £478k (which is the total annual income The Woodlands Unit currently receives from LLR commissioners).

7. MODELLING OF INCOME SCENARIOS

Our review has modelled a number of scenarios regarding possible income, including an option to continue with differential OBD prices, with some at the market average rate of circa £239 and others at £307 to more realistically reflect the acuity and needs of different patient groups. However, none of these options provide a financially viable scenario for The Unit.

In terms of the LLR tender, our detailed review of I&E has shown that even at the upper end of the range set out in the tender, this is not a price at which the Trust can deliver a safe and viable service.

Unfortunately, as a result, the Trust is not able to bid for the LLR inpatient services and therefore will lose income of circa £478k pa from June 2018 (based on 17/18 forecast income for LLR).

East Riding commissioners are not able to offer the £307 OBD rate required by the Trust. The contract with Derbyshire is a framework agreement and thus has no guaranteed income.

In effect, this will mean the commissioned service will reduce to the equivalent of circa 4 beds for the Nottingham City population. By itself, this will not be a viable or sustainable model.

Our main commissioner, Nottingham City, is very keen to work with us to try and preserve a level of local provision if possible. However, they are also exploring alternative options. We have a further meeting with City commissioners and the Council's Portfolio Holder on 18 December to discuss a way forward.

We are also looking at whether there is potential to secure other (NHS) income streams through providing earlier transfer from acute hospitals for patients on the urgent care pathway with detoxification needs.

8. CONCLUSION AND NEXT STEPS

We recognise The Woodlands Unit provides high quality, specialist care to a cohort of vulnerable patients, with very complex needs. The Trust has endeavoured to maintain local provision of specialist inpatient detoxification services but this has become increasingly challenging since we lost the Nottinghamshire County contract.

The national picture shows that many NHS units have closed and that independent providers now manage most residential detoxification provision.

The Trust is not able to provide a clinically viable and safe service at the OBD price many commissioners are willing or able to pay. Our review has demonstrated we are not able to bid for the LLR service and The Unit will therefore lose £478k pa income in 2018/19.

All indications are that the Trust will not be in a position to renew or seek further extensions to contracts for inpatient detoxification services once the current contracts expire in 2018.

Therefore the focus has now switched to identifying other (NHS) income streams through providing earlier transfer from acute hospitals for patients on the urgent care pathway with detoxification needs which could:

- help meet a different patient need,
- help reduce bed pressures for acute hospitals and
- deliver financial savings for the local health economy.

The next steps during January are to:

- Conclude the exploration of other income streams – it will become apparent within the next 3-4 weeks whether this is at all achievable.
- Continue to support staff working at The Unit and keep them fully engaged.
- Work with City commissioners and Nottingham Health Scrutiny Committee to explore viable models for the provision of circa 4 inpatient beds.
- Continue engagement with other key stakeholders.

9. RECOMMENDATION

The Board of Directors is asked to:

- **NOTE** this report and agree to receive final recommendations in January 2018.

Paul Smeeton
Executive Director – Local Partnerships