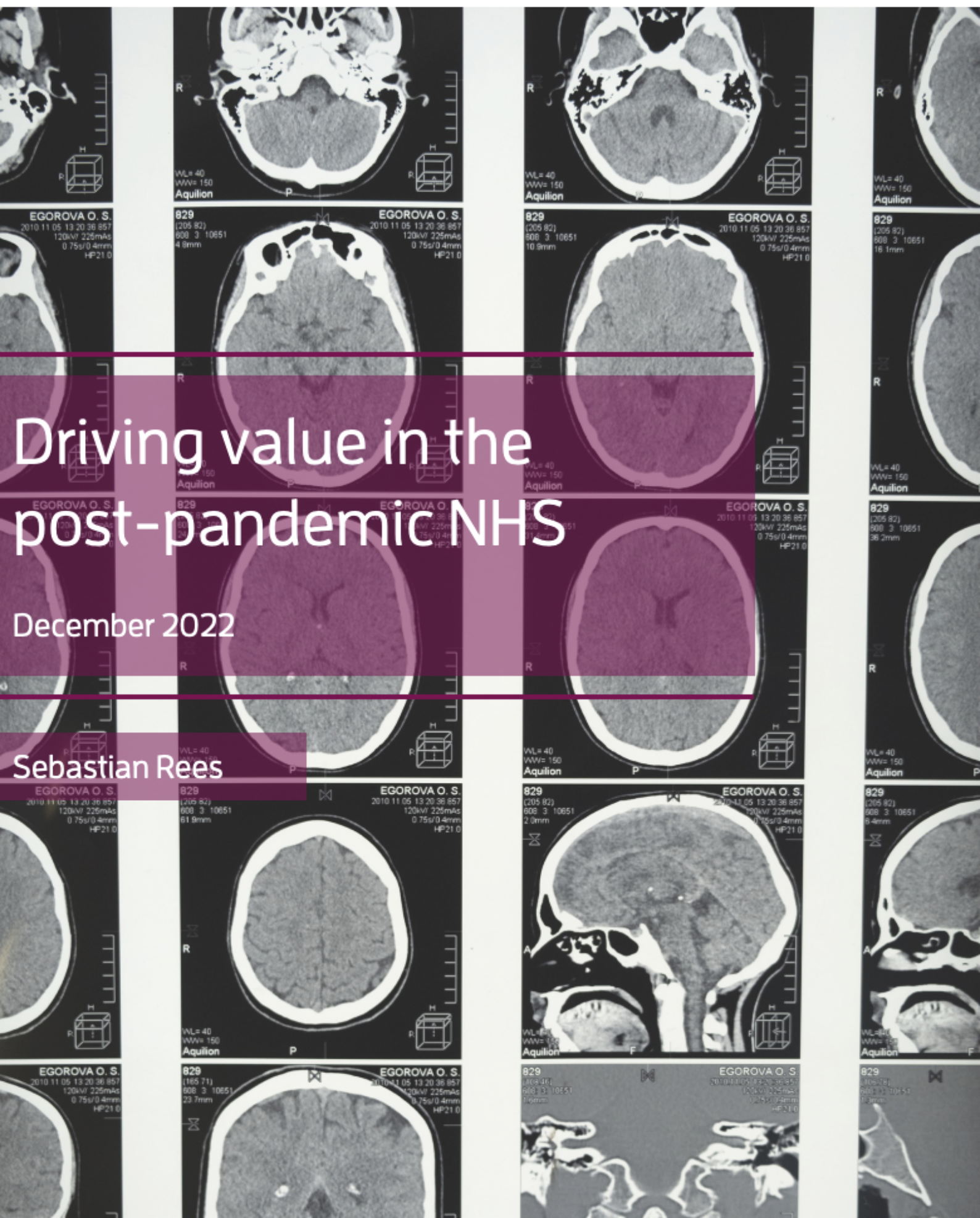


REFORM

NEWTON



Driving value in the
post-pandemic NHS

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Driving value in the post-pandemic NHS

In January 2023, Reform was delighted to host a policy roundtable on boosting productivity in the post-pandemic NHS, in partnership with Newton Europe. The discussion was introduced by Julian Kelly, Chief Financial Officer at NHS England and Robin Vickers, Partner at Newton Europe.

Driving value for money has long been a priority in the NHS. From meeting the 'Nicholson challenge' to the commitments in the Long Term Plan, system leaders have rightly had efficiency as a goal.

In the last decade, significant progress has been made. The NHS has increased its productivity at more than double the rate of the rest of the UK economy, driven by innovation in the delivery of care – for example the huge increase in surgeries performed as day cases – and cost constraint. In the case of the latter, 'sweating assets harder' has enabled the NHS to do more for less.

Understanding how to drive further productivity gains, while also rebuilding system resilience in the wake of the pandemic, will be key to future sustainability. As attendees noted, there is a moral imperative to ensure that patients are being best served by every pound spent on the Service.

From recovery to reform

Potential productivity-boosting initiatives fall into three categories: short-term efficiencies, medium-term transformation and longer-term step-changes.

While recognising that our health system is under acute pressure – with huge care backlogs, ongoing Covid waves and associated infection control measures, and high staff sickness absence – attendees also noted that NHS investment has led to significant increases in staff and resources in recent years.

In the short term, securing the fundamental basics of good operational management is essential if the full benefits of a much larger hospital workforce are to be realised. This must be accompanied by more transformational reforms to models of care and the use of data to drive productivity in the medium term. At the same time, the rapidly evolving science and technology landscape means that innovations in areas like genomics, drug discovery and AI could prove game-changing for healthcare, and the NHS must be alive to, and prepared for, these opportunities.

Operationally brilliant

Given the long-term emphasis placed on increasing productivity, it is vital that the right lessons are learnt about what has worked in the past.

Attendees reflected on the fact that alongside improved processes and delivery innovation, productivity increases in the last decade have been in part 'artificial'. Productivity has been improved by constraining increases in wages, drug prices and the tariff paid for procedures.

Although it is absolutely right that the NHS should seek to secure the best possible price for the medicines and equipment it purchases, and to maximise the activity it can undertake with the budget it has, this is unlikely to deliver long-term improvements in performance. For this, policymakers must look at redesigning ways of working and patient pathways.

Policy roundtable summary

The rapid growth of surgical day cases in the last two decades serves as a valuable case study. Long hospital stays after surgery were once the norm in the NHS, but now many patients can be discharged on the same day as their procedure. Day cases cost two thirds less than those which involve an overnight stay, and they free up valuable bed capacity in hospitals.

Whilst clinical innovation – less invasive surgical practice and more effective anaesthetic drugs – helped catalyse this change, it was also driven by redesigning clinical processes. Investing in new infrastructure (day-case units), better managing existing theatre capacity, and securing clinician buy-in for new ways of working have all contributed to driving efficiencies.

A renewed focus on hospital processes to speed up patient flow and unblock complex bottlenecks would pay dividends in efficiency gains.

Smart staff deployment

Central to operational brilliance is the smart deployment of staff. Attendees reflected that workforce models to assess what is needed are out of date, and different skills mixes are needed to deliver the best outcomes for patients and the greatest value for taxpayers.

Models of best practice in health and social care have the right people, trained in the right way and deployed in the right care model. These should be scaled across the system.

The need to focus on investing in the non-acute workforce was also highlighted, with attendees noting that one way to enable the NHS to do more is preventing people from needing more costly acute care downstream.

A data driven approach

The NHS collects reams of data which could help improve productivity. In the first instance,

bottlenecks which may contribute to sub-optimal system productivity – such as a shortage of staff in key areas, identifying pinch points in hospital patient flows, or diverting people from A&E who do not need emergency care – and identify unwarranted variations in performance between otherwise similar providers.

However data insights are only valuable if they are translated into action, and attendees reflected that in the past, productivity-enhancing opportunities have been identified – for example in maximising surgical theatre capacity – but not acted on.

Attendees also noted that data could be an effective tool to drive behaviour change, which means identifying the right metrics, and providing user-friendly data dashboards to communicate those metrics. It also means aligning incentives across teams so that performance against those metrics is seen as a whole system priority.

Right level, right scale

Improving system productivity requires taking the right action at the right scale. In some instances, national programmes for driving improvement have immense value. Uniting the entire health system behind the 'Getting It Right First Time' principles and setting out consistent guidance on clinical coding can help drive cross-cutting improvement. Realising the full potential of data and technology also requires national action – for instance in developing unified electronic patient records.

However, in other instances, productivity improvement initiatives benefit from a deep understanding of local level barriers to change and a targeted approach to overcome them.

For example, attendees noted that in some systems, patients are admitted to hospital unnecessarily due to a lack of understanding

Policy roundtable summary

among providers of alternate services available locally. Unnecessary admissions drive up cost and reduce the capacity of hospitals to increase activity, thereby reducing productivity. Identifying local level obstacles and taking simple steps to overcome them – in this case educating clinical staff on local alternatives to hospital care – can make a sizeable impact on performance.

Attendees also suggested that some challenges may best be addressed at a scale between the national and the local. This allows initiatives to benefit both from a higher degree of tailoring than is possible at a national level and greater economies of scale than can be generated locally. The regional consolidation of pathology and diagnostic services throughout much of England provide a useful example of the benefits of scale to driving productivity improvement.

Looking beyond the hospital

Productivity must be considered at every stage in the patient pathway. However, attendees argued that productivity initiatives have tended to disproportionately focus on the hospital sector. It is in this settings that productivity is most rigorously measured and best understood.

However, as the NHS attempts to shift more care out of hospitals, productivity in primary care must be a renewed area of focus. Given the lion's share of patient contact occurs in primary care, unlocking efficiencies in this setting could be a game changer for productivity in the system as a whole.

The potential of integration

Alongside improving productivity at every stage of the patient pathway, attendees reflected on the need for a more transformative reshaping of the entire care continuum, including acute, primary, community and social care.

Working collaboratively allows providers to join-up and streamline services to offer more cost-effective care. Too often integration is concerned with joining up bureaucratic structures rather than streamlining and improving processes. However, by focusing on elements of the patient pathway that have affected the productivity of the entire system in the past, such as hospital discharge and community rehabilitation services, integration can help drive greater value.

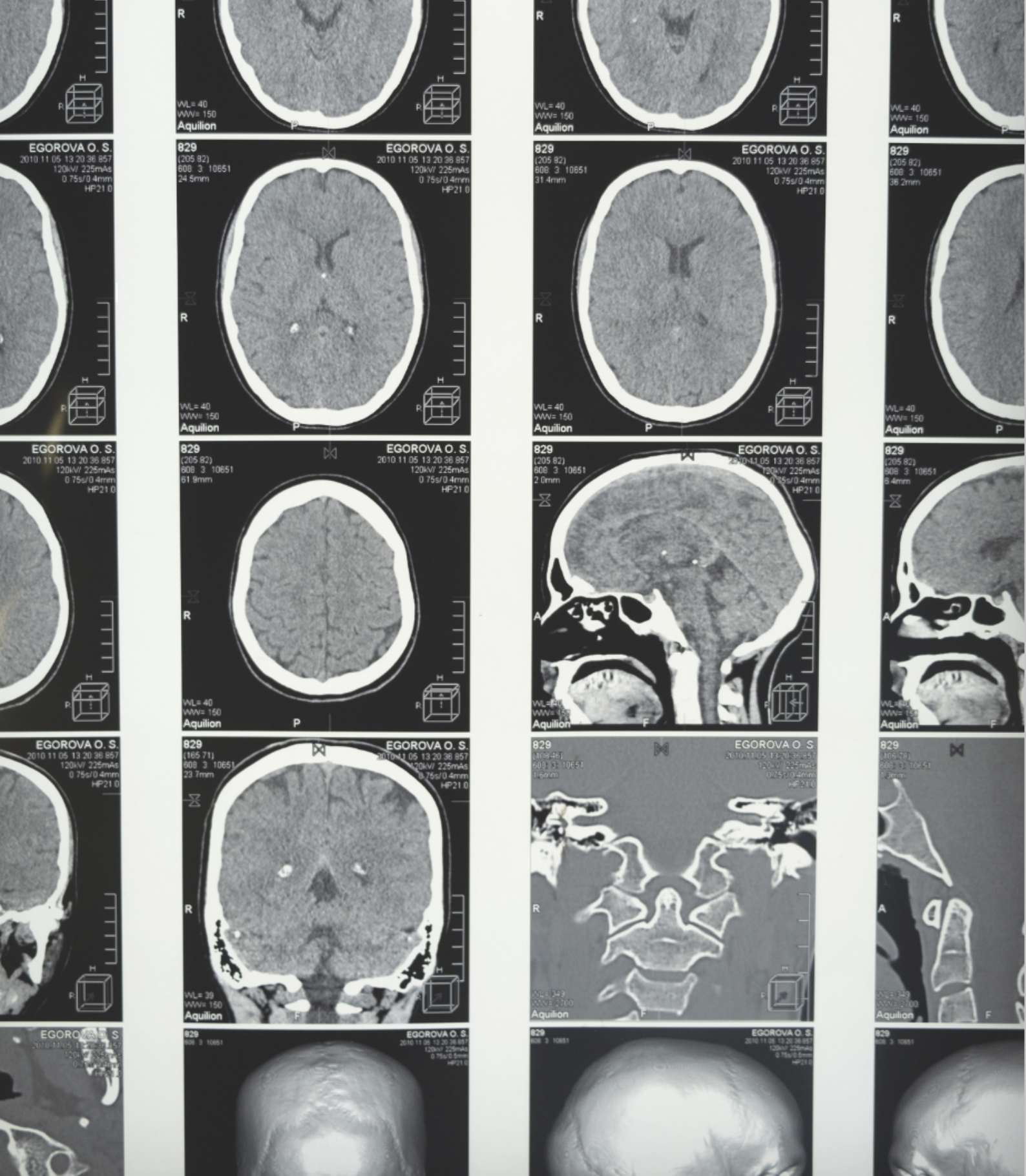
While getting the basics of good management right is key to releasing capacity and driving recovery in the short term, reengineering the system around patients rather than providers could pay dividends over the medium term.

Eyes on the horizon(s)

Often productivity improvements result from short term pressures and year-on-year imperatives to balance the books. The NHS's funding settlement has been far more generous than those granted to other public services after the pandemic and it is hard to see how increases in expenditure can continue to outstrip increases in GDP.

That is precisely why productivity must be viewed as a long-term project – combining a fundamental rethink of our hospital-centric care model with the adoption of game-changing innovations in science and technology.

By mapping an improvement journey, NHS England and individual providers can more effectively strike a balance between initiatives designed to secure 'quick wins' and those which may require upfront investment to realise larger productivity increases in the longer term.



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