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Public Accounts Committee
House of Commons
London
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18 September 2020

Dear Ms Hillier

Readying the NHS and social care for the COVID-19 peak

I am writing to you in relation to recommendation 6 of your committee's report on "Readying the NHS and Social Care for the COVID-19 peak" published on 9th July 2020.

Details of what the second phase of independent sector contracts will provide

The contract initiated with the Independent Sector (IS) in March 2020 has been extended with two significant changes agreed in August 2020:

- A number of providers and specific sites have had their contracts adjusted to ensure continued value for money across the national contract
- Variation of the contract for the remaining period to support the recovery of elective and cancer care delivery.

A new procurement process has been initiated which will cover the second half of the year.

The contract was initially established to secure spare capacity and capability that could be used to support the NHS through the COVID peak surge period.

A range of locally-determined, innovative uses were rapidly made of the available provision, including:

- Transfer of patients to the IS provider for direct treatment – for example, IS sites provided post-surgical care to patients from acute NHS units, and performed time-critical elective (including trauma and orthopaedics) and cancer surgeries
- Transfer of whole services from the NHS (including staff) to the Independent Sector provider facility – for example using this model, an entire Cystic Fibrosis service, complex colorectal services, and chemotherapy/haematology wards were provided in the IS with NHS staff, thus helping to ensure the safety of these groups of immunocompromised patients

- Transfer of equipment and/or staff from the Independent Sector to the NHS to increase capacity for acute/urgent services – skilled staff, ventilators and haemofiltration machines were transferred from the IS to the NHS to increase critical care capacity

Upon announcement of entry into Phase 2 of the COVID-19 response (from early May onwards), the contract shifted to also support the provision of elective and cancer care. Consequently, between the start of May, hundreds of thousands of NHS-funded appointments and procedures have been delivered in the IS across England.

Revisions to the Heads of Terms

A number of revisions have been made to the contract via agreed Heads of Terms to reflect both operational requirements and the focus on elective activity.

These included release of a fixed proportion of IS capacity, in order that IS providers can treat their private patients and to offset payments being made by the NHS

There is also provision for NHSEI to trigger return to full capacity

- The NHS may at any time on 7 days' notice trigger a return to full capacity on a national, regional or local basis if necessary
- When given such notice, the IS provider must ensure 100% of its capacity is available for delivery of NHS services

The IS provider must also cooperate with the LETB and Health Education England in providing education and training for healthcare workers, including clinical trainees

Revisions to the contract Heads of Terms were operationalised on 12th August.

A variation to the contract is in the process of being finalised, which also guarantees a level of private patient rebate, to mitigate the increasing costs incurred in delivering greater NHS activity volumes.

Invoices totalling £853m had been paid to cover the period until the end of July.

How capacity in these hospitals will be allocated

Under the revised Heads of Terms, an 'NHS Capacity Limit' will now be in place, meaning that IS Providers can request a limit on the amount of their total Staffed Capacity which is available for NHS work (no less than 75%) leaving the remainder of capacity available for private patient activity.

Local NHS organisations have set target throughput activity plans for each location, based on the available capacity. These local NHS organisations will therefore monitor the delivery of NHS services and ensure capacity is made available.

Yours sincerely,



Julian Kelly

NHS Chief Financial Officer