Understanding NHS financial pressures

Ruth Robertson, The King’s Fund
@RuthRobbo
Understanding NHS financial pressures
How are they affecting patient care?

Authors
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James Thompson
Anna Charles

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Unprecedented slowdown in NHS funding growth

Average annual real terms increase in NHS budget:

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Unprecedented slowdown in NHS funding growth

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At a time of growing demand

In 2015/16 (compared to 5 years earlier...)

- A&E attendances - Up 7%
- Elective admissions - Up 14%
- Outpatient appointment attendances - Up 27%

The King's Fund - Ideas that change health care
Patients are affected in a variety of ways
A model of how NHS organisations respond to financial pressures

1. Financial situation
   - Budget does not cover demand
     - NHS budget
     - Commissioner budget
     - Provider budget
     - Service budget

2. Spending decision
   - Overspend
     - Cut spending per patient
       - Capital (e.g. premises)
       - Administrative staff
       - Clinical staff
       - Equipment/medicines

3. Provider response
   - Deficit
     - Fund from other source
       - Draw on reserves
       - Cross-subsidise
     - Restrict access:
       - Select patients
       - Deny services
       - Delay care
       - Deter patients
       - Deflect patients
     - Dilute quality
     - Improve productivity

4. Impact on patient care
   - Access and quality maintained
   - Reduced access
   - Lower quality
   - Equal/higher quality/access
Although many factors affect care

- Patient care (access and quality)
- Patient involvement (choice, personalisation, co-production)
- Regulation/performance management (targets, inspection, central intervention/requirements)
- Organisational development (integrated working etc.)
- Workforce (capability, capacity and wellbeing)
- New technology (medicines and equipment)
- Market incentives (competition, commissioning)
- Spending decisions
- Patient demand

The King's Fund
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Ideas that change health care
Neonatal services
Elective hip replacements
District nursing services
GUM services
Overview/key messages

› Services affected to different degrees—**GUM and district nursing under particular strain**

› Patient care affected in ways difficult to **detect** with available metrics

› Staff often act as **shock absorbers**

› Money is **not the only problem**

› **Innovation** sparked and stifled
Overview/key messages

› **Service level collaboration** between commissioners and providers is key

› Slowdown in funding growth in 2010/11 **took time to impact** on patient care

› Our findings **challenge forward view** commitment to strengthen community based services and focus on prevention
Factors that can combine to make a service vulnerable to financial pressure

- Use of block contracts that have not adjusted to rising demand
- Provider or commissioners avoid running deficits and make service changes to achieve this
- Budget for the service or relevant sector is not ring-fenced: organisations can top-slice funding to subsidise other services
- Perverse incentives exist: costs resulting from cuts to the service are paid for by a different commissioner
- Consequences of poor care are long-term or not immediately visible
- The service is affected by financial pressures elsewhere in the health and care system
- The service is not a priority area or not subject to high-profile local/national targets
- Limited oversight and scrutiny
- Lack of data available to monitor access and quality
- Patients are from hard-to-reach groups or those with little political voice
- Access and quality issues receive little attention from politicians or the media
Thank you

Lillie Wenzel  James Thompson  Anna Charles

...and Kevin Patel, Emily Northern, Hong-Anh Nguyen

......and all of our (anonymous) research participants