Royal College of Nursing

RCN Policy Unit

Policy Briefing 05/2005

Health reform in England: update and next steps

ABSTRACT
This briefing describes the contents of the latest publication, 'Health reform in England: update and next steps,' from the Department of Health policy team. The document aims to explain how the various aspects of the reform process 'fits' together. This briefing is structured to mirror the contents of the DoH paper. It also includes a timetable for the release of further documents.

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Introduction

This briefing lays out the contents of and provides an analyses of the latest publication from the Department of Health policy team. Health reform in England: update and next steps' aims to explain how the various aspects of the reform process 'fit' together. The rapid publication of this report should be seen in the context of a Government under criticism for failing to adequately explain the reform agenda and how its constituent parts work with rather than against each other.

The briefing is laid out to mirror the contents of the paper under the following headings:

- Rationale
- The Framework for reforms
- The benefits for patients
- Taking stock and the next steps
- Annexes

Rationale

The premise for the paper and the a key criteria for successful reform is based on the fully engaged scenario in which patients truly lead service provision but in partnership with a range of agencies who may or may not be from the NHS.

By way of historical context the paper links previous poor NHS performance to the lack of financial incentives. Whilst this is true to a degree, to leave the analysis there is inadequate. It would be important also to consider the impact of rising activity, the spiralling cost of medicines and equipment, wider health and economic trends as well as occasionally incoherent or conflicting central policy initiatives!

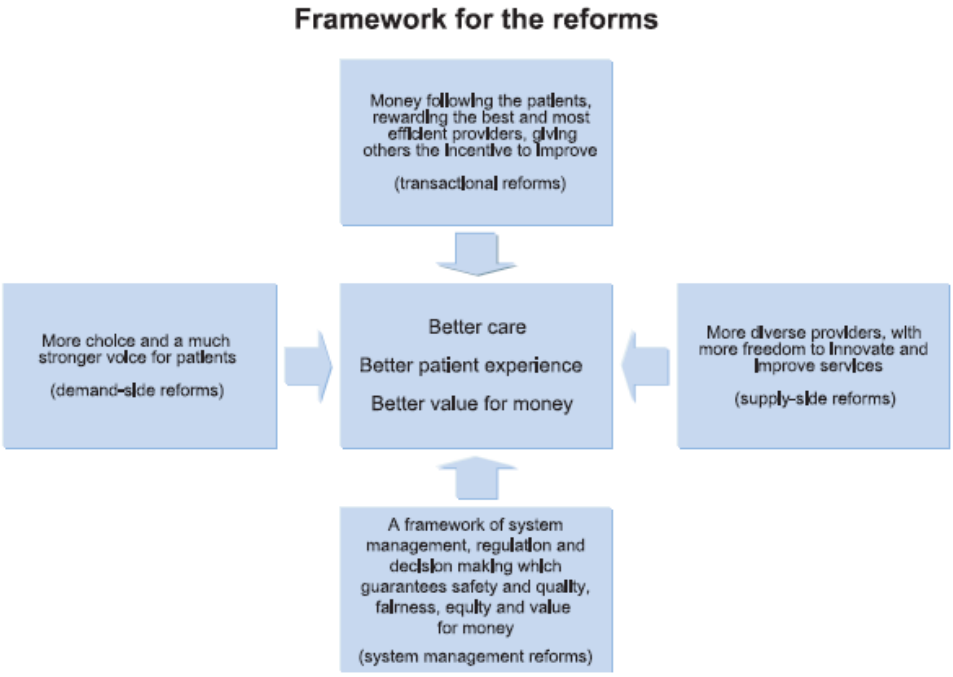
This section of the report places competition as the main mechanism for achieving what is describes as an NHS that is 'self-improving' (p7) and which features continuous improvement and innovation.

Having clearly stated the role of competition and provider plurality, it also reinforces that the principles of the NHS will remain. It also asserts that the reforms are not intended as blueprints for *how* services are delivered but are a means to an end to create the improvements needed. This may be an attempt to divert criticism from previously overly prescriptive guidance from centre and the limited nature of the current choice program. There is

clear invitation here for providers and commissioners to be creative within a clearly laid out framework of performance, quality, access and cost.

The framework for the reforms

The framework is described as having four elements; Demand side reforms (e.g. patient choice); supply side reforms (e.g. provider plurality); system management reforms (e.g. regulation and inspection); and transactional reforms (e.g. payment by results). The figure below taken from the document shows their interaction.



Source: DH, 2005

Not surprisingly the document refers not only to regulation and inspection of the quality of services but also to the regulation of *competition* to create the right tension between competition and cooperation. This is no easy task given that markets tend to want to defeat competition through market dominance or price fixing (mergers and cartels).

Whilst there is no doubt that patient choice is an important factor, there is little mention of the management of excessive or inappropriate demand in this section of the report. This is a major policy challenge in terms of creating choice within a choice limited system as well as managing markets which according to international evidence have failed to address equity, efficiency and quality in equal or appropriate measure.

With some commentators expressing anxiety about the current market providing services and diverting resources to meet the needs of essentially the worried well[1], this is an important area of work for the RCN in the coming year.

The benefit for patients

This part of the report deals quickly with the main benefits in terms of developing quality, personalised services, access, joined-up services, voice and moving from a national 'sickness service' to a *health* service.

Whilst there is nothing new in this section, there are outstanding issues. In terms of quality, reference is made to patients no longer having to make do with underperforming services and being able to take their money elsewhere (choice, voice and exit). There is little said in this report about what happens to failing providers or even how the information produced by the plethora of providers in the market will be checked to consistency, quality or accuracy. Despite concern from a number of sectors including patient groups, it is surprising not to see this mentioned.

In addition, despite the focus on choice primary care through provider plurality, choice is still very limited as changing GP (now a major commissioner and provider of services) remains a complex and uncertain process. Without choice over GP, a major player in the primary care market will remain immune from the sort of patient led and financial incentives discussed.

The forthcoming white paper should fill some of the gaps in this respect as this was one of the issues raised during the 'Your Health, your care, your say' consultation and has led to some speculation about the ability to register with more than one GP or even having to register at all.

Taking stock and the next steps

The next three years are described as a period of transition during which

> "…organisational change will have to be achieved *at the same time* as financial balance is held and performance is maintained and *improved*."
>
> (*p.15, emphasis added*)

[1] See for example Maynard, A (2005). 'Competition in Healthcare: what does it mean for nurse managers?'. *Nurse Management*. Vol 13 (5) September 2005, 403-410 or the latest report on primary care reforms from Dr R Lewis & J Dixon – '*The Future of Primary Care: Meeting the challenges of the new NHS market*' (Kings Fund 2005)

It is this intention which has generated the most criticism in that it suggests two things. Firstly it suggests that the DH, unlike many commentators, do not consider these to be competing policy priorities. Secondly, that there is enough cash in the system to pay for the transaction costs of both modernisation of working practices and organisational change e.g. redundancy and relocation; IT system reform, communication and organisational development.

In respect of the resources to deal with the reorganisation and increasing activity, it is clear from the deteriorating financial position of many parts of the health economy, that this is going to provide a major source of difficulty which is bound to impact upon RCN members in terms of distribution of services, professional development and employment stability. The Audit Commission recently estimated that even introducing a relatively non-clinical reform within FT's such as PbR cost around £100k per organisation in terms of systems reform and staff development creating a potential cost pressure across the NHS of some £50m[2]. As there are no national funds set aside for many major reforms, it is likely to create severe pressure on many providers.

Key to the next stage will be a set of rules for each stage of the transition. At a recent meeting with the DH finance team, it was made clear that these rules would be concrete and set clearly for each year or phase of the transition. Influencing the content of these rules may be considered a priority for the RCN's future work. The first set of rules will be published in January 2006 and will cover financial requirements; commissioning; PBC; mergers and reconfigurations; and governance amongst many other issues.

[2] Audit Commission National Report (Oct 2005). '*Early lessons from payment by results*'. Audit Commission Publications, Wetherby.

Annexes

The annexes contain a series of tables laying out various timescales and launch dates for a number of reforms and initiatives. The annexes are an important 'one-stop' picture of the pace of change for the coming year. There are some key milestones which need to considered as part of planning the year ahead.

Publication or target date	Objective	Description
Early 2006	White Paper	Will set out a 'Strategic vision' for reform as well as defining the programmes incentives and flexibilities to a greater degree than previously
Jan 2006	'Rules' for 2006/7	This will be a comprehensive document covering almost all aspects of the reform agenda
Jan 2006 onwards	Launch of FT preparation project	The standards already laid out are likely to place applicants under severe pressure to reform infrastructure and costs
Apr 2006	Launch of national tariff to cover A&E and outpatient care in hospitals	This is still uncertain as many questions around the tariff's use remain unanswered
April 2006	Code of conduct and core assurance framework for PbR launched	This will be the first indication of the kind of criteria the DH will use to manage market behaviours

Summer 2006	Framework for Commissioning. PBC and national contracts Framework for next steps on patient choice Framework for future provider reform Framework for future workforce development Framework for management and regulation of the healthcare system	These frameworks although listed separately will include a discussion on how best to incentives productivity, maximise and broaden choice, and contain costs – this will inevitably tackle the reprovision of primary care services, greater use of competition and regulation of the market There will also be an assessment of the policy developments needed to support the next steps of the reform process including education and training
Autumn 2006	Framework for future of PbR 2007/8 and beyond	This will attempt to address wider policy issues encountered in implementing PbR to date. It is likely that the contentious issue of PbR for community care and mental health will be addressed here
Autumn 2006	Ensuring quality and safety of clinical care in a reformed healthcare system	"In one document…" this will lay out an essential feature of the current Government's public service reform – how to ensure quality of service in a competitive market.
End of 2006 early 2007	Choice network extended	Refers to greater provider plurality in preparation for choice over any provider by 2008.

Recommendations

This is an important document which attempts to address current criticisms of the reform agenda in three ways:

1. Providing greater (although complete) clarity over the 'end game'

2. Drawing together occasionally conflicting policy initiatives to form a more cohesive framework

3. Putting a timescale to the reforms including offering a commitment to continue to explain and explore the reform agenda

In its current form, the document provides a stark reminder of the size of the challenges ahead for the RCN and the members it serves. 2006/7 will a year packed with numerous announcements and publications, each one of which will contain further detail about the future of the NHS and nursing.

It is recommended that

1. Nursing teams consider the contents of the operating framework as an indication of the future development of practice and consider their own development needs, particularly in respect of commissioning and contract management.

2. Senior Nurses may want to use the timetable to plan a series of consultation and engagement events with key clinicians and nurses to shape a response to the various documents as they are released.

3. RCN activists may want to use the documents timetable to plan a series of branch events to highlight the developments as they are announced and consult with members on a response