

PE1591/L

Petitioner Letter of 7 October 2016

SOSNHS Skye response to NHS Highland email of 28 September 2016

In their response to our submission of 17 September 2016 to the Petitions Committee, we believe NHS Highland (NHS) have sought to blatantly misrepresent Professor Ronald MacDonald's initial assessment of the Options Appraisal sections of their 'Initial Agreement on the Modernisation of Community and Hospital Services for Communities in Skye, Lochalsh and South West Ross'. His more detailed assessment of the inadequacy of the case presented by NHS follows below.

NHS imply that my points will be addressed in their 'detailed financial appraisal as part of the Outline and Full Business case Process'. However, the latter analysis is not relevant to their choice of Broadford as the new hospital Hub facility. My submission referred to the decision-making process relating to the choice of Hub and Spoke in their location paper. I said in my previous submission that the NHS case for the preferred location of its Hub and Spoke is seriously flawed. I repeat that here and indeed to underscore my point I show that NHS's locational document is meaningless in terms of what it purports to do, since it takes no account of the ultimate users of its services, the patients, and is in breach of Scottish Government guidelines on new health service projects.

Scottish Capital Investment Manual guidelines

NHS claims in its key location paper - 'Options appraisal to determine the location of 'Hub' and 'Spoke' - to have used the Scottish Capital Investment Manual (SCIM) in its evaluation of the model and location for the new hospital facility. For this kind of study the SCIM stresses the importance of the construction of the sample used and also stresses that great care must be taken in the design of the study (no less than 9 pages are devoted to these issues). The SCIM makes clear that any process at this stage has to ensure the model chosen is 'sustainable' and they give clear guidelines about how to set up samples that are representative of the true underlying population. Obviously, and as the SCIM guidelines recognise, it is important that any 'new (hospital) facility meets **patient** needs'. SCIM details how a sample of **patients** may be drawn up to achieve this.

Sample selection

The sample of 22 (the SCIM recommends a larger sample) that NHS uses in its options 'consultation on location' contains no less than nine of its own employees, the remaining number being made up of various councilors, community representatives and access panel members. **The sample contains NO patients or indeed sample of patients**; i.e. the final users of the Boards services. Therefore, it contains no information on, for example, what a patient who is a regular user of hospital facilities in Portree/ Kilmuir/

Sleat etc thinks of the proposed change in provision and what impact this will have on them and others like them. Putting aside my role as a professional economist, I have to say as an individual I think it is utterly shocking that the Board have completely disregarded the needs of actual patients in this area, which is obviously a serious breach of Scottish Government's guidelines, rendering the locational study completely valueless other than as a good example of how not to conduct such an exercise.

Study design

Even if the sample underlying the locational study had been valid there are still serious problems in the way the study has been designed. Again the SCIM has guidelines on design where it recognizes that all costs of the project have to be accounted for and this includes the kind of spillover costs I referred to in my previous comments; N.B. these costs will not be taken into consideration at a later business case stage as NHSH seem to disingenuously suggest in their response to my previous comments. In sum, the locational study asks members of the sample to give scores out of 10 to various criteria deemed relevant to the siting of the hub in either in Portree or Broadford. These criteria range from the demographic centre, the geographic centre, travel time for visiting consultants to suitability of development of the spoke. Weights are given to each criterion and then the weights applied to the votes and the scores summed. The outcome with the highest marks then becomes the chosen Hub, which turns out to be Broadford. The reader of the report would perhaps have more confidence in its findings if the basic arithmetic of scores had been correct, but even at this rudimentary level there are mistakes.

On design issues of substance, I would note the following:

- First, the study should have been designed in such a way that it reflects the actual comparison of what people in Skye are facing rather than a hypothetical move to a hub and spoke model. The people of Skye, particularly north Skye, are facing complete closure of a now 12 bedded hospital in Portree (one ward of which is currently closed), and removal of Accident and Emergency* and X- Ray facilities in the move to a Hub and Spoke model. This is the only way that a true calculation of all the various costs can be made which SCIM clearly indicates the health authority has to account for. But the locational study cannot do that even if the underlying sample had been correctly chosen. *As a resident of Skye, initially part time and now full time, I can assure people that we have had such a facility in Portree much more recently than NHSH claims.
- Second, and given what they purport to measure, the terms geographic centre and demographic centre will be collinear in a statistical sense and the kind of qualitative study used by NHSH simply cannot measure these in any meaningful way however well the arithmetic may be done.
- Third, other terms used suffer from similar deficiencies. For example, a term purportedly reflecting the increased travel time to Portree for consultants should also recognize the increased travel time of patients

in the north to Broadford as a result of the proposed changes. NHSH do not seem to recognise, in this study at least, that it is **net** costs and benefits that they should be working with. That is fundamental to a properly conducted option appraisal.

Population growth and external costs

I noted in my previous comments how NHSH could and should have used the many objective indicators available to them to get to grips with the true cost-benefit nexus they are currently ignoring; this is the very essence of a properly conducted options appraisal, and NHSH have failed to recognize this despite the Scottish Government's own guidance indicating they should. For example, one key and obvious factor is population. The population of Portree in 2015 was 2428, just over three times that of Broadford, at 752. So as a first cut we can see that the costs of moving hospital services from Portree to Broadford are at least three times that of moving them from Broadford to Portree.

The costs are in fact likely to be much larger than that number of course since all of those in the north of the island outside of Portree now have to make the extra journey. If the Hub is placed in Broadford then users in Broadford and to the South will not incur these added costs, which as I have said previously will run into hundreds of thousands of pounds per annum. Furthermore, because the dependency ratio in Portree is higher by a significant margin than the rest of the area, has a poorer health record and older age profile, a greater proportion of that population will need access to health care than those of the rest of the island thereby further increasing the costs. These costs clearly need to be accounted for in any credible options appraisal and that is the position of SCIM. And NHSH wonder why people in the north of Skye are so animated by their deeply flawed proposals?

NHSH have also crucially failed to note that these are not simply one off costs but they will of course be compounded over time due to differential population growth trends over the life of the project. Indeed perhaps the biggest omission in NHSH's option appraisal is that they have ignored these population trends over the life of their project. At no point in either their model or locational choice do they get to grips with this central aspect of the cost benefit nexus and the sustainability of their proposals.

According to HIE figures the population of Portree is currently growing at 1.2% per annum and the rate of growth also appears to be increasing; the population of the rest of the area excluding Portree is growing at 0.4% per annum, one third that of Portree and, in contrast to Portree, this rate of growth appears to be decreasing over time. Over the course of the horizon that NHSH are using for the new hospital, **the population of Portree is set to at least double**, (while the population of the rest of Skye grows by approximately one third of its current value) and therefore become a very significant population centre for the whole area. Yet if NHSH's attempts to impose their will on this community are unchallenged this significant population centre will have no hospital facilities and will have to bear all of the

many costs some of which I raised in my initial submission and above which an appropriate options appraisal would have incorporated (the population figures used here are the latest from HIE and span a 15 year period to 2015; the figures in my last submission were also from HIE but for a shorter 10 year period).

Community sustainability

It is clear that these costs have to be factored into any options appraisal conducted by NHSH since if they are not it is not only the health of the community that they purport to be serving that will be undermined, but also the economic welfare of the fragile communities in Skye and Lochalsh that depend so much on the viability of the economic centre, which is Portree. As I understand it all of our elected parliamentary representatives - MP and MSPs - are supportive of ensuring that the economy of Skye and Lochalsh and beyond is sustained and enhanced and a key element in this is of course having appropriate infrastructure in place. In seeking to impose on the community an unsustainable plan for local health services, by using a seriously flawed options appraisal, NHSH are not only in breach of the Scottish Government's own guidelines for such a project with all of the implications this has for the health and wellbeing of the whole community, they are also going to impose huge costs onto the local community which will likely endanger the economic welfare of this community for generations to come.

Other Consultations.

In their response to my previous submission, NHSH indicates that 'Both HIE and Highland Council supported the model and the location'. I'm in no doubt that both SOSNHS Skye, and I would also imagine the Petitions Committee, would like to see the analysis undertaken by these institutions which NHSH claims supports their failure to follow the guidelines given to them by Scottish Government, and specifically how these bodies propose addressing the very serious issues and omissions raised here and in my last submission.

Ronald MacDonald
Professor of Economics
University of Glasgow

October 7, 2016