

Priorities for the next government



Introduction

The general election will come at a pivotal time for health and social care. An unprecedented funding squeeze has left the NHS on the brink of financial crisis, while reductions in local government funding have led to significant cuts in social care services.

The next government must ensure that the focus on improving quality of care established in the wake of the Francis report is sustained. It will also need to set in train a transformation of services to meet the needs of patients more effectively. Looking further ahead, the big question is how to provide adequate funding to meet future demand for health and social care.

It is essential that politicians are honest with the public about the scale of these challenges. The stakes are high - without a clear mandate for change, the next government may find itself helpless to address them.

We set out here our view of the key challenges and priorities for the next government. I hope it provides a useful contribution to the debate ahead of the election.

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Our priorities for the next government

Meeting the financial challenge

- A renewed drive to improve productivity
- A health and social care transformation fund
- A new settlement for health and social care

Transforming services for patients

- Integrated care delivered at scale and pace
- A new deal for general practice
- Political backing for service changes

Improving the quality of care

- A new culture of care
- Mental health on an equal footing with physical health
- A revolution in the care of older people

A new approach to NHS reform

- A new political settlement to demarcate the role of politicians
- A focus on reform from within
- Investment in the right kind of leadership

Meeting the financial challenge

The NHS is going through the biggest financial squeeze in its history. Since 2010, its budget has effectively been frozen, increasing by just enough to cover inflation. While this is generous compared to other areas of public spending, the increasing demand for care means that services are under huge pressure. The NHS has responded well to these challenges, but financial pressures are growing, with more than a quarter of hospitals reporting deficits in 2013/14, and many more set to follow suit this year. Meanwhile, cuts in funding have led to a reduction of more than a quarter in the number of people who receive publicly funded social care.

The next government will arrive in office with the NHS facing financial meltdown and social care in crisis. Looking further ahead, pressures to spend more will grow as the costs of treatment rise, public expectations increase and the population continues to age. It is essential that politicians are honest about the scale of these pressures and engage in a public debate about how to address them.

A renewed drive to improve productivity

As a result of the unprecedented slowdown in funding, the NHS has been required to deliver £20 billion in productivity improvements during the term of the current parliament - equivalent to 4 per cent a year. Good progress has been made, with most of the savings found by limiting staff salary increases, reducing the prices paid to hospitals for treatment and cutting management costs - but these options have now been largely exhausted.

There is still scope to find savings, and efforts to improve efficiency should be redoubled. The new government should support a renewed drive to improve productivity based on:

- a stronger national focus on collating and disseminating good practice in improving efficiency
- more emphasis on encouraging doctors, nurses and other clinicians to lead changes in clinical practice that improve care and reduce costs
- stronger leadership at a regional level to plan and implement changes to services
- more sophisticated approaches to incentivising NHS organisations to improve efficiency.

A health and social care transformation fund

While improving productivity is essential, it will not be enough to avoid a financial crisis. Unless significant additional funding is found, patients will bear the cost as staff numbers are cut, waiting times rise and quality of care deteriorates. Some emergency support will be needed for otherwise sound NHS organisations that are in financial crisis as a result of the unprecedented pressures on their budgets.

However, new funding must not be spent on short-term fixes or propping up unsustainable services. Instead, it should be used to meet the cost of essential changes to services, and to ensure that care is better co-ordinated around the needs of patients. The next government should establish a ring-fenced health and social care transformation fund to be used to develop new community-based services and to cover double-running costs during the transition between old and new models of care. This is a big ask in the current financial climate, but the money cannot be found from existing budgets.

A new settlement for health and social care

In the long term, the big question is how to ensure adequate resources to meet future needs. This raises fundamental questions about affordability, funding and entitlements to services. To answer these questions, The King's Fund established an independent commission, chaired by the economist, Kate Barker. The commission was asked to consider whether the post-war settlement - which established the NHS as a universal service, free at the point of use and social care as a separately funded, means-tested service - is fit for purpose.

The commission's final report, published in September 2014, recommends ending the historic divide between the two systems by moving to a single, ring-fenced budget, and a single local commissioner of services. Entitlements to social care would be fairer, more consistent and generous, while entitlements to NHS services would be unchanged. This would be paid for by a radical package of measures including tax reforms, limiting some universal benefits paid to older people, and changes to prescription charges. The report provides a compelling vision for a new settlement that meets the needs of 21st-century patients and service users, and is affordable. Responding to the challenge it sets out should be a top priority for the incoming government.



Transforming services for patients

The population's health needs have changed dramatically since the NHS was established in 1948. People are living longer, healthier lives; huge progress has been made in reducing premature deaths from leading causes such as heart disease, stroke and cancer. However, the NHS has not kept pace with 65 years of demographic, social and technological change and is still largely based on the post-war model of providing episodic treatment in hospitals. It remains a service that diagnoses and treats sickness, instead of one that predicts and prevents it.

Fundamental change is needed to respond to the needs of the ageing population, the changing burden of disease and rising patient expectations. This should be based on moving more care out of hospitals into the community and focusing more on prevention. Change needs to be supported by a long-term commitment to improving the population's health, with local authorities using their new responsibilities for public health to lead the way locally, supported by government regulation where necessary. Priorities include tackling obesity, reducing alcohol-related health problems and addressing persistent inequalities in health between rich and poor.

Integrated care delivered at scale and pace

Meeting the needs of the ageing population and the growing number of people with long-term conditions requires services to work much more closely together to provide care co-ordinated around the needs of the individual. This means overcoming barriers between primary and secondary care, physical and mental health, and health and social care to provide integrated care. Experience from the United Kingdom and around the world shows that integrated care improves health outcomes and patient experience, and offers opportunities to improve efficiency. Delivering it should become the core business of everyone working in health and social care.

Although there is now political consensus about the benefits of integrated care and progress has been made through local initiatives and



pilot schemes, implementation remains patchy. The challenge now is to convert good intentions into meaningful and widespread change on the ground. To deliver integrated care at scale and pace, the next government should focus on removing the barriers to its implementation. This should include addressing the fragmentation of commissioning, tackling perverse financial incentives in the way that services are paid for, and ensuring the application of competition policy does not hinder collaboration between services.

A new deal for general practice

General practice is under huge pressure due to rising demand from patients at a time when its share of NHS funding is declining. There are significant variations in the quality of care provided by GPs, and many surgeries are struggling to meet demand for appointments. Still organised largely on the basis of small independent practices providing a limited range of services, general practice is unable to operate at sufficient scale to meet demand from patients.

GPs need to work differently - as some are already doing - by forming federations to work together and provide a wider range of services for their patients. This way of working should be extended, with GPs responsible for leading 'family care networks,' which bring together health and care professionals to provide all but the most specialist care outside hospitals. To facilitate this, the next government should develop a new type of contract to enable federations of practices to take on responsibility for delivering more services to larger numbers of patients. This would offer an opportunity for GPs to lead the development of local services and bring more money into their practices.

Political backing for service changes

Major hospital services reorganisations are needed to improve quality of care and increase financial sustainability. Lives can be saved by concentrating some specialist services in fewer centres of excellence, which bring together the best doctors to deal with high volumes of cases, 24 hours a day. However, progress in reorganising services has been slow and hampered by high-profile setbacks such as the failure to conclude the long-running review of children's heart surgery after more than a decade.

Concerted action is needed to increase the concentration of specialist services where there is evidence that this improves outcomes. Other services would continue to be provided locally by smaller hospitals working together in networks, rather than on the basis that they all provide a full range of services. Some of the changes resulting from this are likely to be contested by local communities. The government and local politicians must be much braver in supporting changes to services where there is a clear case for change. The next government will have a window of opportunity early in the next parliament to drive through the changes needed - this is an opportunity it must seize.

Improving quality of care

The publication of the Francis report on the shocking failures of care at Mid Staffordshire NHS Foundation Trust marked a watershed for the NHS, refocusing it on its core purpose - providing high-quality care. The report has unleashed an avalanche of change, including a major overhaul of the hospital inspection regime, a new duty of candour, and a number of initiatives to make more information available to the public about the performance of services. Meanwhile, hospitals have responded to the report by recruiting additional staff to boost staff-patient ratios.

Much of this is to be welcomed, although it remains to be seen whether hospitals will be able to sustain staffing levels in the face of unprecedented financial pressures. However, it is important to be realistic about what can be achieved by regulation. The first lines of defence against poor-quality care are frontline staff and hospital boards. Quality must be top of their agenda.

A new culture of care

The culture of an organisation is the most important influence on the ability of its staff to deliver high-quality, compassionate care. Responding to the failures identified by the Francis report means creating a culture in which patients come first and openness, transparency and accountability are the norm. This will be a long haul. The task for the next government is to ensure that this type of culture is embedded across the NHS by supporting the local leaders responsible for it.

A shift is also needed to involve patients much more closely in decisions about their care. It is time to make shared decision-making between doctors and patients a reality; when patients are fully informed about their options, they often choose different and fewer treatments. While not appropriate for all patients, personal budgets deliver care that is more personalised and could be used more widely. The NHS should make better use of data and technology to support patients in managing their own care.

Mental health on an equal footing with physical health

Mental health services are under increasing pressure. Access to psychological therapies remains limited, providing little choice of treatment and leaving many waiting with inadequate support. Meanwhile, community-based services are struggling to provide the care needed to keep patients out of hospital. When patients do need to be admitted, some are having to go to hospitals a long way from their local area. There is clearly some

way to go before the same standards of care expected by people with physical health issues are experienced by those with mental health issues.

Although adult mental health services have been transformed in recent decades, there is a need for more investment in community-based support. Despite the fact that nearly a third of people with long-term physical conditions also have a mental health issue, their needs are often treated in isolation. Patient care could be improved and costs reduced by improving co-ordination between mental health, physical health and social care services. The next government will inherit the welcome commitment to putting mental health on an equal footing with physical health - it will need to work hard to make that a reality.

A revolution in the care of older people

Many people live healthy, happy and independent lives well into old age. However, as people age they are also much more likely to live with multiple long-term conditions, disability and frailty. As a result, older people are the main users of health services - the average age of hospital patients is now over 80. Yet the NHS has been slow to adapt to this demographic shift - conditions associated with old age receive less investment, caring for older people has low professional status, and age discrimination remains a problem, despite legislation passed to stamp it out.

Transforming services for older people requires a fundamental shift away from reactive, hospital-based care built around single diseases, to proactive, preventive care that is co-ordinated around people's needs and provided closer to their homes. This means focusing on every aspect of care from installing simple adaptations in people's homes to prevent falls, to improving end-of-life care and ensuring that, wherever possible, people are able to die in the place they choose.



A new approach to NHS reform



The NHS has been on a rollercoaster of reform for the past 25 years. Most recent reforms have been based on three approaches: targets and performance management; inspection and regulation; and competition and choice. While the impact of each one is hotly contested, it is clear that their overall record is mixed. This reliance on external pressures and top-down political initiatives has also resulted in NHS organisations looking up to government and regulators, rather than out to patients and local communities.

It is time to initiate a fundamental shift in how the NHS is reformed, learning from what has worked here and around the world. The experience of high-performing health organisations shows the value of leadership continuity, organisational stability, a compelling vision and a clear focus on improving quality of care. The focus should shift away from placing even more external pressure on NHS organisations to deliver political imperatives towards supporting them to transform care themselves.

A new political settlement to demarcate the role of politicians

While ministers have often expressed a desire to devolve responsibility away from Whitehall, in practice they have been unable to resist managing the NHS from the centre. As a result, the NHS remains one of the most centralised health systems in the world, with a recent history characterised by top-down structural reorganisations, frequent changes in direction and political interference in operational management. Too often, political initiatives have got in the way of the long-term commitment needed to deliver transformational change.

The truth is that transforming the NHS depends less on bold strokes and big gestures from politicians than on engaging doctors, nurses and other staff in efforts to improve services. A new political settlement is needed that clearly demarcates the role of

ministers and devolves more power and accountability to the NHS organisations responsible for delivering care. The role of politicians should be strategic - making decisions about funding, setting the direction of policy and being accountable to parliament for the performance of the NHS as a whole - leaving local leaders with the space to improve the quality of services and develop new models of care.

A focus on reform from within

International experience shows that the success of the best health care organisations, like Salford Royal NHS Foundation Trust here in the United Kingdom, is based on a long-term commitment to improve care and appealing to the intrinsic motivation of their staff to deliver this. There is also compelling evidence that organisations with high levels of staff engagement - where staff are strongly committed to their work and involved in decision-making - deliver better-quality care. Instead of mandating change from above, the next government should promote reform 'from within' based on devolution and transparency.

The success of the growing number of public service mutuals highlights the benefits of giving staff a stronger stake in their organisation, while evidence shows that open reporting of performance data is a powerful driver of improvements in care. More proportionate regulation is needed to reduce the burden on NHS organisations to report to national bodies, while competition should be seen as just one means to improve care, to be applied only where evidence shows it will bring benefits. Above all, reform must be underpinned by a commitment to putting patients first - this commitment can only come from within organisations, it cannot be mandated from outside.

Investment in the right kind of leadership

Research shows that staff satisfaction and patient experience are closely linked - patients receive better care when staff are engaged and well led. This highlights the crucial role of NHS leaders in developing cultures in which staff are motivated and supported to deliver high-quality, compassionate care to patients. This means moving on from the recent reliance on 'heroic' leaders, where responsibility is concentrated in a small number of individuals at the top of an organisation, to a more collective approach in which all staff take responsibility for improving care.

Given the evidence that medical leadership improves organisational performance, more doctors, nurses and other clinicians should be encouraged to take up leadership roles. It will also be important to avoid another sterile debate about reducing the number of managers in the NHS. There is no evidence that the NHS is over-managed. Politicians should resist the temptation to slip into lazy rhetoric about 'NHS bureaucrats', and efforts to cut spending on administration should be focused on reducing the regulatory burden on NHS organisations, not on further reducing the number of managers.

About The King's Fund

The King's Fund seeks to understand how the health system in England can be improved. Using that insight, we help to shape policy, transform services and bring about behaviour change. Our work includes research, analysis, leadership development and service improvement. We also offer a wide range of resources to help everyone working in health to share knowledge, learning and ideas.

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