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The future of the NHS

A PROPOSITION PAPER CRITICALLY EXAMINING THE FUTURE OF THE NATIONAL HEALTH SERVICE

Good Governance Institute

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Rt Hon Alan Milburn

"A chronic underinvestment in social care combined with demographic changes and poor manpower planning will result in a catastrophic failure of the NHS"

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"The NHS is data rich but information poor. This applies across the system, particularly in relation to the presentation of information to NHS boards. There is a need for "live" data presented in the correct way to facilitate informed and prioritised decisions focused on both clinical quality and financial challenges. This is also to inform the day to day operational management and strategic planning"

Professor Derek Bell

The National Health Service (NHS) is renowned for demanding high standards and was recognised by the US-based Commonwealth Fund as the most equitable and efficient health care system in the world.[1] However, there is no denying that times are tough. The NHS is in the midst of the most serious financial crisis since its inception and together with the wider care system, is experiencing the most austere era in its 68-year history. Both health and social care are facing a decade long funding squeeze which, it has been reported, will see spending as a share of GDP decrease leaving Britain behind many other advanced nations on this measure of spending. With an ageing population, a society in which the prevalence of long term medical conditions is ever increasing, the rising cost of care, a chronic underinvestment in social care and a reported cumulative 2015/16 provider deficit of £2.45 billion, the health system is teetering on the edge of a full blown crisis. Radical transformational action can and *must* be taken to protect against the collapse of the health and care system and ensure that one of Britain's greatest national assets remains sustainable in to the future.

On the 2nd June 2016, The Good Governance Institute, supported by **Sir William Wells**, hosted a breakfast seminar, *'The future of the National Health Service'*, to critically examine the future challenges facing the NHS. The event, chaired by **Professor Michael Deighan**, brought together a range of health and social care experts including:

- **Sir William Wells**, former Chair of the NHS Appointments Commission
- **The Rt Hon Alan Milburn**, former Secretary of State for Health
- **Baroness Virginia Bottomley**, former Secretary of State for Health
- **Lord Philip Hunt**, Labour peer and treasurer of the All-Party Parliamentary Health Group
- **Professor Charles Swainson**, EHealth Clinical Lead - Scottish Government
- **Maureen Dalziel**, Chair of Barking, Havering and Redbridge University Hospitals NHS Trust
- **Dr Chai Patel**, Chairman HC One Ltd
- **Professor Derek Bell**, President of the Royal College of Physicians, Edinburgh
- **Andrew Corbett-Nolan**, Chief Executive of the Good Governance Institute.

This paper presents the core arguments arising from the debate and sets out the critical next steps required to safeguard the future sustainability of the health and care system.

Why are we doing this?

Sir William Wells, former Chair of the NHS Appointments Commission, has argued that there has been *"a lack of honesty and frankness about the conduct of health and social care in England for some time"* and has warned that the absence of forward thinking about the future challenges facing health and social care in England is *"bordering on complacency"* and will be *"bitterly regretted in 20 to 30 years time."* Coupled to this, it is argued by Professor Derek Bell that the NHS fails to adequately invest in and plan implementation to ensure the achievement of the desired outcomes, a point reiterated by Dr Maureen Dalziel.

The NHS – together with the wider care system – is facing unprecedented financial and operational pressure, which it currently appears poorly placed to address. The following points provide some context to the future pressures engulfing the already stretched health and care system:

- **a fast growing population:** by 2040, the UK population will likely have increased by around 10 million – from 64.7 million today to 74.3 million – with England experiencing the largest growth.[2] This is faster than any other European country.

- **an aging population:** today, people over 65 make up approximately 18% of the population. By 2040, nearly one in four people in the UK will be aged over 65.[3] Nearly two-thirds of people admitted to hospital in the UK are over 65 years old[4]. Currently, around 15.4 million people in England live with a long term condition (LTC), and increasingly these people have multiple conditions – by 2018 2.9 million people are expected have three or more conditions.[5 6] In addition, the pervasiveness of LTC's increase with age. In 2010, the Department of Health estimated that LTC's and their associated costs accounted for 70% of the total health and social care spend in England.[7] It also estimated that the average cost of care for a person aged over 85 years was three times that of a person aged 65-74.[8]

- **an increasingly unhealthy population:** the Health Survey for England demonstrated that in England, in 2014, 61.7% of adults were overweight or obese (25.6% of adults), and that just 32.7% of men, and 40.4% of women had a healthy BMI.[9] It is predicted that by 2050 obesity will affect some 60% of men, 50% of women and 25% of children in England.[10] Public Health England estimate that by 2050, NHS costs attributable to being overweight and obese will reach £9.7 billion, whilst the wider cost to society (as a result of loss of productivity etc.) could amount to £49.9 billion per year[11]. Diabetes, associated with being overweight or obese, already accounts for some 10% of the NHS budget alone.[12]

- **increasing funding pressures:** it is widely acknowledged that financial crisis has become endemic across the health and care system. As set out in the Five Year Forward View, the NHS must meet a £22bn funding gap by 2020 through the delivery of improved efficiencies. In 2014/15 acute trusts achieved just 83% of their planned efficiencies, with expenditure by hospital trusts on temporary staff as a proportion of their total income rising by 24% across the last three years.[13] As a result, the funding gap is widening as opposed to closing.

- **EU referendum:** Britain's vote to leave the EU has catalysed the onset of a period of economic and political uncertainty.

The NHS now appears to have lost its ability to implement change at both scale and pace. **Sir William Wells** argued that the fundamental problem is that *"the NHS is a national monopoly… that has become inefficient, resistant to change and closed to new ideas,"* and one that *"regretfully, successive governments have bailed out with just enough money to stave off a crisis but not enough money to make any major real change."* **Professor Derek Bell** built on this point by arguing that there is *"change fatigue"* and *"reorganisation fatigue"* across the health system and that the *"continual reorganisation distracts from our ability to evolve more effectively."* Indeed, in the context of the current NHS, it can be argued that focus must be applied to overcoming the loss of energy and organisational burnout that could impact on the ability to implement the necessary large scale transformational change that the system so desperately needs.

The unprecedented pressure engulfing the health system is further amplified by a similar situation facing social care, a system that is already in crisis and 'on the brink of collapse'. Indeed, **Dr Chai Patel** has warned of *"a perfect storm building in the health and social care system, where a chronic underinvestment in social care, combined with the demographic challenges and poor manpower planning will result in a catastrophic failure of the NHS."* Arguing that, *"in managing an ageing society with increasing long-term conditions, social care is the most flexible and lowest cost solution"*, Dr Patel criticised the *"short-sightedness of the government not to judiciously invest in the sector."* As things stand, the decline in funding, alongside soaring demand, and increased financial liabilities mean that the sector looks set to face a funding gap in excess of £1 billion by 2020/21.[14]

Another issue to consider is that of the UK devoting a declining share of GDP to health at a time when, as emphasised by **Sir William Wells** and reiterated by **Lord Philip Hunt**, *"…the population is growing, the demography is leading to many challenges around comorbidities and we have the issue of means tested social care, which has taken big hits because of the reduction in local authority spending."* Indeed, **Lord Philip Hunt** reported that the Organisation for Economic Co-operation and Development (OECD) records that 19 countries spend more per GDP on health than the UK. A recognised priority across both health and social care is the need to end the bifurcation between the two sectors. Accordingly, **Lord Philip Hunt** questioned whether the panel deemed it possible to integrate health and social care and increase its share of GDP up to the level of countries including France and Germany through using public finances or whether we *"…have to accept that one way or another the public are going to have to contribute through their pockets"*. This was described as a *"crunch question"* yet one that we can no longer avoid asking.

The future sustainability of the NHS is heavily reliant on the workforce, yet substantial workforce pressures across the sector pose a core problem for the health system. **Professor Charles Swainson** argues that the challenge is stark and suggests that by 2030 the NHS and other public services will, out of necessity, employ fewer staff whilst being expected to look after a broader range of people. The issue is already acute and chronic understaffing is forcing the NHS to spend unprecedented amounts of money on locums, with devastating financial impact. As articulated by **Dr Maureen Dalziel**, *"we have a workforce that are not fit for the targets you would expect from the Constitution"* and are *"trained to do a different job from what is being expected for them to do now"*. **Dr Maureen Dalziel** argues that there is a need to seriously consider how to change the workforce to meet the changes in a climate of heightened expectations.

It is crucial to consider the forces that need to be overcome, specifically on the ground, to achieve the vision of the future NHS. Today, just as yesterday and just as tomorrow, the fundamental problem is that too many people attend hospital, are admitted to hospital and stay in hospital for too long. This, it is argued, is driven by financial incentives. **Baroness Virginia Bottomley** related to the **Rt Hon Alan Milburn's** observation that above all, a predominant issue is the clear lack of incentives in the system. The NHS is currently in a place where we reward providers for what they do and not for what they achieve. Instead, as argued by the **Rt Hon Alan Milburn**, the principle financial incentive across the whole healthcare system should be focussed on how we keep patients healthy and out of hospital. This, it is suggested by **Professor Charles Swainson**, could be through finding out what works well and then finding incentives through quality to drive good care where it exists.

As argued by **Professor Derek Bell**, the NHS is *"data rich yet information poor"* and has a tendency to use data extremely poorly at both a local and national level. Particularly poignant is the poor presentation of information to boards who, as **Professor Derek Bell** argued, require "live" data presented in an acceptable manner so as to enable them to make well informed and prioritised decisions focused on both clinical quality and the current and impending financial challenges. Real time data facilitates change. We have reached a critical point in the health service and, as indicated by **Professor Charles Swainson** and the **Rt Hon Alan Milburn**, the power of data and power of technology has the potential to be truly transformative. The NHS must harness the benefits of technology for all.

In essence, what is clear is that the current system is broken and that without implementing radical whole-system transformational change, the NHS will not be sustainable in to the future.

What is needed for radical action?

The new future: breaking down professional boundaries between clinical, managerial and political alignment

It is very easy to be pessimistic about the future of the NHS. It is clear that incremental changes to the existing system will not be sufficient to ensure sustainability in to the future. It is also clear that the need for radical action is now. As warned by the **Rt Hon Alan Milburn**, *"we must be careful not to assume that somehow or other a different funding model equals the grass is greener on the other side."* Indeed, the problems that the NHS faces are by no means unique to the Britain; there are two words that are synonymous across the globe: health and crisis. However, as argued by the Rt Hon Alan Milburn, those saying the NHS cannot be sustainable are wrong. With the right level of long-term resources and major reforms, the NHS can harness advances in genomics, technology and knowledge for the benefit of all.

Throughout the debate, what the speakers said was fascinating. However, there are a number of fundamental priorities that can, and indeed must, be addressed to create a climate of radical change and ensure the future of the NHS. These are set out under the following recommendations:

Financial sustainability

- **Recommendation 1:** we must **find a long-term funding settlement for the health and social care system.** Alongside this, there must be a long-term commission to assess what the correct level of funding should be, and where any gaps, such as in capabilities, exist. Through whichever guise, the money must come from somewhere. It could be argued that the changing population demographic together with the increase in the number of older people requiring care will drive a greater devotion of GDP to health and social care services, a point suggested by **Professor Charles Swainson. Rt Hon Alan Milburn** argued that the *"most efficient and indeed most equitable means of paying is through general taxation."* The British public hold the values and services that the NHS provides them in high esteem, and provided there is sufficient transparency around expenditure, it would be reasonable to expect the public to support improvement for the NHS through increased taxation.

- **Recommendation 2: institute a proper accurate costing of all procedures in the NHS**, so the public are more informed and better able to understand the cost of their treatment and the implications of this for the NHS. Currently, the public are removed from how money is spent and the costs attributable to their care. Education would facilitate a greater appreciation of the value of services, improving, for example, 'do not attend' rates.

- **Recommendation 3: change how performance is rewarded - reward outcomes rather than activity.** As argued by **Dr Chai Patel**, *"money is the fuel that drives most behaviour... If you change the pattern of the money movement, incentive will be there for people to change their behaviours."* Principally, we need to focus on keeping patients healthy and out of hospital. Too many patients attend hospital and in part, this is driven by financial incentives.

We need to be rewarding outcomes and rewarding providers for what they achieve, not for what they do. To reiterate **Professor Charles Swainson's** point, we must find out what works well and then we must find incentives through quality to drive good care. The principle financial incentive across the whole health care system should be about how we keep patients healthy and out of hospital, rather than rewarding them for being there.

- **Recommendation 4: introduce more competition in to the system.** Monopolies are not characterised by either operational efficiency or by customer responsiveness, which is why we need to see a managed market within the NHS. Critically, as argued by the **Rt Hon Alan Milburn**, financial instruments that might be capable of modernising the infrastructure of the NHS are not being harnessed.

Political

- **Recommendation 5: the NHS is not a vote-shifting tool and we must stop using it as one.** As argued by **Dr Chai Patel**, *"the health system gets played in the fear about having to pay for it….we have not got a leadership that is trying to create a consensus."* We need political consensus on behalf of the public, rather than a party political and ideological debate that uses the health service as a vote-shifting tool in every major election.

- **Recommendation 6: central direction and strong leadership should be by cross party consensus over two parliaments.** This requires brokering an arrangement that lasts longer than one political cycle. Leadership is the most important quality for change and there has never been a more complex time to be a health system leader than now. As advised by the **Rt Hon Alan Milburn**, we have a burning platform, and leaders must turn this to an advantage, using the situation and the permissions that are now being created to facilitate change. Strong leadership and will from the top will be needed to drive through disruptive and progressive change.

- **Recommendation 7: create a limited life national agency whose sole responsibility will be to reduce the admissions to hospital by 40%, and the average length of stay to five to seven days.** This must be granted sufficient power to execute change, even against local opposition, and a significant amount of change finance to cover running costs and additional costs associated with the transformation programme.

Integration

- **Recommendation 8: reassess how the NHS is organised.** In particular, we must move beyond the bifurcation between health and social care; demography and experience tells us that people want to experience one system, not two. The national architecture, including regulation, must be amenable to this.

Social

- **Recommendation 9: introduce a compulsory savings programme for every member of the population,** deducted from their personal earnings to create a fund that could contribute to the cost of their old age.

- **Recommendation 10: use instruments, such as personal budgets, to shift the balance of power so the patient is in the driving seat.** The public care about the NHS. As argued by **Professor Derek Bell**, the public should be *"viewed as a change agent"* and as a *"group that we should be listening to and using to help enable change."* In a world of chronic disease and increasingly unhealthy populations, lifestyle choices can be just as important as medicine in heath management. An increased focus must therefore be placed on education and prevention; empowering the individual with knowledge to make them more enquiring and appreciative, and helping to prevent unnecessary attendance at hospital.

Structural change

- **Recommendation 11: Overhaul our procurement system, speed it up and make it fairer by introducing greater competition.**

Conclusion

It is widely acknowledged that the healthcare system is broken and that neither the funding nor organisational models are sustainable. If we do not implement radical change, and quickly, the health and social care system is at risk of disintegrating. However, as argued by the **Rt Hon Alan Milburn**, we have reason to be optimistic; the situation as it now stands *"provides the foundations on which change gets built."* **Sir William Wells** noted during the debate that implementation of radical change must be driven by a common vision that all buy in to. Strong leadership must then drive the implementation of that vision.

The recommendations listed above, although radical, enjoy broad consensus with the system and we argue are absolutely what must be done to safeguard the future of the NHS. To reinforce **Professor Charles Swainson's** point, we need to get a lot better at execution rather than just policy and theory.

Notes

1) Davis, K. Stremlkis, D. Squires, and C. Schoen. Mirror, Mirror on the Wall: How does the Performance of the U.S. Health Care System Compare internationally, 2014 update, The Commonwealth Fund, June 2014

2) Office for National Statistics (2014), National Population Projections: 2014-based Statistical Bulletin

3) House of Commons Library (2012), Population ageing: statistics

4) NHS England, The NHS belongs to the people: a call to action https://www.england.nhs.uk/wp-content/uploads/2013/07/nhs_belongs.pdf

5) Department of Health (2010), Improving the health and well-being of people with long term conditions

6) The King's Fund, Long-term conditions and multi-morbidity

7) NHS England, NHS Outcomes Framework

8) House of Commons Library (2010), The ageing population: key issues for the 2010 Parliament

9) Public Health England (2014), Health Survey for England

10) Public Health England, UK and Ireland prevalence and trends

11) Public Health England, The economic burden of obesity (October 2010)

12) Diabetes UK (2014), The Cost of Diabetes

13) Department of Health (2015), Sustainability and financial performance of acute hospital trusts

14 Respublica (2015), The Care Collapse: The imminent crisis in residential care and its impact on the NHS

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