



Centre for Local
Economic Strategies

bulletin

NHS reforms – Are they good for our economy's health?

Number: 84

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Introduction

On January 19th 2011 the Government introduced the Health and Social Care Bill. The Bill initially faced significant criticism, and the newly amended plans were released on Monday 15th June. In announcing these plans, Health Secretary Andrew Lansley reassured critics about the changes to the NHS, but commented¹:

"If we choose to ignore the pressures on it, the health service will face a financial crisis within a matter of years that will threaten the very values we hold so dear."

The Health and Social Care Bill proposes a series of new approaches predominantly based around strengthening commissions, reinforcing the role of GPs and increasing democratic accountability. Lansley's announcements were met with positive appraisal from the majority of Conservative and Liberal MPs. However, Labour MPs have been much less complimentary towards the proposed structures. Their main concern has been the encouragement of competitiveness as a tool for improving patient choice in healthcare, and the pace at which the Coalition government are planning changes.

The reforms have been described as part of the most radical restructuring to take place within the NHS since its formation in 1948², therefore appropriate preparation for their implementation is crucial.

The nature of these reforms within the context of the Localism Bill means that local authorities must adapt quickly to ensure a positive outcome in relation to local economic development. This bulletin will outline the key points of the reforms, followed by a discussion regarding potential impacts on local communities and their economies.

Overall it will seek to analyse the wider implications of the reforms, and what they mean in a practical way. With demands to reduce spending by £20 billion, it is clear that some degree of change is needed. But are we heading in the right direction?

¹ As quoted by BBC NEWS, June 2011.

² Campbell, Dennis (2011) *NHS Reforms: What Will Happen and Why*. The Guardian.

A summary of the reforms

In its original content the Health and Social Care Bill contained provisions which covered the following five themes³:

- The strengthening commissions of NHS services
- Increased democratic accountability and public vote
- The liberating provision of NHS services
- The strengthening of public health services
- The reformation of health and care arm's-length bodies

A set of independent reviewers under the title 'Future Forum' were given the task of overseeing the NHS listening exercise, which followed the release of the Health and Social Care Bill. The Future Forum is a group consisting of clinicians, patient representatives, voluntary sector representatives and other individuals within the health field, chaired by Professor Steve Field⁴.

Their evaluation process included facilitating local engagement events across the NHS. This enabled staff, leaders, health care professionals and other networks to voice their thoughts on the Bill, and request alterations. Furthermore, surveying, polling and other techniques were used to access a wide range of views in regards to the proposed NHS changes. The results acted as the basis for the Future Forum's improvement suggestions, in an attempt to reduce 'top-down' decision making and instead invoke a grassroots approach to the healthcare changes.

The Department of Health has produced literature regarding the nature of the amended reforms, six main elements of which are outlined below⁵. Some, but not all of these changes require amendments to the Health and Social Care Bill.

Clinical Commissioning

'Clinical commissioning groups' have been formed to promote integrated health and social care around the needs of users within the boundary of local authorities. Health and Wellbeing Boards will also play a key role, acting as facilitators between the NHS and local authorities and giving communities more influence over decision making.

NHS Accountability

This area seeks to include the fundamental values of the NHS Constitution in any current political decisions, thereby keeping the NHS free and only making charges for patient services when introduced by legislation. Furthermore, the responsibilities of the role of the Secretary of State are outlined, and will include increased functions to promote quality improvement, research and innovation, as well efforts to reduce inequalities.

Public Accountability and Patient Involvement

The membership of commissioning groups will be widened to include patients, carers, members of the public, doctors, nurses and other healthcare professionals. Groups will meet in public and publish their minutes, as well as details of contracts with health service providers. Furthermore, The Care Quality Commission will now be required to respond regularly to advice from its HealthWatch England sub-committee.

³Health and Social Care Bill June 2011 www.dh.gov.uk

⁴ Department of Health (2011) *About the NHS Future Forum*

⁵ Department of Health (2011) *Government Changes in Response to the NHS Future Forum*.

Choice and Competition

Although not entirely new to the NHS, choice and competition are areas that have proved to be the most controversial within the new reforms. Healthwatch England, a citizen's panel, will analyse how they are working, and Monitor, the independent regulator of the NHS, will have the duty of protecting and promoting patients' interests.

In order to safeguard against privatisation, the Bill has stated that competition will be based on quality not price, and there will be preventative measures against commissioners choosing 'easy, high profit' cases.

Education and Training

The Future Forum found that further work must be done in this area, however the Bill has pushed forward the importance of overseeing the training of junior doctors and dentists throughout the transitional period, and stated that all providers will contribute to the funding of this.

Responding to Local Public and Patient Concerns

The Government has invited Local Authorities in partnership with Local Involvement Networks (LINKs) to develop HealthWatch pathfinders, who can act as the voice for people who use health and social care services. Membership will be representative of different users, including carers.

It was advised by Future Forum that local Healthwatches should have the dual role of patient advocacy and of scrutiny and challenge of organisations in the Health and Wellbeing system.

Glossary

Clinical Commissioning Groups: Groups consisting of GPs, patients, carers, the public and a wide range of doctors, nurses and other healthcare professionals. They will have the duty to promote integrated health and social care around the needs of the users.

HealthWatch: The aim of the HealthWatch group is to be an independent consumer 'champion' for the public – locally and nationally - and to promote better outcomes in health for all and in social care for adults¹

LINKs: Local Involvement Networks (LINKs) were originally set up to provide people with the opportunity to have their say in the delivery and services of health and social care. The HealthWactch organisations have been created to build upon the current work of LINKs.

Monitor: Monitor is the independent regulator of the NHS. The three key goals of the organisation are 1. Determine whether NHS trusts are ready to become NHS foundation trusts; 2. Ensure NHS foundation trusts comply with the criteria they are signed up to and 3. Support NHS foundation trusts¹

NHS Foundation Trusts: Non-profit public benefit organisations, created to devolve power from central governments to the local level. They have freedom therefore to decide strategies and membership, and are accountable to their local communities.

Primary Care Trusts: 'Primary care' involves services provided by a patients first port of call in the case of a health problem e.g. GPs, District Nurses and Health Visitors. Primary Care Trusts therefore are responsible for the management and planning of this area of health care within their specified geographic region.

How will these changes impact local economic and community development?

With a fundamental understanding of the Bill, it is then possible to examine how local economic and community development may interact with the various outcomes on a wider scale.

The role of the voluntary and community sector

The voluntary and community sector has played a considerable role within the bracket of healthcare, as it has been described as a vehicle of integration and co-ordination across boundaries⁶. The sector contains wide ranging technical and professional skills, as well as valuable experience and expertise within this area. This includes disease specific services and facilities tackling related social and community issues. Just under a quarter (39,340) of England's 171,000 voluntary and community organisations are currently involved in the provision of adult health and/or social care and support services. The statutory sector spends £3.39 billion on health services provided by voluntary and community organisations⁷.

The White Paper set out clear roles for the voluntary and community sector as a provider of health services, a source for commissioning and a partner in tackling health inequalities⁸. However, with public sector money being cut, their power and influence has been altered significantly. David Cameron's attitude towards these organisations has been described as "explicit rejection"⁹ and it is this that has angered many critics, who argue his decision could make the NHS even poorer. Furthermore, their diminishing role appears contradictory to the themes of the 'Big Society' which is built upon participation and wide spread involvement across all sectors.

In further detail, it is expected that smaller organisations may simply be unable compete with larger providers within the newly competitive playing field. This could create a monopoly effect of just a few dominating organisations that may lack local knowledge and trust. They may also lose important contacts through the dissolution of Primary Care Trusts, weakening their power further¹⁰.

Despite this, the sector has still been recognised as an important source of knowledge. In order to ensure their contributions are utilised properly; commissioners may need training on how to collaborate most effectively¹¹. This could include thorough assessment of their data in regards to local populations. To ensure this, the NHS Commissioning Board's authorisation process should include a requirement for GP consortia to demonstrate how they have engaged with community groups.

Furthermore, in terms of what the organisations, and the sector as a whole, could do to improve their own status, it is crucial for them to redefine their individual roles in order to face up to these new challenges, and demonstrate their unique offer to commissioners. For this to take place, communication is key, and frequent support should be shared between various actors within the healthcare sector in order to ensure the best possible outcome from the new reforms.

Understanding local needs

Local needs lie at the heart of the new NHS reforms, and the issue of accountability is highly important in ensuring that individual requirements are catered for. As David Cameron himself has stated,

⁶ Kings Fund and National Council for Voluntary Organisations (2011) *The Voluntary and Community Sector in Health: Implications of the Proposed NHS Reforms*

⁷ Clark J, Dobbs J, Kane D, Wilding K (2009). *The State and the Voluntary Sector*. London: National Council for Voluntary Organisations

⁸ Kings Fund and National Council for Voluntary Organisations (2011) *The Voluntary and Community Sector in Health: Implications of the Proposed NHS Reforms*

⁹ Campbell, Dennis and Davis, Rowenna (2011) *Private/non-profit healthcare firms*. The Guardian

¹⁰ Dixon, Anna (2011) *Why the NHS must engage with the voluntary sector*. The Guardian

¹¹ Kings Fund and National Council for Voluntary Organisations (2011) *The Voluntary and Community Sector in Health: Implications of the Proposed NHS Reforms*

"The whole point of our changes, the whole reason why transparency and choice are so important, is so that patients can hold the health service to account and get the care they demand, where they want, when they want"¹²

It would seem that the Government have taken on board many of the recommendations proposed by the NHS Future Forum and have made plans for how new structures can be more accountable. For example, Health and Wellbeing Boards have been given a new duty to involve users and the public.

Local Authorities will have the power to determine the precise number of elected members on a Board, whereby each is able to draw upon their own strengths (e.g. clinical expertise/local knowledge) through improved joint working. They will also be free to insist on having a majority of elected councillors, in order that the balance of 'power' is not tipped unfairly. This is a change that has been welcomed by CLES, as we have previously called an enhancement in the role of local authorities in decision making processes.

The introduction of HealthWatch into the NHS will also alter the way in which public issues are dealt with. In theory, it will provide a much more direct route for patients and members of the public to feed concerns and challenges into the Health and Wellbeing Boards. Issues will be raised at the local level, through the HealthWatch representative, directly to those charged with buying services across the NHS. The publication of minutes from these meetings will have the added impact of enabling any specific concerns to be available in a public forum. Assuming the HealthWatch representative is able to effectively translate patient issues to the Health and Wellbeing Boards, this change could be highly constructive. However, there have been concerns that expectations for the HealthWatch boards may be too high, and these concerns have not yet been properly accounted for. This means that issues found in the work of LINKs could simply re-emerge.

In addition to this, through more focus on the role of GPs, as opposed to 'top-down' decision making, it may be considered that local needs will be more efficiently addressed. One initial issue was the lack of clarity regarding their responsibilities in terms of geographical regions or registered lists, however it has now been stated that GP responsibilities will be with those who are registered. Through specifying this, deprived areas will have a greater chance of improvement in terms of health, which will then have further impacts in terms of local economic development.

However, we must consider the accuracy to which GPs will represent local needs on a greater level. Firstly, there is the issue of patients being registered with GPs despite living in different parts of the country, something which is extremely common for example in the case of those who may move temporarily for university and other forms of work or study. Here we can question how it is possible to ensure the services patients need are in place, despite a physical absence of links between the patient and the GP?

Furthermore, even with GPs operating within close geographical proximity to their patients, are they ever going to be able to truthfully represent local needs? The key weakness in this element of the reform is that the governmental view of GPs is outdated, based upon a historical, rose-tinted image of GPs being central to families and communities as a whole. Although this may once have been the case, there is now a distinct gap between the two, and GPs arguably are now less intertwined within their local neighbourhoods. Visits are becoming increasingly impersonal, and GPs now are less likely to have the extensive local knowledge that the Bill assumes. This creates a huge flaw within the reforms, and will potentially be extremely damaging for their success.

The role of voluntary organisations may also be vital in terms of social support and local needs. The Local Government Improvement and Development organisation for example has commented¹³;

"The voluntary and community sector are... a key vehicle for engaging communities as they have strong links with local people at a grass roots level"

¹² DavidCameron (June 2011) *Speech on the Future of the NHS*. www.number10.gov.uk

¹³ IDeA (2009) *Beyond One Voice: The challenge and complexity of representation for local government and the third sector*. London: Improvement and Development Agency.

As the influence of voluntary and community organisations comes into question, a real concern is that through refocusing attention onto new schemes such as HealthWatch, there will be a loss of the pre-existing networks with local communities that have been previously established. This is particularly worrying in reference to groups that may be harder to access, such as the homeless and those with cultural or linguistic barriers¹⁴.

Overall the Bill does include a number of measures to aid communication between the NHS and the needs of local people. However, whether their planned success will translate in practical terms still remains to be seen. It is crucial for 'local' to be more than just a fashionable new phrase; it must be a tangible entity within our society.

Creating a healthy workforce

It is also important to examine the ways in which health inequalities may lead to uneven local economic growth, and further problems surrounding long term unemployment. A healthy workforce would stimulate economic progression, and CLES argues that the links between healthcare and a strong labour force are ones that should not be ignored.

The Work Programme has played an integral role in the Government's new welfare plans, and is something that CLES has evaluated in a recent [Rapid Research](#) publication. Its principle aim is for a shift from state reliance to economic independence, through simplistic assistance in attaining long term employment. The programme will encourage 'demand' in line with governmental focus on the supplying of job opportunities.

However, one concern is the way in which the programme will access vulnerable communities. As healthcare frequently plays an essential role in what defines this vulnerability, there is a clear case for promoting interaction between the two schemes. The Work Programme has already been criticised for its lack of focus towards the over 50s in terms of employment strategies. This shows a disjointed relationship between healthcare and the economy, as the medical pressures of an aging population are so far failing to translate into monetary terms.

Chris Ball, Chief Executive of The Age and Employment Network for example has commented¹⁵:

"Long term unemployment rates for the over-50s are the highest across all age groups, yet they are not recognised as one of the disadvantaged groups under the Work Programme....As a result, they are likely to have to wait for 12 months before they get specialist help and providers will not have the financial incentives to support them that they will have for groups who are recognised as disadvantaged."

Changing demographic patterns do not have to be a burden on society, as instead the capabilities of older generations could be emphasised. CLES has again examined this issue in a recent [Rapid Research](#) publication, and suggested ideas such as encouraging entrepreneurship or volunteering amongst the retired. For vulnerable communities in general, employment strategies should be adapted to consider geographical health inequalities, as a 'one size fits all' approach lacks precision.

It is crucial for effective interplay between both of these new reforms to tackle socioeconomic issues on a wider scale. Positive outcomes cannot be achieved simply through one policy area; a multifaceted approach is required. This means tackling the underlying social and economic factors as well as more apparent health problems within society.

Currently the Bill is lacking practical reference to this relationship, and the potential of knowledge exchange between various public bodies. At CLES we believe that local authorities should be central to improving communities, and could adopt facilitating role to oversee this process. This would be utilising skills most effectively; combining the community knowledge of local authorities with the expertise of national health and employment issues.

¹⁴ Kings Fund and National Council for Voluntary Organisations (2011) *The Voluntary and Community Sector in Health: Implications of the Proposed NHS Reforms*

¹⁵ As quoted in the Telegraph (2011) *Work Programme will fail in weak areas*

Conclusion

The NHS clearly has a strongly significant role to play within national welfare, not just in terms of health and medical factors, but through its power to influence a wide variety of social, political and economic issues. The recent announcement of reforms therefore signify a huge change in the direction of the country's political future, however its implementation is something that needs to be further discussed to ensure a positive outcome.

The Government is keen to provide reassurance that any further amendments will be made in line with public requirements, and this will be a continual theme throughout The Coalition leadership¹⁶:

"We have listened and engaged and not just heard what people have said but we are going to reflect it in what we are going to do. There are real changes being made to these health reforms to reflect the concerns of patients, doctors and nurses so we get that right"

However, contradictions between this and the complicated nature of the reforms cannot be ignored. With a Bill so adamant that it will honour local needs, it is surprising to find that so much of it is almost incomprehensible to the average individual. With endless lists of new boards, groups and organisations, as well as language that is only accessible to those working within the sector, many people may be left confused, not comforted by the reforms. Demystifying the content would not only enable greater public understanding, but would increase support and participation as well.

What we need is a more concrete strategy that has local needs at the heart of it, and works in line with local geographies. At the most basic level this should mean making politics comprehensible to the public, through clear, concise aims and accessible language. Furthermore, the reforms should not only tackle medical issues and health inequalities, but also play their part in improving communities on a wider scale.

CLES would emphasise the ways in which the NHS can interact with other public sector bodies to adopt a holistic approach towards improving local communities. For example, it is important to member the ways in which healthcare can stimulate economic growth and job creation. Horizontal policy communication is key within this; and the government should be pushing forward the benefits of collective responses to unleash its potential.

Overall, there are many promising aspects of the Bill, however it is clear that further work needs to be done before we begin to see real changes on a variety of different levels.

Bulletin is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is the leading membership organisation in the UK dedicated to economic development, regeneration and local governance. CLES undertakes a range of activities including independent research, events and training, publications and consultancy. CLES also manages the monthly New Start digital magazine, through its new CLES online service, which provides comprehensive analysis and commentary on current policy and good practice.

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¹⁶ David Cameron, as quoted in BBC News (2011) *Cameron outlines changes to NHS reforms after criticism*