

## **11 Financial implications and shifting resources upstream**

Financial pressures are placed on all agencies involved in addressing the health needs of populations. For example, the Audit Commission has recently published (February 2010) a report entitled '[Under Pressure: tackling the financial challenge for councils of an ageing population](#)', in which it underlines the need for agencies to work together to provide preventive and early intervention schemes, which enhance older people's independence and quality of life and may provide better value for money than money spent on residential care. This is very much in line with the JSNA's express aim of transferring resources to the preventive or community end of care, rather than spending more on acute (hospital or residential) care.

This emphasis on a community-based focus is echoed in several documents, as described in the following sections.

### ***11.1 The links between expenditure and community or preventive care***

#### **11.1.1 [Social return on investment](#)**

As part of the overall evaluation of the Think Family Pathfinders, York Consulting LLP were asked to include an economic evaluation. The methodology chosen for the economic evaluation is based upon Social Return on Investment (SROI) with the focus being on trying to understand the full range of benefits of introducing the pathfinder and where possible placing a monetary value on these costs. The ultimate outcome for the project is to improve outcomes for young people with inappropriate caring roles and responsibilities or who are carers but not accessing support and are at risk of taking on inappropriate caring roles. A report will be produced for the pathfinder by the end of March 2010 outlining the findings thus far including the identified costs of the pathfinder, the cost per family and the potential financial savings from averted outcomes.

#### **11.1.2 [Total place pilot: improving resource efficiency to reduce alcohol and drug misuse](#)**

Gateshead, Sunderland and South Tyneside set up a joint total place pilot to explore how the three unitary authorities and our partner agencies could create a new long-term partnership to improve social outcomes and make efficiency gains. While the pilot is an important kick-start, it is seen as a long-term commitment, which will be aligned to our Local Area Agreements from 2010-2013. The area of focus was that of drugs and alcohol misuse.

The primary objective was to improve outcomes – this is not an area where we want to cut badly needed preventative or treatment services – budget cuts would simply increase the harm which costs public services millions of pounds every year. Only

5% of dependent drinkers in the north east (one on eighteen) is in specialist treatment, while the World Health Organisation estimates that this should be 15%. Balance, the regional alcohol office, argues that we need to increase provision of treatment to dependent drinkers.

It is estimated that the total cost of alcohol abuse to the economy in our three localities totals £214million. The cost to the public sector alone is at least £143 million. A linked set of initiatives is being developed to reduce this cost by 10% within five years, which would release resources to be used to achieve other goals. Three changes have been proposed to the Local Strategic Partnerships:

- **Develop Integrated Offender Management across all three localities** – pooling resources, information, commissioning and contracting.
- **Pilot a multi-disciplinary approach to families most at risk in ‘hotspot’ neighbourhoods** – bringing together “Think Family” and Family Intervention approaches. Local case examples reinforce national evidence that families most at risk can cost up to £100,000 in a single year over-and above the costs of benefits and support (for example through the costs of chasing school non-attendance, issuing ASBOs, attending to neighbour disputes, youth custody and prison).
- **Aligning and sharing work to change social attitudes and behaviour around alcohol misuse** – the intention is to:
  - create a single, clear social marketing message, removing duplication of effort and aligning resources behind the work of Balance;
  - Link this to engagement with communities in neighbourhoods (and with staff) to ‘co-create’ approaches that will build awareness and help local people to change behaviour in relation to alcohol;
  - Extend the use of ‘brief interventions,’ drawing on Department of Health evidence that screening and ‘on the spot’ advice can make a significant difference to individual behaviour.

Evidence from parallel interventions in relation to tobacco suggests that such a co-ordinated approach could account for a 5% improvement in changes in alcohol consumption.

In terms of efficiency savings, the proposals are expected to transform patterns of spending:

- The pilot integration of offender management will release resources of £200,000 from 2010-11.
- Broadening integration and collaboration across the range of CDRP activities could release resources of up to £1.8m per annum.
- Extending a multi-disciplinary approach to families most at risk could achieve savings of up to £7m over the next three to five years.
- Reducing the misuse of alcohol within our communities would generate the greatest savings. It is hard to predict savings from changing attitudes and behaviour, but evidence from parallel campaigns suggests that such an approach might make a difference of 5% in alcohol misuse. A 5% reduction in NHS spending on treating alcohol related conditions in our three localities would represent £1.6 million. A 5%

reduction in alcohol related crime would save £5.4million. DoH suggests, in parallel, that adopting the use of 'brief interventions' across the three localities of South of Tyne, could represent a saving of £1.2million.

### **11.1.3 Future sight loss (RNIB)**

Partial sight and blindness in the adult population places a large economic cost on the UK, totalling £22 billion in 2008. The expected increase in prevalence of 31% in Age Related Macular Degeneration will have associated decade costs of £16.4 billion (UK).

Cost effective interventions include: promoting the prevention of eye injuries; improving access to integrated low vision and rehabilitation services; increasing regular eye tests for the older population (60+); increasing access to eye care services for minority ethnic groups

### **11.1.4 Spend and outcomes**

The Department of Health commissioned the Association of Public Health Observatories to produce an overview of spend and outcomes for Primary Care Trusts ([SPOT](#)). Charts are presented in the overview to illustrate the relationships between spend and outcomes for Gateshead, based on programme areas of disease. Key facts that are identified are:

- The PCT's highest spend areas are £215 per head on Mental Health, £119 per head on Circulatory diseases and £104 per head on Musculoskeletal conditions.
- Gateshead PCT has no areas where it significantly differs from other PCTs on spend or outcome.

## **11.2 Known changes in Gateshead's patterns of financial expenditure**

The report on '[Shifting resources upstream, April 2010](#)', contains full information on identified changes in expenditure. The following are key points from that study.

### **11.2.1 Circulatory disease expenditure**

In terms of NHS secondary care costs, for cardiology, there has been an increase in the proportion of overall costs that relate to outpatients (a move in the right direction, towards community rather than acute care). However, in terms of overall PCT expenditure, there has been an increase in the level of expenditure in a hospital setting and a decrease in the level of expenditure in the community.

The cost of drugs for key circulatory disease conditions has reduced, whilst the number of prescriptions has risen. It is likely that the use of these drugs reduces the likelihood of patients needing to be admitted to hospital or residential care.

### **11.2.2 Mental health problems expenditure**

There has been a significant increase in the level of PCT expenditure on mental health needs in a hospital setting and a decrease in the level of PCT expenditure in the community, although there has been a rise in the level of expenditure at the prevention level.

The proportion of total personal social services expenditure spent on nursing or residential care (the more acute end of the spectrum) is 32%. Changes in this proportion will be monitored as future years' information becomes available.

The number of prescriptions for drugs associated with key mental health problems is generally rising. The cost of antidepressants, however, is falling, so there is the opportunity to treat more patients for the same expenditure. As with circulatory disease, the use of these drugs can reduce the likelihood of patients needing more acute care.

Very much linked to mental health problems is substance abuse. The proportion of total adult drug services spent on tiers 3 and 4 (the more acute services) is 38%, whilst that for alcohol is 42%. These proportions will be monitored as future years' information becomes available.

### **11.2.3 Musculoskeletal conditions expenditure**

In terms of NHS secondary care costs for trauma and orthopaedics, outpatient costs as a proportion of total costs remain similar to the previous year. Non-elective costs have dropped but elective costs have risen.. The number of outpatient attendances, by far the biggest component of the activity, has risen only slightly, whilst the number of inpatient spells has risen by over 5%.

PCT expenditure on musculoskeletal conditions has risen for hospital settings (by far the most common setting for this activity) but fallen for community settings.

Considering personal and social services expenditure spent on adults under 65 with musculoskeletal problems, 32% goes on nursing or residential placements. This proportion will be monitored as future years' information becomes available.

Costs of drugs for rheumatic diseases and gout and for musculoskeletal and joint diseases are falling but the number of prescriptions is rising. The numbers of prescriptions for neuromuscular disorders and relief of soft tissue inflammation are also rising but the costs for those categories are rising. As with circulatory and mental health drugs, it is likely that these prescription drugs help people to be able to cope without acute or residential care.