NHS
Eastern and Coastal Kent

Response to questions from HOSC for meeting on 25 March

Introduction
The responses set out below relates to NHS Eastern & Coastal Kent only.

The PCT receives an annual allocation of nearly £1.3bn. Of this, 97% is spent on patient care in the acute sector, mental health, ambulance services, continuing care placements, childrens services, community services, GP, dental, ophthalmic and pharmacy services. The remaining 3% is spent on PCT running costs, including just over 1% on management costs.

Responses

1. *Why is achieving financial balance across the local health economy important and what are the potential consequences of not doing so?*

   The NHS budget is cash limited. A statutory duty is therefore placed on all NHS Organisations to deliver financial balance each year. Allocations to NHS commissioners (currently PCTs, but soon to become GP Commissioning Consortia) are based on a formula that takes into account population numbers, and the demographics of that population.

   If an organisation does overspend, it must recover this position in the future (over a maximum of three years). It will be seen by the NHS as a failing organisation and will be subject to special performance monitoring by the NHS. Recovering previous overspends means that there is less money available for patient care.

2. *What kinds of measures have been taken in 2010/11 in terms of prioritising treatments and changing service provision across Kent in order to try and achieve financial balance?*

   In 2010/11 demand in the acute sector in particular, presented NHS Eastern & Coastal Kent with a financial challenge. A Turnaround Group was set up in September to review all budgets. Commissioning budgets were scrutinised for any savings that would not affect patient care. Some investment mobilisation plans were deferred, but not abandoned. Consultants and GPs were encouraged to switch high cost and prescription drugs (where there was sound clinical evidence) to those that represented better value for money.

   Non-commissioning budgets were targeted. The management cost reduction programme was accelerated, and expenditure on the estate was reviewed, although this did not affect the backlog maintenance programme. A review of business rates led to a claw-back in excess of £1m from estate across the PCT.

GPs collaborated and developed referral and treatment criteria. This meant that GPs took a more consistent approach when referring patients for treatment.

3. *What kinds of measures are being considered for 2011/12?*

   The PCT is working closely with all providers to see how patient pathways can be streamlined, but still deliver safe, effective care, often closer to the patient's home.
   The clustering of PCTs from June is expected to help drive down running costs further than at first planned.

4. *What are the main challenges to achieving financial balance across the health economy?*

   Activity, demand and cost pressures are the main challenges, whilst sustaining targets set out in the NHS Constitution such as 18 weeks referral to treatment, and cancer waiting times.

   This must be managed with a rapidly dwindling management base, and during a time of substantial change – to GP Commissioning, and to a single PCT cluster for Kent & Medway.

5. *What has been the impact of the NHS Operating Framework for 2011/12 and the PCT allocations for next financial year?*

   The PCT will receive an increase to its baseline allocation of 2.2% (£26m) in 2011/12, plus an explicit non-recurrent provision of 0.7% (£8m) for commissioners to spend on measures which support social care and benefit health in agreement with social care commissioners.

   The Operating Framework does stipulate that 2% of recurrent funds (£24m) can only be committed on a non-recurrent basis.

   There is a net tariff reduction of 1.5% which will generate a reduction to overall costs of £9m.

6. *How is the QIPP challenge being met in Kent?*

   Over the past five years, the PCT has received substantial growth to its allocation of funds, but this tapered off in 2010/11 and is below current inflation levels for next financial year. There is a step change required in generating funds within the health economy – through delivery of an imposing QIPP programme.

   The QIPP challenge is being addressed at both a local PCT level, and through emerging GP Commissioning Consortia, and at the Kent & Medway level. The scale of the challenge in NHS East Kent is £67m in 2011/12, with the PCT required to generate £48m of these efficiencies. Delivery plans for 2011/12 are now at an advanced stage, but the scale of the challenge cannot be under-estimated.

7. *What are the particular demographic trends in Kent that will affect NHS commissioning now and in the future, and how does Kent compare on these compared to the rest of the country?*

Population demographics such as age, sex and ethnicity and the changes in population demographics are likely to have an influence on the commissioning of NHS services. Table 1 shows the projected population change in 2028 from a baseline of 2008, by selected age bands. The total resident population of Kent is projected to increase by 24.3% compared to just 19.8% for England. The largest population growth is projected to be in the over 65 population, with those living to 85 or older increase by almost 100%. This is likely to result in greater demand of healthcare services as life expectancy is increasing resulting in more people living longer with long term conditions, such as diabetes, chronic obstructive pulmonary disease and dementia.

The under 5s population is project to increase just over 10% over the next 20 years. This will impact on the need for health visiting services and other services relating to children.

Changes in the ethnic mix of populations also impact on commissioning of services as communities have different health risks for example the smoking prevalence in East European countries is greater than that on England, which may lead to an increase in cancer related and circulatory related illness in these populations in the future.

Population growth for 35-54 is lower than that for other age bands, this is likely to have an impact on the workforce as stated in **KCC 'Bold Steps for Kent', pg20**

"By 2026 the older population of Kent is expected to have increased by 30.7% on 2006 levels, whilst the ratio of traditional working age population compared to those of current state pension age will have fallen from 3.1: to 2:1"

Table 1: Percentage population change from 2008 to 2028

	Kent			England		
	2008	**2028**	**Percentage change**	**2008**	**2028**	**Percentage Change**
Under 5s	83.0	91.4	10.1%	3,129.4	3,409.8	9.0%
05-19	264.3	291.0	10.1%	9,231.2	10,128.3	9.7%
20-34	232.8	254.6	9.4%	10,246.7	11,020.8	7.6%
35-44	205.6	213.6	3.9%	7,715.0	8,190.1	6.2%
45-54	188.9	194.2	2.8%	6793.1	6723.1	-1.0%
55-64	180.1	219.8	22.0%	6,060.9	7,190.4	18.6%
65+	247.0	390.5	58.1%	8,288.3	12,388.6	49.5%
75+	119.8	209.4	74.8%	4,012.6	6,579.9	64.0%
85+	34.7	69.1	99.1%	1,134.6	2,195.7	93.5%
Kent	1,556.2	1,933.6	24.3%	56,611.8	67,826.7	19.8%

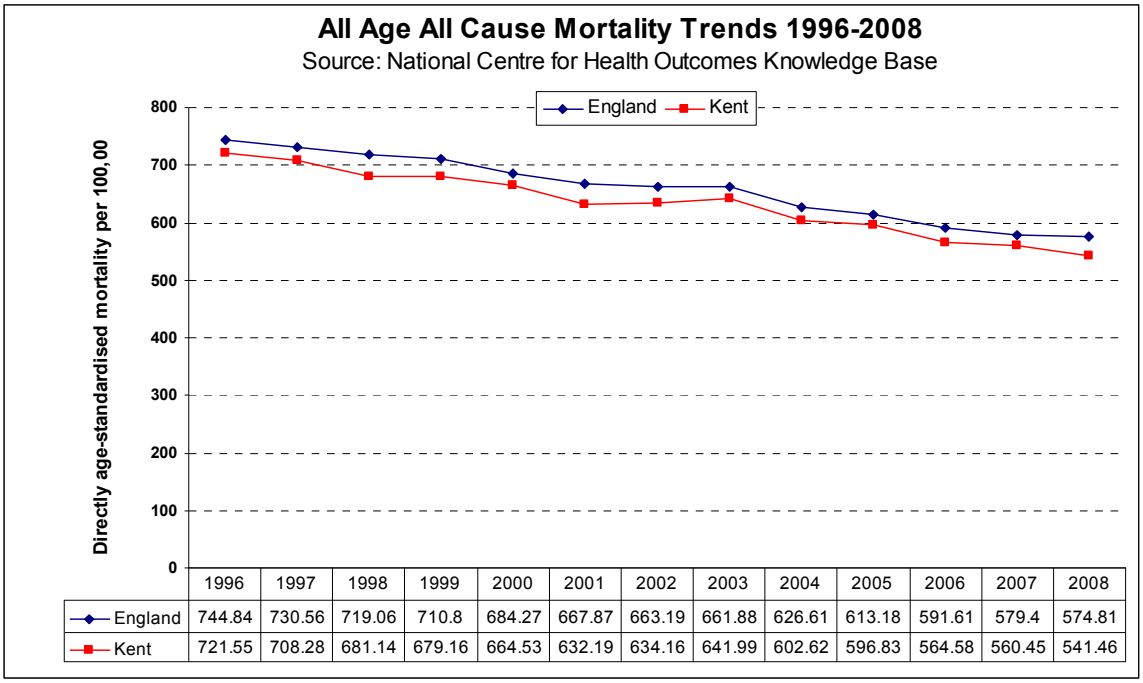
Source: ONS 2008 based population projections

Life expectancy is influenced by changes in mortality table 2 shows the trends in life expectancy for Kent and Medway as a county and England. Figure 1 shows the trend in All Age All Cause mortality, which has been steadily declining since 1996. Kent experiences less mortality than England as a whole.

Table 2: Life expectancy at birth 2004-2008 to 2006-2010

	2004-08			2005-09			2006-10		
NHS area	**Male**	**Female**	**Persons**	**Male**	**Female**	**Persons**	**Male**	**Female**	**Persons**
Kent and Medway NHS	**78.1**	**82.0**	**80.1**	**78.4**	**82.2**	**80.3**	**78.4**	**82.2**	**80.3**
England (2006-2008)	**77.9**	**82.0**							

Source: Public Health Mortality File, 2004-10; ONS CAS ward data; SEPHO, NCHOD



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
England	744.84	730.56	719.06	710.8	684.27	667.87	663.19	661.88	626.61	613.18	591.61	579.4	574.81
Kent	721.55	708.28	681.14	679.16	664.53	632.19	634.16	641.99	602.62	596.83	564.58	560.45	541.46