ITEM: 4

Meeting:	Trust Board
Date:	16 April 2008

Title:	**The Appointment of a Substantive Orthopaedic Consultant**

Executive Summary:	The requirement to deliver and sustain 18-week referral to treatment waiting times, alongside a significant growth in referrals to the Trauma and Orthopaedics service at the Whittington has highlighted a consultant capacity shortfall in the department, which needs to be addressed as a matter of urgency. The Business Case for 1.00wte substantive appointment was approved by the Hospital Management Board in February 2008, and now comes the Trust Board for final approval. The direct and associated costs of this appointment are £376k. These costs are offset by additional recurrent income of £494k, delivering a contribution to overheads of £117k. The Trust Board is asked to approve the Business Case and support appointment to this post.

Action:	For Decision

Report from:	Kate Slemeck – Director of Operations

Sponsor:	David Sloman – Chief Executive Officer

Financial Validation Lead: Director of Finance	Name of finance officer Tim Jaggard – Assistant Director of Finance

Compliance with statute, directions, policy, guidance Lead: All directors	**Reference:** N/A

Compliance with Healthcare Commission Core/Developmental Standards Lead: Director of Nursing & Clinical Development	**Reference:** C19

Compliance with Auditors' Local Evaluation standards (ALE) Lead: Director of Finance	**Reference:**

Evidence for self-certification under the	**Compliance framework reference:**

Monitor compliance regime Lead: All directors	

A Business Case to Support the Appointment of A Substantive Orthopaedic Surgeon

1. Introduction

The requirement to deliver and sustain 18-week referral to treatment waiting times, alongside a significant growth in referrals to the Trauma and Orthopaedics service at the Whittington has highlighted a consultant capacity shortfall in the department, which needs to be addressed as a matter of urgency.

A Business Case was taken to the Hospital Management Board in support of appointing a substantive post to the department, and was approved in February 2008. This paper provides key activity and financial information supporting this decision, and is brought to the Board for final approval.

2. Background

The department of Orthopaedic surgery is the largest within the Division of Surgery and Cancer, and provides a significant outpatient, elective and emergency practice.

There are a number of key factors that support the proposed expansion in consultant numbers, and these are as follows:

- There has been a 22% growth GP referrals to the service over the past year, and this is showing no signs of abating.

- The department has an activity 'backlog' associated with the 18-week target still to be cleared. 18 week activity modelling has also established that department capacity is not adequate to sustain the 18 week target without additional capacity being put in place. This has required the department to employ a locum consultant to assist in clearing the residual backlog, and to prevent the 18-week backlog from continuing to grow.

- There is great uncertainty regarding the future shape of orthopaedic surgery within the north central sector, and there is an opportunity to take advantage of this position and grow market share, particularly as the Whittington orthopaedic service has an excellent reputation locally for providing high quality elective surgery.

- The opening of the Day Treatment centre provides a further opportunity for growth, and the department is putting a greater focus upon the delivery of ambulatory surgery.

3. Market Analysis

The orthopaedic market place with in the local sector is unsettled at present. There is continued confusion surrounding the future shape of the Royal National Orthopaedic Hospital especially in regard to the range of services it provides, potentially reducing the level of primary work it undertakes. University College Hospital has indicated that they plan to disinvest in orthopaedic services, and due to theatre capacity constraints are commissioning theatre space for orthopaedics from private sector providers. Such confusion provides an ideal opportunity for the Whittington service to build on the service currently provided.

3.1 Outpatient Market Share

The Whittington currently holds 42% of the Islington and Haringey Orthopaedic outpatient market share when compared to local competitors, an increase of 10% when compared to a year ago. The market share run chart also shows an upturn in market share from November 2008.

Chart 1 - Competitors for Haringey Teaching PCT, Islington PCT

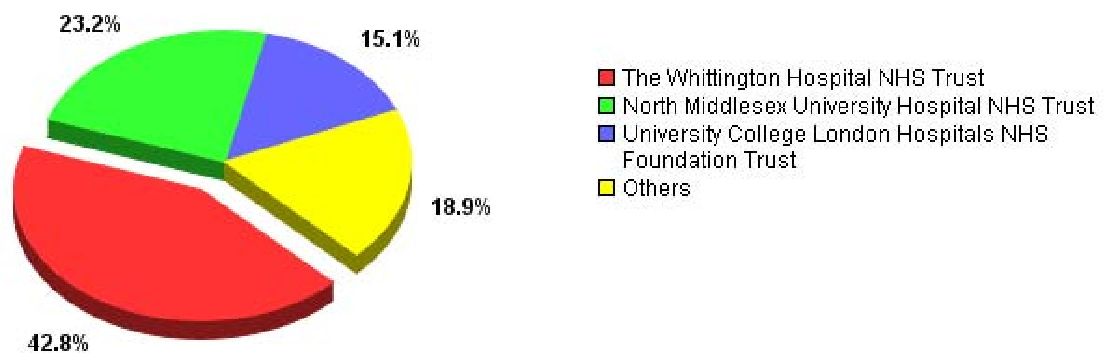
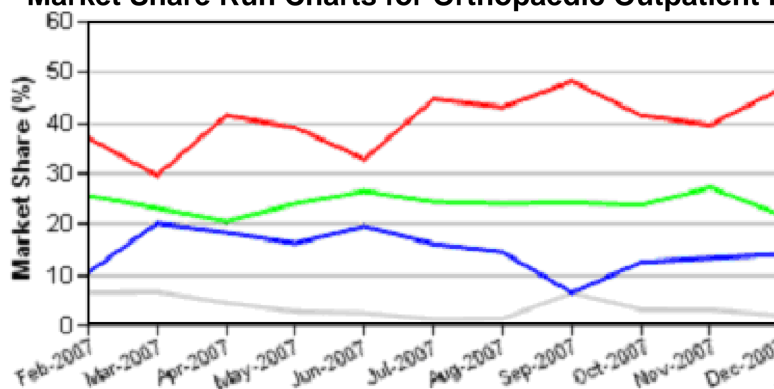
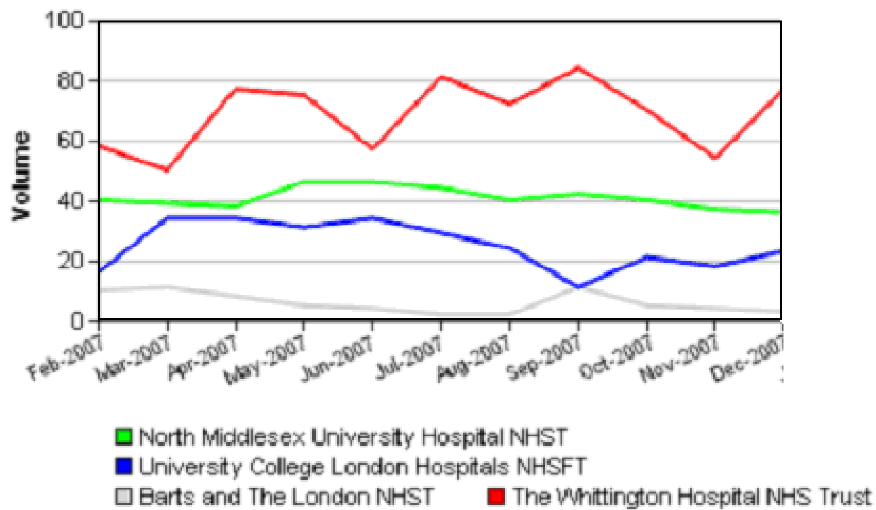


Chart 2 – Market Share Run Charts for Orthopaedic Outpatient Referrals





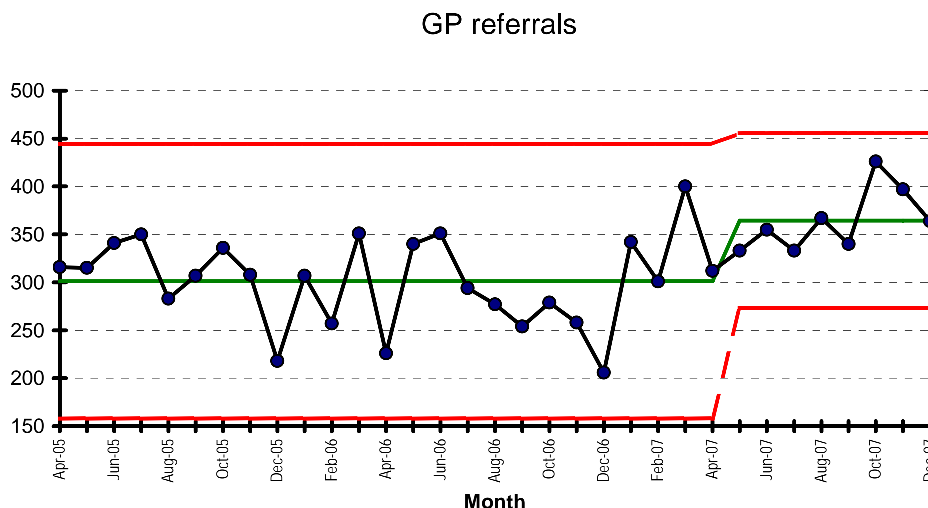
4. Activity Growth Supporting the Investment

4.1 Outpatient Referrals

During 2007/8, GP referrals to the orthopaedic service increased significantly, with a 22% rise in referrals recorded, which equates to an 11% increase in activity outturn. This is demonstrated in Chart 3 below, which shows a step change in activity in April/May 2007 when the average number of GP referrals increased from 300 to 360 referrals per month. The peak in referrals that occurred in October relates in part to the temporary closure of the Royal National Orthopaedic hospital to GP referrals.

Alongside this there has been a corresponding rise in demand upon the fracture clinic service, and these issues together have led to extreme pressure on the existing service. Services have been sustained with the provision of a fixed term locum post, plus additional ad hoc clinics being run by our substantive consultants that are over and above their job plan.

Chart 3: GP Referrals to Orthopaedics



5. Predicting Activity Growth and Linking to Available Capacity

5.1 Responding to Current Growth

The 2008/9 projected Orthopaedic activity assumes current growth in GP referrals will be sustained.

Responding to this growth and using outpatient to procedure conversion rates, and first to follow up ratios (national benchmarks) the department is able to project the activity numbers across all activity areas that will need to be delivered over the year based on referrals received. This activity is outlined in Table 1 as 08/09 estimated activity (based on current referrals). Alongside this is a calculation of the current capacity that can be delivered by the substantive team. The current shortfall in activity and converting this to Consultant capacity indicates a shortfall of 1.00WTE, assuming no further growth in referrals.

Table 1 – 08/09 Estimated Activity Compared with Current Capacity

	Current Capacity	08/09 Estimated Activity (based on current referrals)	Variance from Current Capacity	
			Activity	PAs
New OP	6,160	8,045	1,885	4
Follow Up (Registrar led)	13,440	15,285	1,845	2
Day Case	880	1,287	407	2
Elective Inpatients	800	804	4	0
Consultant WTE needed:				**1.0 wte**

Note: Each Orthopaedic consultant Job Plan needs to include 2 direct clinical care PAs for on call and trauma, and 2.5 supporting PAs (administration).

It is important to note that the estimated activity for 2008/9 based on current referrals is higher that the 2007/8 activity outturn for orthopaedics. The main reason for this is the capacity shortfall within the department, which has meant that less than the required levels of activity have been delivered. This is supported by the fact that the 18-week backlog has not yet been cleared, and waiting times for orthopaedic outpatients are being maintained at 10 weeks as opposed the agreed 4-week standard for all surgical services

4.2 Projecting Further growth

Additional activity modelling has been undertaken to reflect a potential further 5% growth in referrals to orthopaedic services in order to consider the impact this would have on available capacity. Using the same calculations, a further 5% increase in referrals over the year would lead to a 1.42wte shortfall in capacity.

Table 2 – 08/09 Estimated Activity plus 5% Growth in Referrals

	Current Capacity	08/09 Estimated Activity (based on current referrals)	Variance from Current Capacity		5% Growth in referrals	Variance from Current Capacity	
			Activity	Pas		Activity	PAs
New OP	6,160	8,045	1,885	4	8,447	2,287	5
Follow Up (Registrar)	13,440	15,285	1,845	0	16,049	2,609	0
Day Case	880	1,287	407	2	1,351	471	3
Elective Inpatients	800	804	4	0	844	44	0.5
Consultant WTE needed:				**1.0 wte**			**1.42 wte**

Note: Each Orthopaedic consultant Job Plan needs to include 2 direct clinical care PAs for on call and trauma, and 2 supporting PAs (administration).

5. Proposal

The above evidence identifies that an additional 1.00wte consultant is required to provide the requisite capacity for the delivery of orthopaedic demand as it currently stands. It is important to note that additional posts often attract new referrals as capacity meets demand, therefore this proposal is considered to be prudent.

It is proposed to appoint an Orthopaedic Surgeon with a sub speciality interest that will complement the existing consultants and also address the capacity short fall in foot and ankle surgery.

This additional post will also enable the department to deliver additional trauma operating, which will further support the trust in reducing pre operative length of stay for patients with fractured neck of femur and other trauma operations which is currently in excess the national average benchmark.

6. Financial Analysis

6.1 Income Associated with the Growth in Referrals

The financial analysis in Table 3 has been modelled taking into account the growth in baseline referrals at current levels, and then with an additional 5% growth.

Table 3 – Income associated with Estimated Activity and 5% Growth in Referrals

Recurrent Income Growth	07/08 Projected Activity Out-turn	1) Current Referral Level Variance from 07/08 Projected Out-turn		2) 5% Growth Variance from 07/08 Projected Out-turn	
		Activity	Additional Income (£)	Activity	Additional Income (£)
New OP	7,654	391	81,719	793	165,789
Follow Up	15,112	173	17,819	937	96,537
Day Case	1,109	178	210,752	242	286,942
Elective Inpatients	753	51	183,804	91	328,685
TOTALS:			**494,094**		**877,953**

An additional £494k income is projected if the current levels of referrals and associated activities are maintained. This increases to £877k if a further 5% activity growth is realised.

6.2 Costs Associated with the Proposal

The total costs associated with delivering this additional activity have been taken into consideration and are outlined in Table 4 below.

Table 4 – Total Costs Associated with Delivering the Current Growth and a Further 5% Growth in Orthopaedic Activity.

	1) Current Referral Level		2) 5% Growth	
Direct Staffing Costs	**WTE**	**£**	**WTE**	**£**
Consultant	1.00	123,428	1.42	174,856
Medical Secretary (band 4)	0.50	13,844	0.71	19,613
OPD Nurse (band 5)	0.35	11,734	0.50	16,623
Anaesthetic Support (band 6)	0.18	7,262	0.25	10,288
Radiologist	0.08	8,697	0.12	12,321
Radiographer Band 7	0.07	3,401	0.10	4,818
Radiographer Band 6	0.21	8,715	0.30	12,346
Physiotherapist (band 7)	0.35	17,005	0.50	24,090
Admin and Clerical Band 3	0.35	8,423	0.50	11,932
Other Costs				
Additional outpatient costs (pay + non-pay)		41,781		110,112
Additional day case/elective pay costs		60,663		94,653
Additional day case/elective non-pay costs		71,513		111,582
TOTAL MARGINAL RECURRENT COST:		**376,466**		**603,235**
TOTAL ESTIMATED CONTRIBUTION:		**117,628**		**274,719**

The costs associated with the appointment of one substantive Orthopaedic surgeon and related increase in support services are £376k. This is offset by the £494k increase in income, and provides a contribution to overheads of £117k .

7. In Summary

The Trust Board is asked to support the appointment of a substantive Orthopaedic Surgeon and the associated support costs, which will enable the trust to sustain the levels of activity required to meet the 18-week referral to treatment target and respond to the growth in referrals.