

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

1. NHS to accelerate cuts in management costs– (Secretary of State for Health)

The Secretary of State has made it clear that the NHS must begin to make immediate efficiency savings by tackling escalating management costs in order to meet the increasing demands on NHS Services.

A revision to the 2010/11 NHS Operating Framework sets out changes to key priorities for the NHS including plans to reverse the rise in management costs seen in the last year.

Andrew Lansley has unequivocally stated:

“NHS spending will increase, but so too will the demand on NHS services. In order to meet this demand, the NHS needs to make substantial savings and that is why I want to see immediate action this year to reduce management costs so that the savings made can be reinvested in NHS care for patients.

Management costs in Primary Care Trusts and Strategic Health Authorities have increased by over £1bn since 2002/03, with over £220m of the increase taking place during 2009/10.

Management costs now stand at £1.85bn and it's our intention that during 2010/11 we will remove all management costs that have been additionally incurred during 2009/10, to get back to the level of 2008/09. Then in subsequent years, we will go beyond that, with a further £350m reduction in 2011/12.

It is to be noted that the overall reduction in management costs by 2013/14 will be £850m, which is a 46% reduction on the 2009/10 management costs.

2. The Revised Operating Framework

The revised Operating Framework does set out for the first time changes to the use of targets in the NHS. These include:

- removal of targets around access to primary care;
- removal of top-down performance management of the 18 weeks referral to treatment target; and
- reduction of the 4 hour A&E target threshold from 98% to 95%

It is of interest that the Secretary of State has stated in the context of the reviewed Framework:

“I want to free the NHS from bureaucracy and targets that have no clinical justification and move to an NHS which measures its performance on patient outcomes. Doctors will be free to focus on the outcomes that matter – providing quality patient care.

But I want to be clear – while the NHS will no longer be accountable to ministers or the Department for its performance in these areas, it will be very much accountable to the patients and public it serves. Patients will still be entitled to rights under the NHS Constitution and the quality of their experiences and outcomes are what will drive improvements in the future.

We expect providers to continue to make improvements, for example on referral to treatment times, and to provide this information to patients themselves, driving choice and competition in the NHS”

The revisions also ask the NHS to give priority to two important areas, military veterans’ health and dementia. The NHS must ensure that injured military personnel experience a smooth transition from military to NHS care as well as receiving priority treatment for conditions related to their service.

On dementia, the NHS must work closely with partners to implement the National Dementia Strategy and publish information on how they are doing this so that people with dementia and their families have access to clear information to help them understand local services.

The changes also reinforce recently announced plans to publish more transparent hospital infection data as well as requirements that necessitate the support of local doctors and patients in respect of service change; and plans to withhold payment from hospitals where patients are readmitted within 30 days of discharge.

In Summary

This policy objective is to be welcomed as we strive to pursue what matters most – providing excellence and innovation care and treatments. It is to be noted that this requirement does not impact on the Foundation Trust where there has not been such an exponential rise in bureaucracy and the overheads associated with Corporate Management are very defensible.

**Kingsley W Smith
Chairman**

9th July 2010