

Incorporating community services in Exeter, East Devon and Mid Devon

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22<sup>nd</sup> May 2015

Dear Rebecca,

**Re: Northern Devon Healthcare Trust SMARTCARE Electronic Health Record (EHR) Programme**

Thank you for your letter dated 5<sup>th</sup> May 2015.

We have carefully considered your request that we discontinue implementation of the EHR programme in the Eastern locality and put in place a “hold still” period pending the outcome of Monitor’s investigation of your decision to appoint Royal Devon and Exeter NHS Foundation Trust (RDE) as preferred provider of community services in the Eastern locality.

As you are aware, the EHR programme required full NHS Trust Development Authority and HM Treasury approval to provide assisted funding (approximately £7.5 million for NDHT) for an 8 + 2 years agreement to fund the Intersystems Smartcare product as part of a triumvirate contract including Gloucestershire Hospitals NHS Foundation Trust and Yeovil District Hospitals NHS Foundation Trust.

You also acknowledge that the CCG provided a full endorsement to proceed by letter dated 10 July 2014 expressing support and commitment for the EHR programme. Until we received your letter of 5 May, the CCG has at no time notified NDHT that it should cease the procurement for the Eastern community EHR project.

Following our careful consideration, we have concluded that your request to “put on hold” the process for the Eastern services is not possible for the following reasons:

- The business case and contract for the SMARTCARE EHR was approved and signed off by the TDA and HM Treasury in January 2015 for both the North and Eastern services.
- HM Treasury’s decision and award is for the full deployment and contingent to that are the respective clinical patient safety features, cost savings and associated benefits realisation for both North and Eastern services.
- The system solution is provided, contracted and financed in totality and is not able to be adjusted *pro rata* in terms of its deployment either technically or financially.

- One of the key determinants for the EHR is that the current HP Patient Administration System (PAS) used by NDHT will be unsupported from the end of quarter 1, 2016. Therefore NDHT are not in a position to suspend the replacement programme in any way.
- Any 'hold still' period for Eastern Services would significantly jeopardise and prejudice the overall implementation of our TrakCare Community and Acute Hospital implementation which is contracted to go-live with a PAS migration in November 2015 as a first Phase.
- Putting in place a 'hold still' period would result in significant risk, with a very high likelihood and adverse impact, that NDHT would have to attempt to operate two PAS systems from November 2015 which would bring about a number of risks and costs:
  - Unacceptable clinical risk for patient appointment management, RTT/ pathway management, statutory reporting and contracting, and
  - Excessive support costs.

In regards to your point regarding NDHT to "have built in appropriate flexibility and safeguards into any contractual arrangements for Smartcare that it entered into", NDHT is fully engaged in the deployment of the Smartcare product for both Northern and Eastern community hospitals in the timeline required for the reasons highlighted above.

Whether or not Monitor's decision is in favour of NDHT, we will not be able to support two PAS systems (one for Northern and one for Eastern) beyond our go live date (1 November 2015) for Smartcare. So if the Eastern services do transfer to RDE, then there will have to be a data migration either by 31 October 2015 from our current PAS or after 1 November from Smartcare. Realistically it is most unlikely to be possible to complete data migration by 31 October 2015 so it will have to be after 1 November from Smartcare. In either case, any and all costs and risks of an alternative PAS (including data migration) will be with the CCG and/or RDE.

We point out the likely impact of not implementing and maximising the benefits of Smartcare in the Eastern locality:

- Firstly, the £7m+ funding made available from central government to cover the Acute and Community Hospital EHR supplier costs for next 4 years would not be able to be refunded for any alternative provider operating services in the East. The NDHT TrakCare contract is an enterprise solution which would allow the novation of licences only.
- Secondly, there would be a significant delay of approximately 2 years in a system that will significantly enhance **patient care** and **patient safety** along with cash and other non cash releasing benefits. This is because the CCG's preferred supplier (RDE) has not yet signed a contract with an EHR supplier and as a result, not commenced any form of implementation plan. So they are at least two years away from an EHR system of their own.
- Thirdly, RDE has indicated as per your letter, that they do not expect to use Smartcare. We know from our procurement exercise and similar processes that have been run in the South West, that RDE's preferred EHR supplier (EPIC) has an approximate cost of £9 million for the first 5 years for implementation and support. Therefore, the tax payer and local health economy will have dispensed with a perfectly good system that would have never been used and effectively paid twice for the same solution.

Adding the delayed benefit and additional costs brings the negative effect on the economy to an approximate cost of **£18.3m**. This is still a conservative estimate as it does not include additional local IT costs.

At all times our approach has been closely aligned to the jointly agreed South West IM&T vision we have for higher quality safer services through integrated digital care records. So we find your request to discontinue the implementation of Smartcare for the East completely at odds with that vision.

In summary:

- We believe that the lack of VFM assessment in this area is counter to the shared NEW Devon strategy for affordable and safe integrated records by 2018 – it poses a significant risk in realising benefits for the people of East Devon from a lack of an integrated and ‘joined up’ system
- We believe the lost patient benefits and significant additional cost will have a serious detrimental effect and will ultimately divert additional much needed resources away from frontline services and do nothing to help with the complex and increasing demands of the healthcare provision in Devon.

Finally, we have considered if it would be realistic for NDHT to put on hold the process for the Eastern services on the basis that the CCG will fully indemnify it for all losses that it suffers. But for the reasons set out in this letter, we think there would be unacceptable clinical and operational risks if we did so.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alison Diamond', with a long, sweeping horizontal line extending to the right.

**Alison Diamond**  
**Chief Executive**