

Nuffield Health Report reviews the impact of rurality on the costs of health care

This report focusses on negative impact on costs of delivering health care in rural areas. Specifies North Cumbria University Hospital, but could be equally valid in other rural areas, such as Northumberland, North Yorkshire and the Durham Dales

Summation

Hospitals are complex organisations, so explaining how and why performance varies between trusts is rarely straightforward. For rural trusts which have 'unavoidably small' hospitals due to their remote locations and thus cannot benefit from economies of scale, the level of under-performance appears stark.

As we reveal in our new report, for the seven trusts identified by NHS England as having such hospitals, there are some striking illustrations of this. Performance varies, and while two of the trusts do better than the national picture for A&E waits, on average across the seven trusts we found:

- a 5.5 percentage point poorer performance against the A&E four-hour target
- a 6.5 percentage point poorer performance against the 18-week elective wait measure
- 37 more delayed days per 1,000 admissions
- £27.8 million higher deficits.

Six of these seven trusts also ended 2017/18 in deficit, with their combined financial position amounting to a quarter of a billion pound deficit. Although they make up only 3% of all trusts, this represents almost a quarter (23%) of the overall deficit for trusts in England.

Why might this be?

The difficulties facing rural services may not come as a surprise. It's been suggested previously that a number of factors contribute to unavoidable costs for providing health care in rural areas. They include:

- difficulties in staff recruitment and retention, and higher overall staff costs
- higher staff travel costs and unproductive staff time
- the scale of fixed costs associated with providing services within guidelines, such as safe staffing level guidelines
- difficulties in realising economies of scale while adequately serving sparsely populated areas. In primary care, for example, one study suggested that a 10% increase in list size was associated with a 3% reduction in cost per patient.

There are also differences in local markets for land, buildings and labour, and other factors to do with remoteness and a sparse population.

Link to Full Report

<https://www.nuffieldtrust.org.uk/research/rural-health-care>