

Understanding New Labour's market reforms of the English NHS

Editors: Nicholas Mays, Anna Dixon and Lorelei Jones

No government comes into office without plans to reform the NHS. After initially rejecting the Conservatives' internal market, the New Labour government later pursued a set of more radical policies to reinvigorate the market in the English NHS. Did it work and what lessons are there for the coalition government's reforms?

The King's Fund addresses this question in its new book - *Understanding New Labour's market reforms of the English NHS*.

The Fund has an established track record of providing authoritative assessments of the changing health care system in the UK. The internal market reforms of the Conservative government during the 1990s were evaluated by a team led by Nicholas Mays (then Director of the Fund's Health Systems Programme) that produced a seminal work still widely cited (Le Grand *et al* 1998¹). The conclusion of that book was that the reforms had largely failed to live up to the claims of their proponents and the fears of their critics, principally because the incentives of the internal market were too weak and the constraints imposed too strong.

The New Labour government from 2002 onwards pursued a set of policies to reinvigorate the English NHS market in health care. They continued the purchaser-provider split, with primary care trusts taking on the role of commissioning, but strengthened the financial incentives by introducing Payment by Results to replace block contracts. Providers were given further freedoms as foundation trusts, but there was also an expanded role for the private sector in providing NHS-funded care. The policy of patient choice was strengthened and a tougher system of independent regulation introduced. These reforms taken together were intended to create a 'self-improving' NHS which delivered higher quality, responsiveness, equity of access and value for money.

Understanding New Labour's market reforms of the English NHS, edited by Nicholas Mays, now Professor of Health Policy in the Department of Health Services Research and Policy at the London School of Hygiene and Tropical Medicine, Anna Dixon, Director of Policy at The King's Fund, and Lorelei Jones, Research Fellow at the London School of Hygiene and Tropical Medicine, provides the first comprehensive review of the evidence on New Labour's market reforms.

The book integrates the findings from a series of important research projects coordinated by Nicholas Mays and commissioned and funded by the Department of Health with the available evidence from a wider range of other sources to assess the impact of New Labour's market-led changes. Each chapter, written by a leading expert in health policy research, takes a different aspect of the reforms and considers its objectives, implementation and impact. There are chapters covering patient choice,

Payment by Results, commissioning, provider diversity, and regulation. The book also includes a chapter specifically looking at the local implementation of the reforms and how the ambitions of policy-makers were realised in practice.

The authors show that New Labour's market reforms went far closer to introducing market competition into the NHS than the Conservatives' internal market in the 1990s. They make the case for the reforms being associated with improvements in efficiency and in equity of access but point out that the impact of the reforms overall was more limited than had been hoped.

The book concludes with a synthesis of the evidence presented and assesses the implications for the current coalition government as it embarks on yet another period of radical market-led reform in the English NHS.

Authoritative commentators on the NHS have praised the book:

This is an authoritative, comprehensive and appropriately sceptical review of the evidence about the impact of the Labour government's policies on the NHS. By documenting the gap between policy ambitions and policy achievements, it not only illuminates the past but also provides insights for the future. It should be compulsory reading for policy-makers and those interested in the policy process.

Rudolf Klein
Emeritus Professor of Social Policy, University of Bath

New Labour's health reforms can teach us invaluable lessons for the future. This book illuminates nicely the triumphs and tribulations they have created.

Alan Maynard
Professor of Health Economics, University of York

ⁱ Le Grand J, Mays N, Mulligan J (eds) (1998). *Learning from the NHS Internal Market: A review of the evidence*. London: The King's Fund.