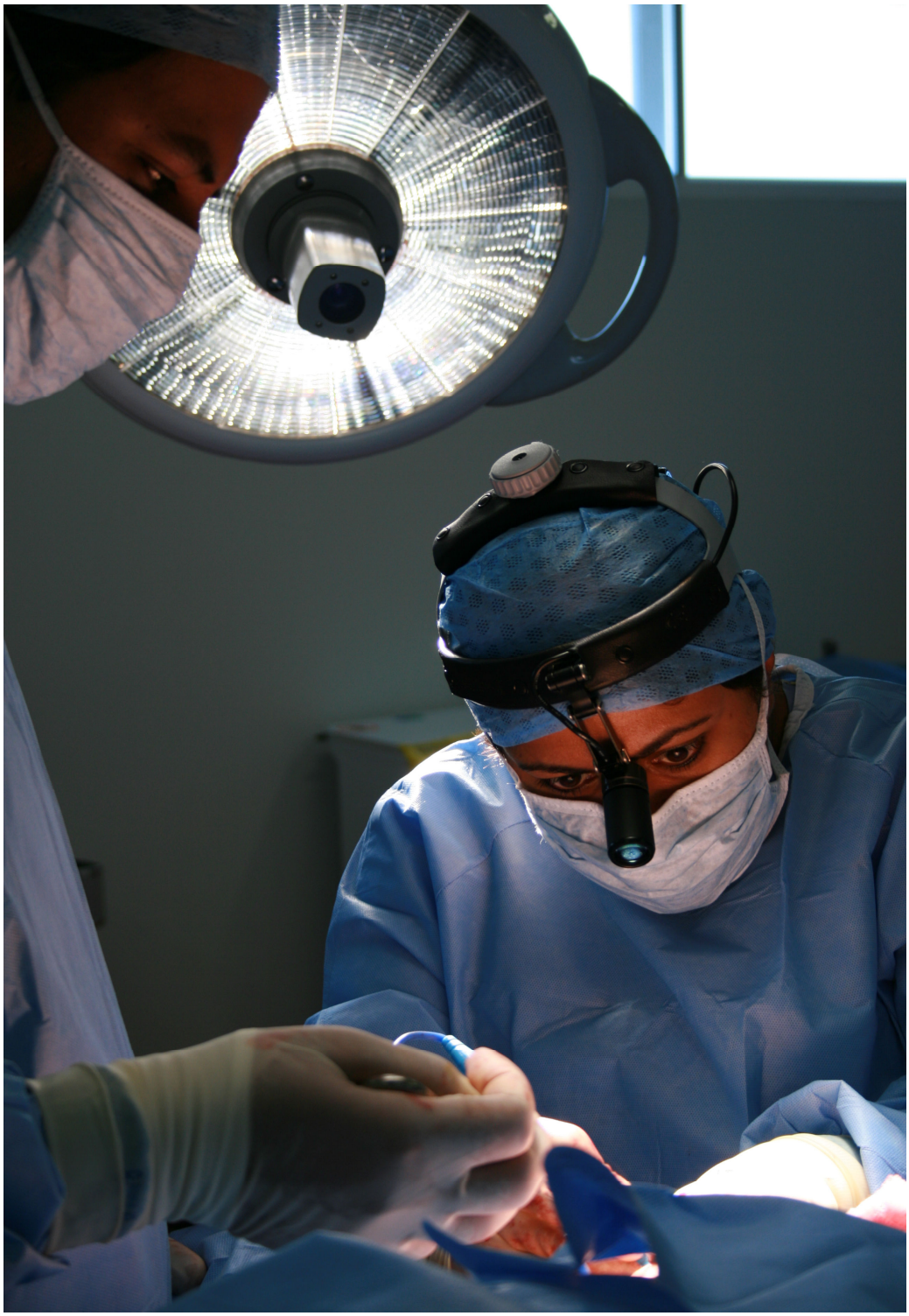
Dartford and Gravesham NHS
NHS Trust



INVESTOR IN PEOPLE

POSITIVE ABOUT DISABLED PEOPLE

HEALTH OVERVIEW AND SCRUTINY COMMITTEE

DARTFORD AND GRAVESHAM NHS TRUST

NHS Financial Sustainability:

Dartford and Gravesham NHS Trust – Background:

The Trust was legally established on the 1st November 1993 and is based at Darent Valley Hospital in Dartford. It offers a comprehensive range of acute services to around 270,000 people in Dartford, Gravesham, Swanley and Bexley. The hospital building is run as part of a Private Finance Initiative (PFI). The hospital now has between 470-522 beds and the specialties provided include general surgery, trauma & orthopaedics, cardiology, maternity paediatrics and general medicine. It also has an A&E department, open 24/7.

The hospital is engaged in a number of active partnerships so has visiting Consultants from Medway, Queen Victoria, Guys & St Thomas, Kings and Maidstone Oncology Centre. This allows many specialist services to be provided for the benefit of people from the wider locality at Darent Valley.

Financial Challenges:

The Trust's principle PCT is West Kent PCT and it has indicated that it intends to spend £25m less with Dartford and Gravesham NHS Trust over the next four years. This is part of a general strategy that most PCTs are developing to become less reliant on acute hospital care.

On top of this, the NHS has a QIPP challenge (efficiency and productivity) which in Kent is circa £150m.

The Board at Dartford and Gravesham NHS Trust has considered this financial context and determined that it cannot find the required savings through the normal efficiency and savings schemes alone. A structured solution is needed to make savings whilst trying to protect clinical services. A partnership with another health Trust is deemed a rational option. Dartford's location, together with a variety of mutual synergies has led Dartford's Board to declare that it will look into the feasibility of integrating with Medway NHS Foundation Trust. This is at an early stage of exploration but is based on the principle of maintaining the majority of clinical services on both sites, including A&E, maternity and outpatients.

Specific questions from the HOSC:

Financial balance is necessary to create the right framework for sensible long term planning rather than short term financial crises.

Potential Consequences of Financial Imbalance
The absence of financial balance in the Health Economy can prompt an accelerated change in the distribution of funds between service sectors.

In the short term, such changes can be too fast, too soon and cause financial instability as organisations/services adjust to the new funds available. This adjustment can cause risk to patients and service users.

Loss of Public Confidence/ Loss of Reputation for Good Governance: there is already concern over the pace of change of Health Service Reforms – financial deficits simply add damage to the reputation of the Health service and wider Public Sector.

When organisations are financially challenged, cost reductions and savings are made through short term disinvestment.

- Holding vacancies of staff
- Waiting times/lists increase
- Transfer/Closure of services to another part of the NHS
- Restriction of access to services – time or geographic location
- Increased Uncertainty
- Withdrawal of services

2010/11: a number of actions have occurred which cover the range of QIPP areas. The following are just some examples.

Quality – 'Enhanced Recovery' programme which aims to 'optimise' patients prior to major surgery leading to a faster recovery and a shorter length of stay.

Innovation – Development of electronic ordering and reporting for radiology and pathology tests. This saves time, paper and reduces semantic error. Ultimately, we expect this to help in reducing length of time in hospital.

Productivity – The closure of the maternity unit at Queen Mary's in Sidcup has led to an increase in the number of women giving birth in the hospital. This has been managed through maintaining choice for women, with a Midwifery Led Unit but also by developing 'triage', which helps us look after women who need help but are not actually in labour. We are also opening a transitional care unit allowing women to stay with babies who can't go home but are not ill enough for SCBU (special care).

Prevention – Fracture Neck of Femur pathway, aimed at tightly managing very elderly and frail patients who frequently suffer this particular type of fracture. Through the use of an agreed pathway, we have reduced delays to Theatre, improved the medical supervision post surgery and speeded the rehabilitation process. This is aimed at preventing the typical complications associated with this injury (pneumonia). So far we have seen a dramatic reduction in length of stay which saves resources as well as being better for patients' care.

Through these and a variety of other measures, £6.3m was saved.

2011/12 Plus:

- The Trust is presently finalising plans with the PCTs, but those plans are likely to result in the Trust losing income so needing to close down capacity through bed and ward closures.
- The Trust has been working with the PCT to redesign services for patients with the aim of reducing the need for a hospital attendance. A good example of this is the cellulitus pathway which once implemented, will enable GPs to treat patients with strong antibiotics under protocols agreed with the hospital's microbiologist.
- 'Green' projects save resources and are better for the environment. To this end the Trust is working with its suppliers and contract partners to reduce waste and energy consumption and looking at how it might source sustainable energy in the future.
- The Trust will continue work commenced in 2010-/11 to reduce back office costs by working with other providers across Kent, notably Medway NHS Foundation Trust.

The Trust needs to achieve a QIPP saving of £6-7m.

The Main Challenges to Achieving Financial Balance:

The Financial balance across the Local Health Economy is important to ensure that frontline Health services can continue to be provided to patients.

Those services which are commissioned and provided by the NHS are:

- Primary Care
- Community Services
- Acute Services
- Mental Health
- Other specialist services
- Social Care
- Funding for the Voluntary Sector.

A Health economy in financial balance is necessary to ensure that the resources are sufficient across the providers of Healthcare to meet the needs of the complex and varying needs of the population in the short term.

A significant challenge is whether cooperation or competition is best for long term financial sustainability. Current policy is conflicted on this matter.

Impact of the NHS Operating Framework for 2011-12

- Marginal Payment for Emergency/ Non-elective inpatient admissions -
  The hospital will receive 30% of the full tariff for non elective admissions – above the volume of March 2009 levels. The Trust estimates it could lose £1.7m.

- 4% reduction in commissioned activity, with £4.5m impact.

- 1.5% reduction in NHS tariff means £2.1m reduction in income

- NHS Tariff – the new tariff builds in a 4.0% savings requirement. £6.4m savings needed to counteract the underlying inflation in costs of 2.5%.

- In 2011/12, Market Forces factor (MFF) will be adjusted from 14.98% in 2010/11 to 14.56% which causes a reduction of £0.5m in MFF income.

- Readmissions within 30 days will not be paid – the Trust is anticipating a risk of £0.7m arising from this change of policy.

- New contractual terms and conditions: unknown impact but greater emphasis on outcomes places greater pressure on the SLA between the Trust and PCTs.

QIPP Challenge:
The QIPP challenge is being met at a number of levels.

Within the hospital we are taking a Programme approach by planning and managing individual schemes. By this approach, £6.3m was saved in 2010/11.

There is a County QIPP Programme whose aim is strategic, looking for a benefit from Procurement, Estates and Workforce.

Lastly, Dartford and Medway hospitals have started to work together on specialist services, sharing investments and knowledge. For example, Urology is provided on both sites, but the cancer patients are operated on in Medway and the stone patients are operated on at Dartford.

Demographic Trends:
We use the key models to understand demographic trends:

Age	% change 2011 to 2016
0-15	9%
16-24	0%
25-44	4%
45-64	6%
65-84	13%
85+	29%
Total	6%

Overall growth is likely to be 6% but is much higher in the very old and very young – who are the biggest users of healthcare

In Dartford, the changes to the hospital provision at Queen Mary's hospital Sidcup, may lead to a demographic shift.

The restructuring of services at Queen Mary's Sidcup has effectively increased our population footprint by 20,000 (12%). This equates to 1,000 extra births, 6,000 A&E attendances and 2,000 extra admissions.

Susan Acott
Chief Executive
April 2011