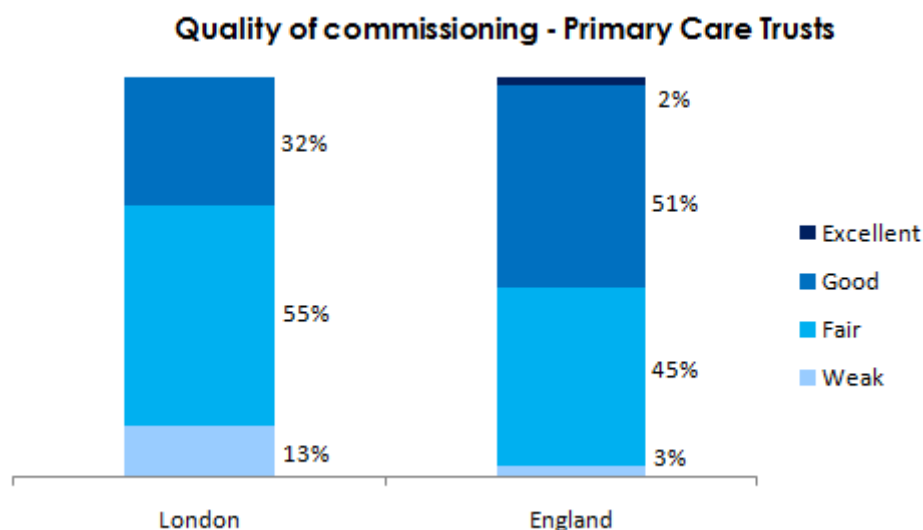


## Are London commissioners ready for the financial squeeze?

The [Care Quality Commission's new performance ratings](#) for NHS trusts in 2008/09 make difficult reading for London, especially the capital's 31 Primary Care Trusts (PCTs), providing little comfort ahead of the looming financial squeeze on the health service.

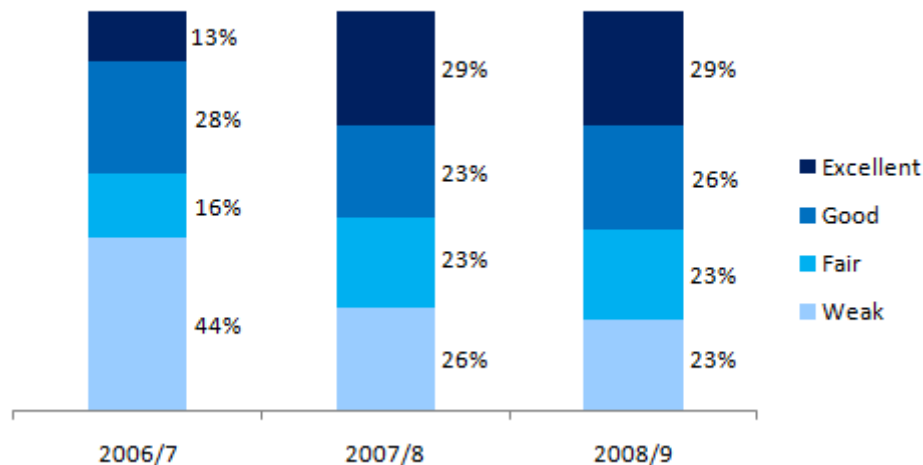
Overall, London's commissioners have been assessed as being the poorest in the country. As shown in the chart below, while over half of PCTs nationally are 'good' or 'excellent', less than a third of London PCTs are rated this highly.



There is good news, in that the number of PCTs 'good' at commissioning increased. However, four London PCTs were given 'weak' ratings, twice as many as last year, and all were in east London – Redbridge, Havering, Tower Hamlets and Barking & Dagenham. This concentration of poor commissioning is particularly worrying because this part of the city tends to have the most pressing health needs.

The assessment also confirms the financial problems of acute trusts in London, seven of which were rated 'weak' on financial management. This was a slight fall from last year, however, and the general trend shows both PCTs and acute trusts becoming better financial managers, as shown in the chart overleaf.

### Financial management - London acute trusts



That is encouraging because, in the more austere times ahead for the health service, making efficient use of public money will become more important than ever. The projections are daunting. While the NHS has been accustomed to average budget increases of seven per cent per year for much of the past decade, the next could see budgets frozen at best.

There have been hints from leading politicians that health budgets might be safeguarded in any spending cuts, but even this would not remove the financial headache the NHS is facing. Demographic change – in particular the increasing numbers of older people – means that there needs to be a 1.1 per cent above inflation annual increase in spending just for the NHS to maintain the same level of service, [according to the King's Fund](#). Added to this is the pressure on services such as mental health, which [the NHS Confederation has warned](#) will increase during the recession.

Nor is there any reason that protecting NHS budgets will insulate the health services from the impact of cuts elsewhere. Restrictions on social care spending via local councils will almost certainly lead to greater reliance on the NHS among older and disabled people.

In London, even the cuts in transport spending could have a knock-on effect. As the [London Health Forum suggested last](#) year, inferior public transport provision in outer London may be a factor in the lower levels of physical activity in outer boroughs than in inner London, and the higher levels of obesity and diabetes. [Mayor Boris Johnson has recently announced](#) reductions in off-peak services in outer London in a cost cutting drive at Transport for London, which could worsen the situation.

How should commissioners respond, both to the financial situation and to yet another 'could do better' from the regulator? It is clear a multitude of cost saving measures is going to be considered in the coming years. But one priority that has to remain is to implement the principles of excellent commissioning. This offers the opportunity to do more with the same pot of money.

The [Forum's report on commissioning](#) showed examples of where this had been done. Partnerships with local authorities and the voluntary sector had produced innovative services that reached more people. They can only be delivered if commissioners have access to comprehensive knowledge of local needs and the range of providers that can deliver services locally, and the confidence to decommission services that are no longer producing the best value.

With only around eighteen months until budget constraints begin to bite, however, there might be a tendency for some of this agenda to fall by the wayside. Indeed, commissioners might well see services provided by the voluntary sector such as outreach programmes as the low-hanging fruit of an efficiency drive, especially with short-term contracts still in widespread use by London PCTs. This would be a mistake.