The King's Fund

Ideas that change health care

How is the NHS performing?

Quarterly monitoring report

April 2011

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Over the next few years the NHS faces two unprecedented challenges: coping with the tightest funding settlement for decades and implementing top-to-bottom reforms of the system.

On funding, the consequences of the global banking crisis and ensuing recession have been catastrophic for public finances. While the NHS settlement to 2014/15 is generous relative to other departments, the impact of large real cuts in local authority funding and rising pressures on demand and costs meant that health and social care services need to make significant improvements in productivity.

But in addition, health services will need to grapple with the reforms, which affect every organisational level of the system and the economic environment in which the NHS operates.

The broad goal of both the productivity and reform challenges is to improve NHS performance and hence the quality of patient care. But both challenges have inherent uncertainties and given the pace at which changes in service delivery and performance are likely to occur, their impact on key indicators of NHS performance will need to be understood in evaluating progress.

This monitoring report is the first of a regular quarterly review which will combine publicly available data on selected NHS performance measures with views from a panel of finance directors on the key issues their organisations are facing. It complements our monthly waiting times tracker (www.kingsfund.org.uk/waitingtimes) and is a continuation of work that The King's Fund has done historically to assess, analyse and report on the performance of the NHS.

Many indicators could have been included; we have chosen those that we believe are important to the public and patients and that provide measures of the impact of tackling the productivity and reform challenges confronting the NHS. Our aim is not to be comprehensive but to give an insight into how the health service is performing.

Because in-year tracking of progress on the productivity challenge through official statistics is difficult, we have supplemented the performance indicators with views from NHS finance directors. Every quarter we will be asking a panel of around 25 NHS finance directors for their thoughts on the financial and productivity issues their organisations are facing. This is not intended to provide a statistically valid sample but rather a qualitative account of the experience of finance directors in trusts and PCTs (see box for more information).

PANEL OF FINANCE DIRECTORS APRIL 2011

The panel is small and is not intended to be a statistically representative sample.

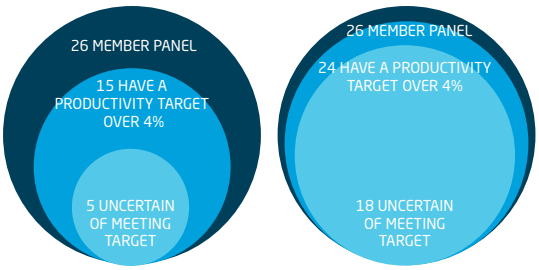
We invited 46 Finance Directors to join the panel; 26 were available to give their views, which were collected via an internet survey between 3 and 17 March 2011.

For this quarter, half of the panel were from acute trusts (9 foundation trusts, 1 specialist), about a quarter from mental health trusts (4 foundation trusts) and a fifth from PCTs. There was a reasonable spread across the regions with between 1 and 4 Finance Directors from each region and higher numbers in the larger regions.

Finance Directors' Panel

CONFIDENCE IN MEETING PRODUCTIVITY TARGETS

For 2010/11, our panel reported they had set relatively modest productivity targets (either cost improvement plans (CIPs) or Quality, Innovation, Productivity and Prevention (QIPP) plans, which most were confident they had achieved. For 2011/12 they are more ambitious, with very few setting a productivity target under 4 per cent. However, their confidence of success for 2011/12 is limited.



KEY PERFORMANCE CHALLENGES

We asked our panel about the key performance challenges facing their organisation right now. Many panel members stressed the difficulty in trying to manage increased demand for care with reduced capacity and the need to continue to meet targets and maintain quality while keeping within reduced budgets. Several panel members also mentioned difficulty creating and maintaining relationships with changing and pressurised external partners.

We asked our panel for the key performance challenges for their organisation right now.
They answered:

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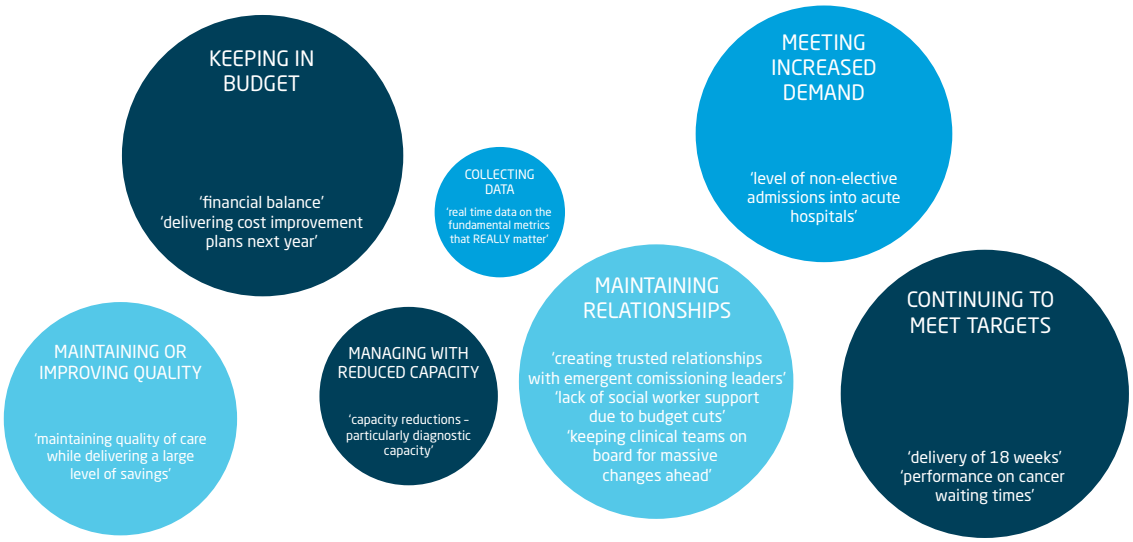
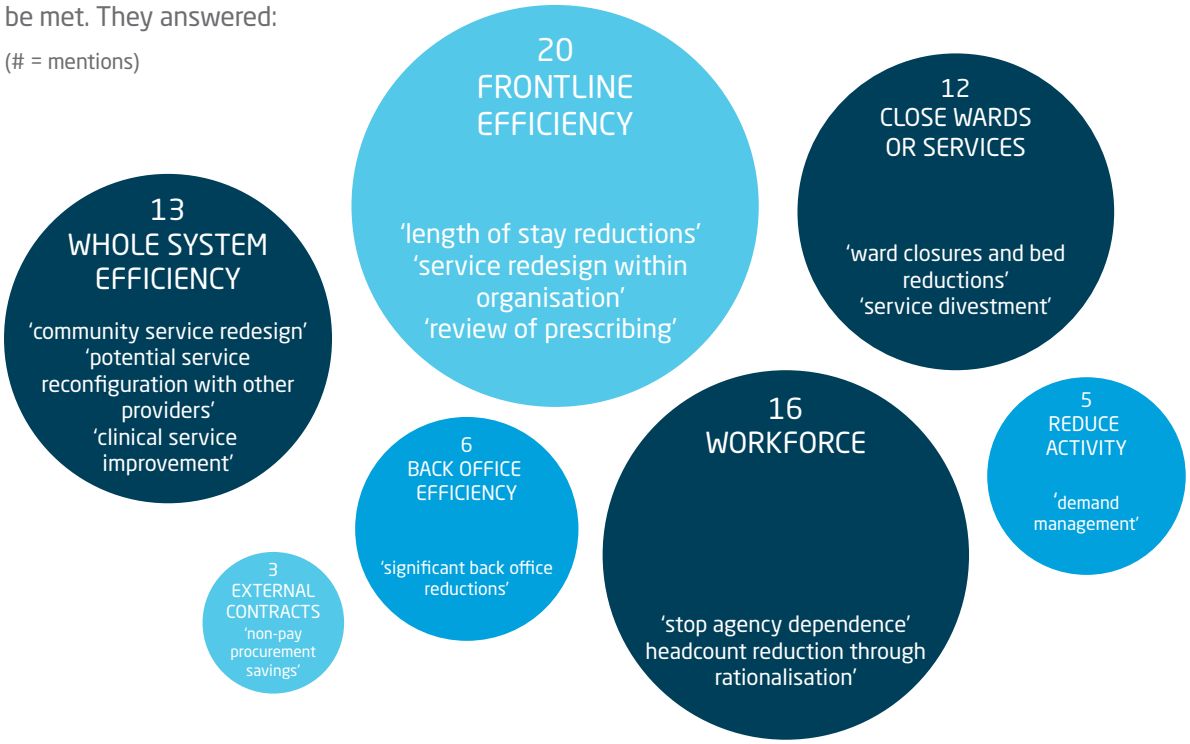


We asked our panel for the top 3 ways in which their productivity target will be met. They answered:

(# = mentions)



Finance Directors' Panel

TOP THREE WAYS OF IMPROVING PRODUCTIVITY

We asked our respondents to list the top three ways in which their productivity target would be met. Reducing workforce or capacity (beds or services) was mentioned most often. Changes to workforce were listed 16 times by our panel and included changes to both clinical and administrative roles. Some responses were limited to temporary workers, eg, 'stop agency dependence'; others stressed more fundamental change, eg, 'headcount reduction through rationalisation'. Ward closure or the closure of services was listed 12 times.

More than half of our panel listed measures to increase frontline efficiency, including four who specifically listed reducing length of stay. Many panel members stressed the links between the measures, for example, one panel member commented, 'A saving is not a saving until the activity has reduced AND the beds or theatres have been closed AND the jobs taken out. Only then do both commissioners and providers save money'. Back-office efficiency was listed by six panel members, though others expressed scepticism about this; for example, one commented that 'Back-office savings are politically popular, but at around 5 per cent of the overall cost base only make a modest contribution to the QIPP target.'

About half of the panel listed measures to raise the efficiency of the whole health system in their patch, for example, service redesign over the whole care pathway, community integration and demand management to reduce activity.

Finance Directors' Panel

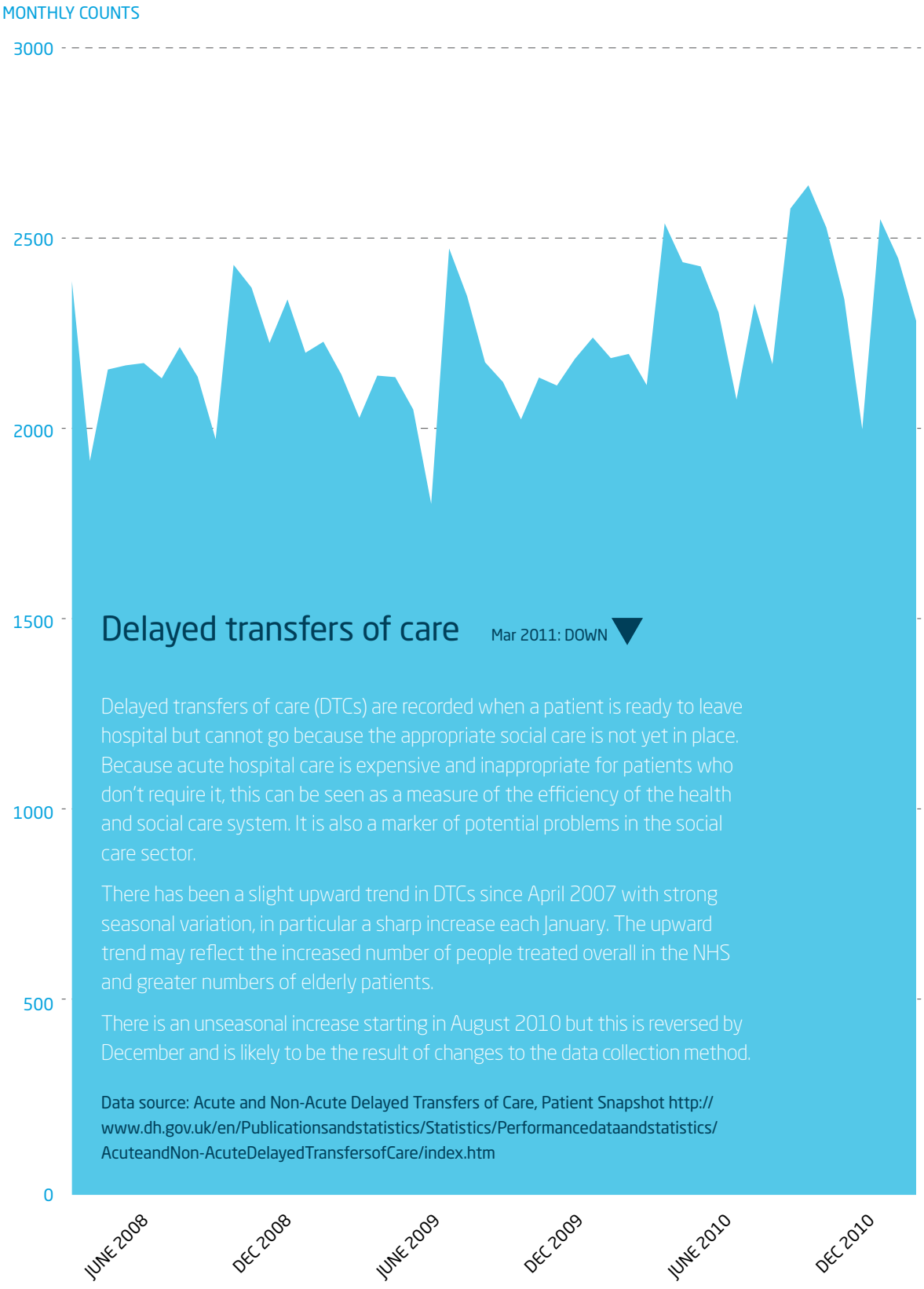
GOVERNMENT SUPPORT

We asked our panel what support they thought government should be providing to help organisations like theirs to meet their productivity targets. The strongest theme was a desire for the government to be more realistic. More than half of the panel made comments to this effect, with the highest number expressing a desire for a more realistic representation of the impact of tariff changes on their income. Others asked for realism on the need for rationing and supporting cost-effective care and of the extent to which reducing back-office costs could be a solution.

A second theme involved the government's role in setting system rules including pay and prices and shaping the priorities of new organisations. For example, several on the panel wanted the removal of incremental pay progression. Funding for transition costs came out as a third theme and was a priority for just under a quarter of the panel. Additional comments included those on the National Institute for Health and Clinical Excellence (NICE) and primary care standards.

We asked our panel what support they think government could provide their organisation. They answered:

(size of bubble represents number of mentions)



Delayed transfers of care

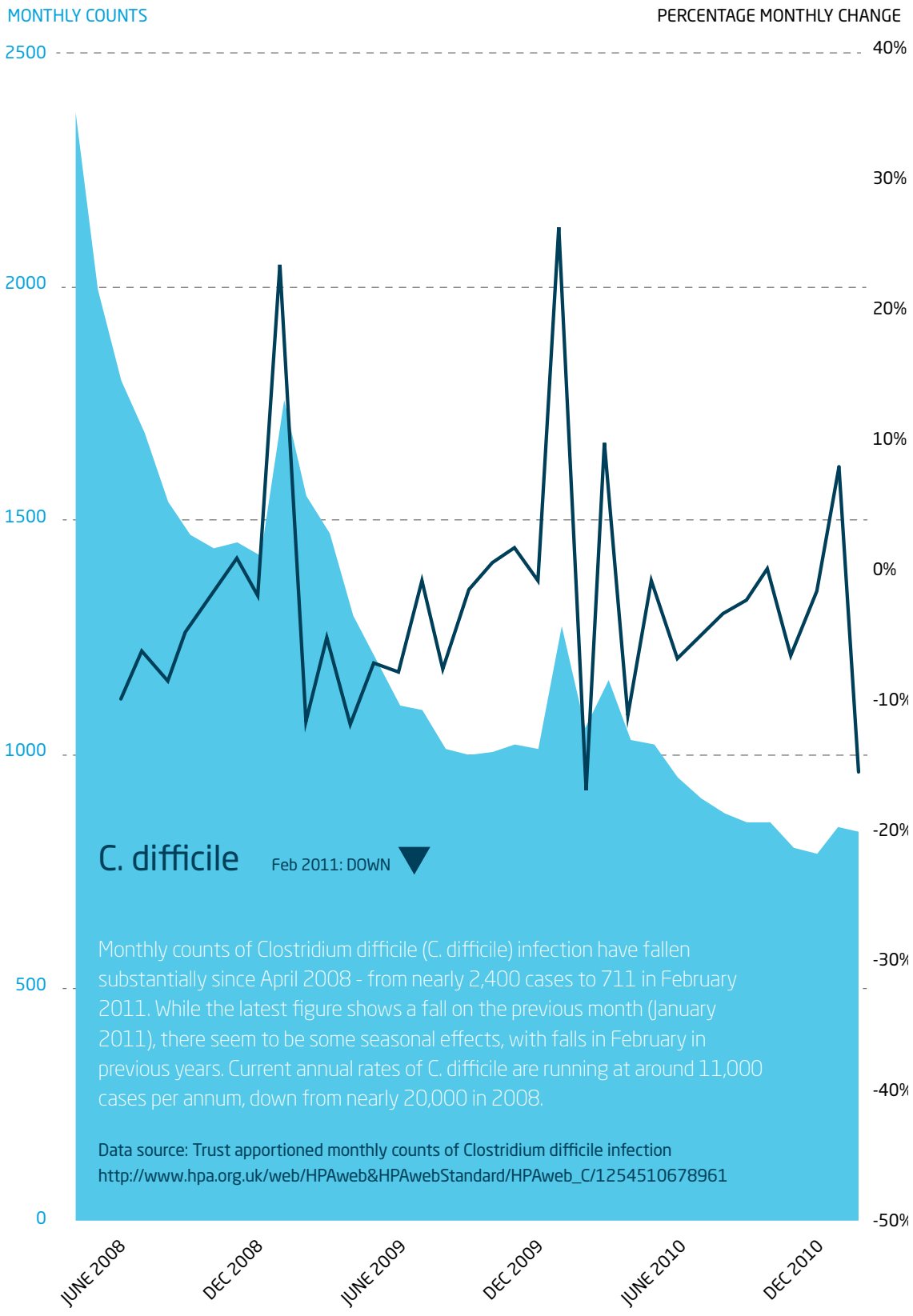
Mar 2011: DOWN ▼

Delayed transfers of care (DTCs) are recorded when a patient is ready to leave hospital but cannot go because the appropriate social care is not yet in place. Because acute hospital care is expensive and inappropriate for patients who don't require it, this can be seen as a measure of the efficiency of the health and social care system. It is also a marker of potential problems in the social care sector.

There has been a slight upward trend in DTCs since April 2007 with strong seasonal variation, in particular a sharp increase each January. The upward trend may reflect the increased number of people treated overall in the NHS and greater numbers of elderly patients.

There is an unseasonal increase starting in August 2010 but this is reversed by December and is likely to be the result of changes to the data collection method.

Data source: Acute and Non-Acute Delayed Transfers of Care, Patient Snapshot http://www.dh.gov.uk/en/Publicationsandstatistics/Statistics/Performancedataandstatistics/AcuteandNon-AcuteDelayedTransfersofCare/index.htm

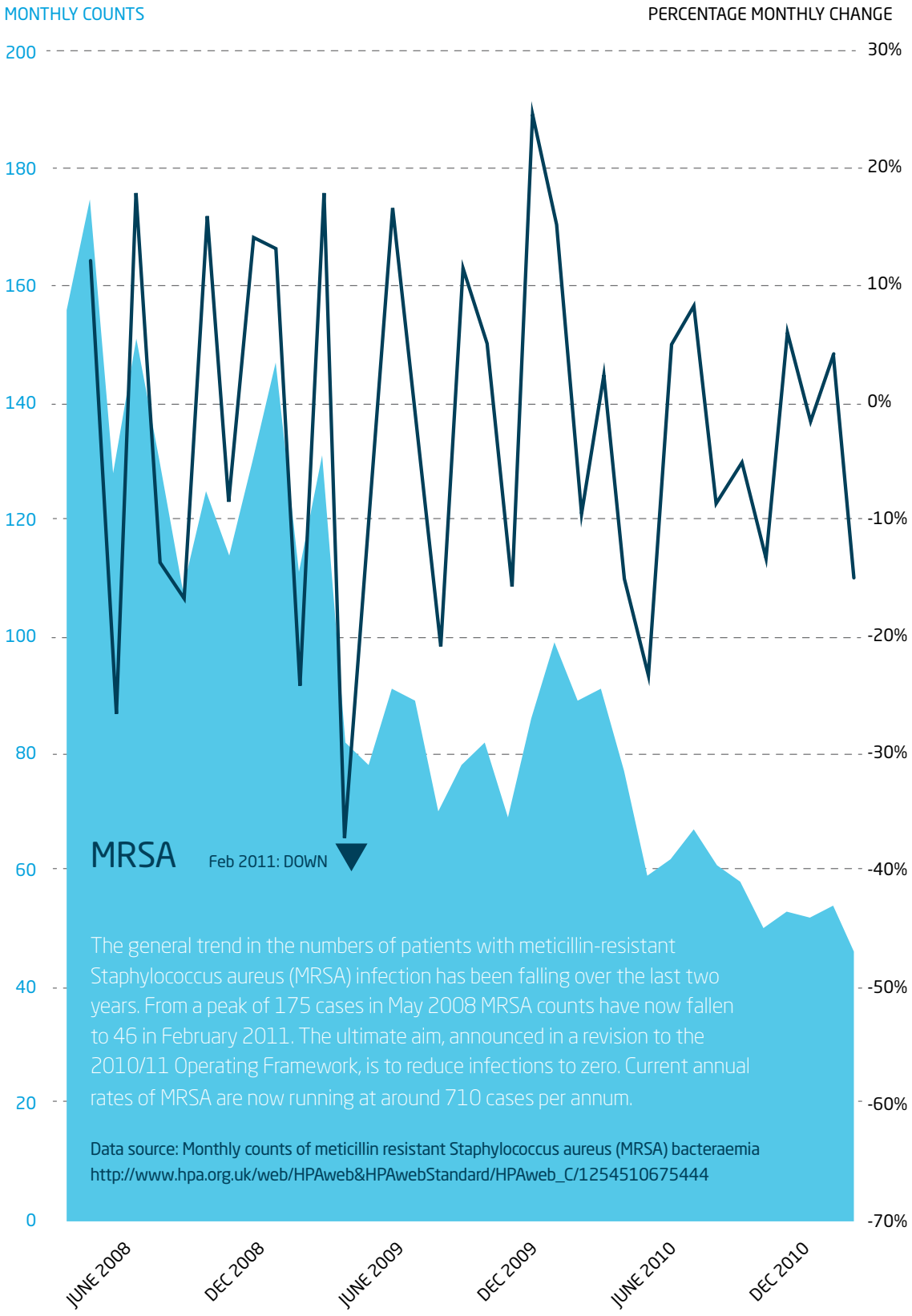


C. difficile

Feb 2011: DOWN ▼

Monthly counts of Clostridium difficile (C. difficile) infection have fallen substantially since April 2008 - from nearly 2,400 cases to 711 in February 2011. While the latest figure shows a fall on the previous month (January 2011), there seem to be some seasonal effects, with falls in February in previous years. Current annual rates of C. difficile are running at around 11,000 cases per annum, down from nearly 20,000 in 2008.

Data source: Trust apportioned monthly counts of Clostridium difficile infection
http://www.hpa.org.uk/web/HPAweb&HPAwebStandard/HPAweb_C/1254510678961



Workforce

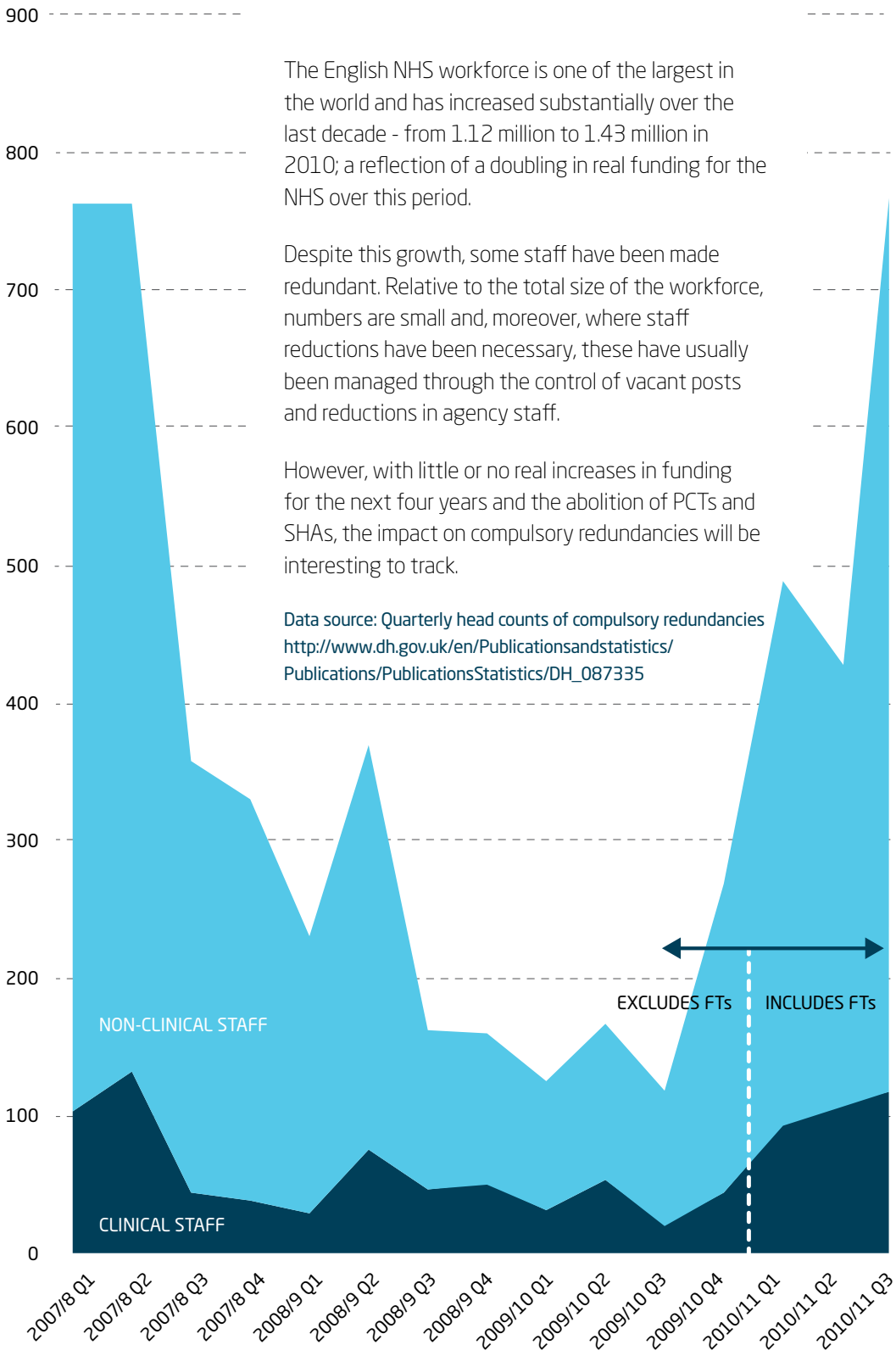
Q3 2010/11: UP ▲

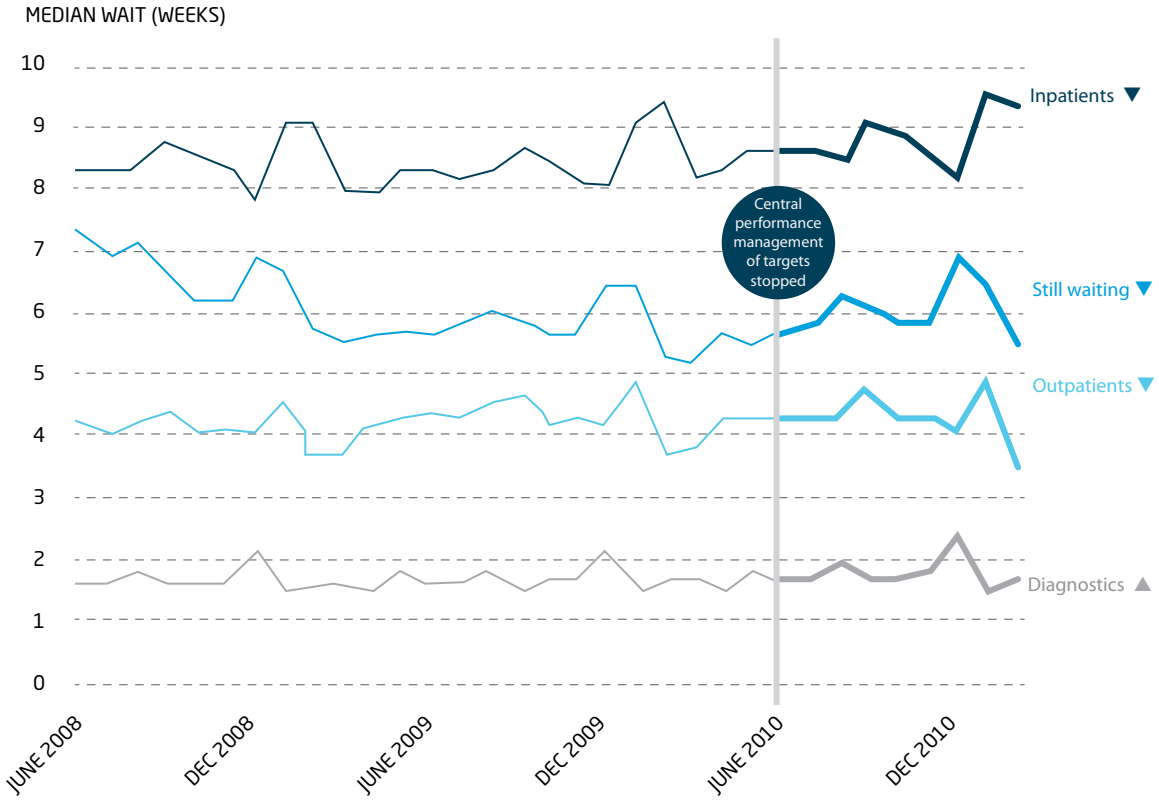
The English NHS workforce is one of the largest in the world and has increased substantially over the last decade - from 1.12 million to 1.43 million in 2010; a reflection of a doubling in real funding for the NHS over this period.

Despite this growth, some staff have been made redundant. Relative to the total size of the workforce, numbers are small and, moreover, where staff reductions have been necessary, these have usually been managed through the control of vacant posts and reductions in agency staff.

However, with little or no real increases in funding for the next four years and the abolition of PCTs and SHAs, the impact on compulsory redundancies will be interesting to track.

Data source: Quarterly head counts of compulsory redundancies http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsStatistics/DH_087335





Waiting times: Median

In February 2011, median waiting times - the time spent waiting by 50 per cent of patients on waiting lists - have fallen for those admitted (inpatients), those not admitted (outpatients) and for those still waiting. These reflect a seasonal trend in February when waiting times tend to decrease.

Median waiting times for diagnostics fell in January and have now risen in February 2011, following the typical seasonal trend for these months. The December 2010 peak represented the longest diagnostic waiting time since October 2007.

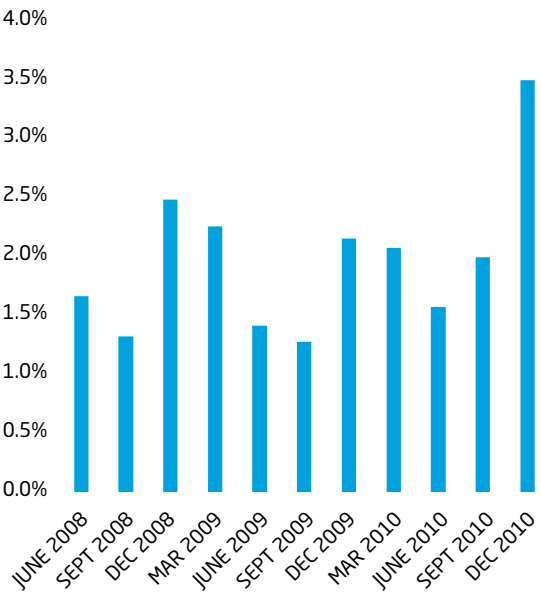
Data sources:
Referral to Treatment Waiting Times Statistics
http://www.dh.gov.uk/en/Publicationsandstatistics/Statistics/Performancedataandstatistics/ReferraltoTreatmentstatistics/index.htm

Diagnostic Waiting Times Statistics
http://www.dh.gov.uk/en/Publicationsandstatistics/Statistics/Performancedataandstatistics/HospitalWaitingTimesandListStatistics/Diagnostics/index.htm

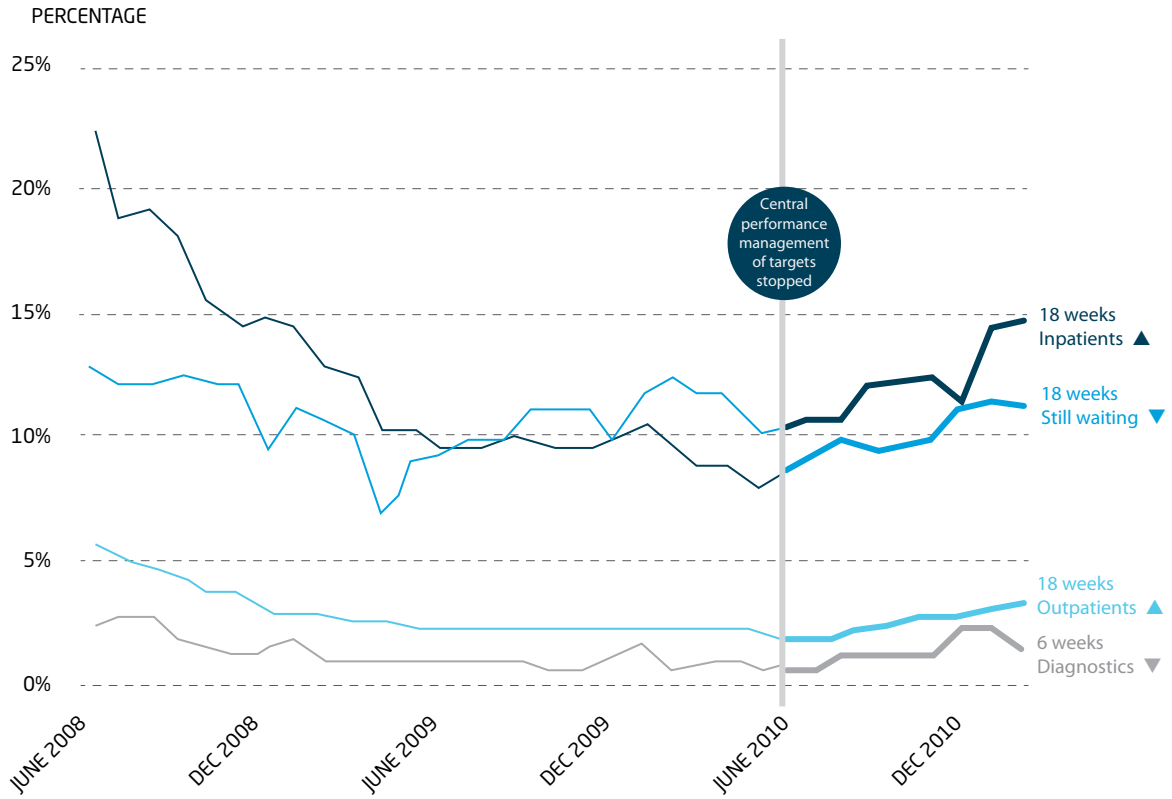
Total time spent in A&E
http://www.dh.gov.uk/en/Publicationsandstatistics/Statistics/Performancedataandstatistics/AccidentandEmergency/DH_079085

Waiting times: A&E and 18 weeks

- The latest data for A&E waits (2010/11, quarter 3) showed an increase in the percentage waiting more than 4 hours; this figure tends to be higher in quarter 3 each year; however, the latest peak is higher than those for quarter 3 in 2009/10 and 2008/9. In fact, although the percentage remains relatively small, the last time it was higher than this was in 2004/5.



- The latest 18-week referral-to-treatment waiting times data for February 2011 shows increases in the percentage of patients waiting longer than 18 weeks for inpatients and outpatients. The proportion still on waiting lists and waiting longer than 18 weeks fell, as did the proportion waiting longer than 6 weeks for diagnostics. However, for all stages of waiting the trend since June 2010 remains upwards.



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