

## **Report for the Kent HOSC Meeting 19 April 2011 from Medway NHS Foundation Trust**

### **Introduction**

Medway Foundation Trust ("MFT") is based in Gillingham and provides services to the Medway community as well as to adjacent parts of Kent. In 2010/11 total revenue was £218m patient related income was £187M and included £56M (30%) for patients outside of Medway. Whilst the main hospital is in Gillingham a number of services are provided more locally to our patients such as in Darent Valley Hospital; Sittingbourne Community Hospital and Sheppey Community Hospital.

### **What are the challenges to ensuring the NHS in Kent is financially sustainable?**

As a provider the most significant challenge is meeting the increased demand for services arising from known changes in local demographics, including an ageing population and an increase in the birth rate. In recent years increases in demand for services have been met with additional funding, although not always in full. In 2011/12 MFT is expecting to see a decrease in clinical income partially as a reduction of patients attending the hospital as a result of alternative options for patients being implemented by the PCT's.

### **Are there any implications for the range and quality of health services available to the people of Kent as a result of any measures being taken to achieve or maintain financial sustainability?**

One of the options that MFT is exploring is a merger with Dartford & Gravesham NHS Trust as it is recognised by both organisations that there is an opportunity to improve local services by increasing critical mass. This would create the potential to extend the range of specialist services in Kent and Medway and consequently less patients would need to travel to London based hospitals.

At the same time a merged organisation would spend less of its resources on management and administration functions which will therefore increase the proportion of our joint income that remains for delivering patient care.

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

As part of the annual planning cycle an assessment is completed of currently funding for health services is allocated annually to Primary Care Trusts who then in turn commission services that they determine will meet the needs of the population that they cover.

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**2. What kind of measures have been taken in 2010/11 in terms of changing what services you provide and the way in which they are provided within your organisation in order to try and achieve financial balance?**

No significant changes have been made during 2010/11 in the range of services that the Trust provides. Developments have taken place such as the opening of a dermatology service in Borough Green and the transfer of urology cancer surgery from Darent Valley Hospital.

The emphasis in 2010/11 has been on improving patient pathways and reducing length of stay. This has been achieved through a number of initiatives including one which involves patients being cared for in their homes by hospital based staff during the final days of what otherwise would be within the hospital.

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

No significant changes to services are planned for 2011/12 in order to achieve financial balance. The Trust has recently commenced a number of consultations with colleagues involved in management and administration functions with the objective of delivering a substantial reduction in the cost of these areas.

The Trust will continue to closely monitor demand on each of its services and will seek to reduce capacity if it becomes possible.

**4. What do you see are the main challenges to achieving financial balance across the health economy as a whole?**

In order to deliver changes that will improve the prospect of achieving financial balance across the health economy it will be necessary to increase investment in certain areas of community care that will ultimately reduce the demand on the acute hospital sector.

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

The main focus of the Operating Framework is on the ongoing structural changes within the NHS but it also includes a number of patient related areas where will be continued focus and these include:-

- more detailed monitoring of performance of A&E services through the introduction of 5 new indicators to replace the 4 hour access target.
- push to reduce further the number of healthcare associated infections
- eliminating mixed sex accommodation

In all 3 of these areas, Medway Maritime Hospital performs extremely well.

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The Trust is planning to receive less income in 2011/12 than it did in 2010/11 as a result of the pricing changes detailed in the Operating Framework but the bigger impact will be from an expected reduction in the number of patients seen in a hospital setting. Contract negotiations have not yet been concluded for the current year but it is currently estimated that income will be down by £4M compared to 2010/11.

**6. How is the QIPP challenge being met within your organisation?**

The Trust is fully engaged with other stakeholders in the wider health economy to identify ways that resources can be used more effectively.

**7. Are there any particular demographic trends in Kent that will have an impact on the kinds of services you provide?**

Locally the birth rate is increasing and the Trust expects to deliver more than 5,000 babies in 2011/12, which will make it the largest national unit in Kent.

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