

Submission to Lord Darzi's NHS Inquiry



THE RATIONAL POLICY-MAKER'S GUIDE TO THE **NHS**



These slides present the argument contained in *The Rational Policy-maker's Guide to the NHS* (see link below) presented to MPs in the Houses of Parliament on 4 July 2023 and debated at Westminster Hall on 23 October 2023.



(<https://99-percent.org/wp-content/uploads/2023/06/NHS-report-for-print.pdf>)

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1. Executive Summary
2. Benchmarking the world's healthcare systems
3. The root cause of the problems in the NHS
4. Sustainability of the NHS and the UK Economy



Executive Summary

The report focuses on strategic issues around the fundamental business model of the NHS and its interaction with the UK economy; it does not cover operational issues, important though these are, on the basis that a poor strategy cannot succeed however well it is operationalised and implemented. As Sun Tzu put it, *“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.”*

In summary, our argument is that:

- Before underfunding, the NHS was, overall, the best model so far demonstrated in practice in an advanced economy. As recently as 2012, it was ranked as clearly the best model;
- Although there are many causes of today’s poorer performance, sustained underfunding and the social determinants of ill-health are the principal drivers of the problems facing the NHS today;
- This is impacting the nation’s health, which is now widely acknowledged to be hampering the economy.

The NHS is now in a delicate position: its survival as a high-performing health system is under serious threat. And that means a serious threat to the entire UK economy. Re-investment is sustainable. Continuing under-investment is not

*The full report explains all these points in detail; we have sketched the argument in the following slides. The report was produced by a team whose expertise ranged from economic and financial analysis, through NHS management to senior clinical roles (see pp82-89 of *The Rational Policy-maker’s Guide to the NHS*). The team will be happy to expand on these points in oral evidence.*

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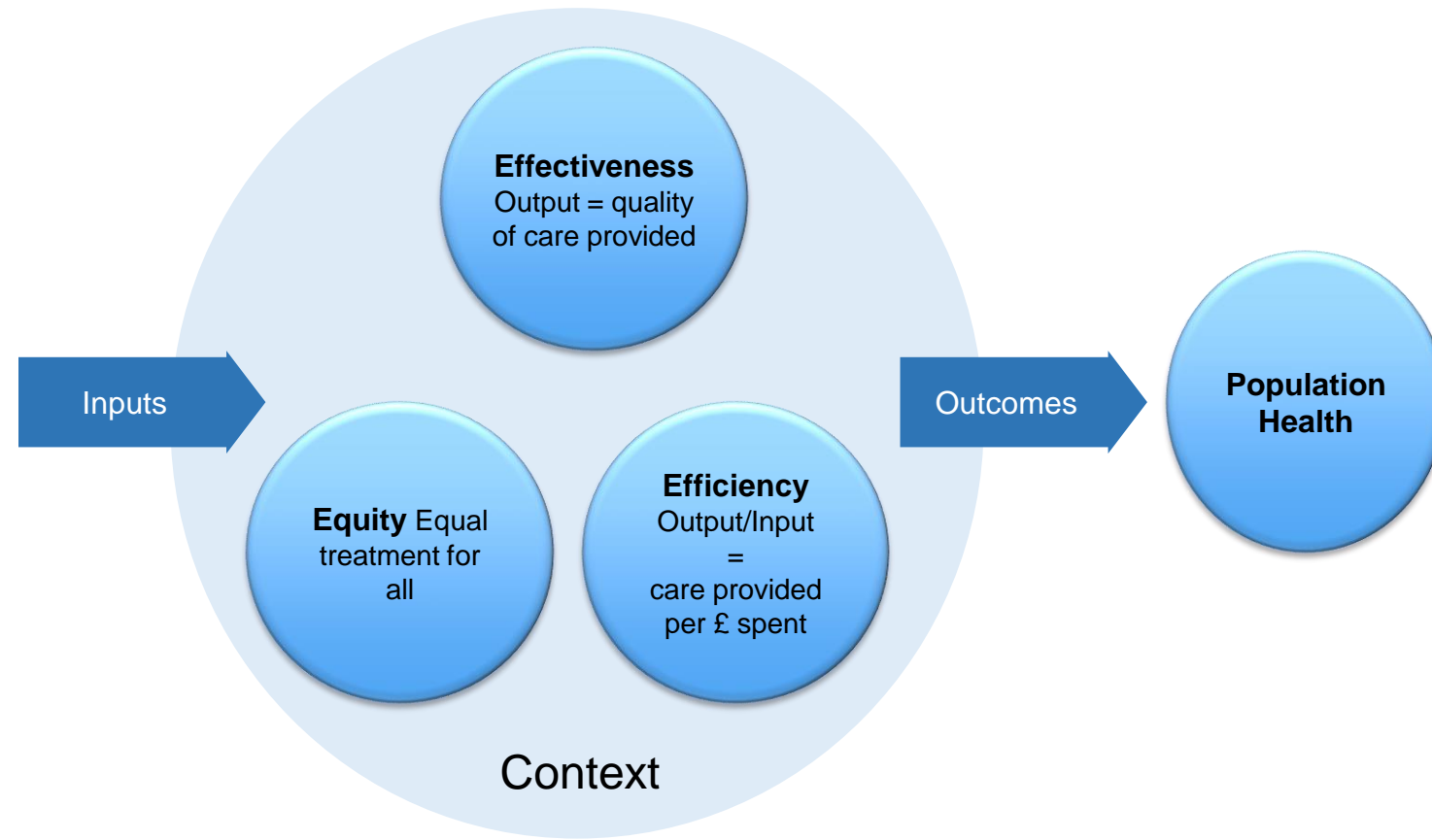
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Benchmarking healthcare systems is complex. We should focus on equity, effectiveness and efficiency



As citizens, we can reasonably ask for **equity, effectiveness and efficiency** from our healthcare system.

But that is not all we care about: we also want **outcomes**, which are determined by the **context** in which the healthcare system sits.

As the Marmot reports show, the social determinants of ill-health affect outcomes dramatically. A healthcare system alone cannot control these factors.

And if the **inputs** (money and other vital resources) are missing, the **outputs** (effectiveness) and **outcomes** will suffer.

Sources: See pp74-81 of The Rational Policy-maker's Guide to the NHS

In the early 2010s, the NHS was rated the best healthcare system in these advanced economies – by some margin



COUNTRY RANKINGS

- Top 2*
- Middle
- Bottom 2*



	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING (2013)	4	10	9	5	5	7	7	3	2	1	11
Quality Care	2	9	8	7	5	4	11	10	3	1	5
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	8	9	11	2	4	7	6	4	2	1	9
Cost-Related Problem	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	4	10	8	9	7	3	4	2	6	1	11
Equity	5	9	7	4	8	10	6	1	2	2	11
Healthy Lives	4	8	1	7	5	9	6	2	3	10	11
Health Expenditures/Capita, 2011**	\$3,800	\$4,522	\$4,118	\$4,495	\$5,099	\$3,182	\$5,669	\$3,925	\$5,643	\$3,405	\$8,508

The Commonwealth Fund analyses best summarise the issues of efficiency, effectiveness and equity.

Over the years, though its position has slipped now, the NHS has the best sustained track record and was the most efficient among these advanced systems.

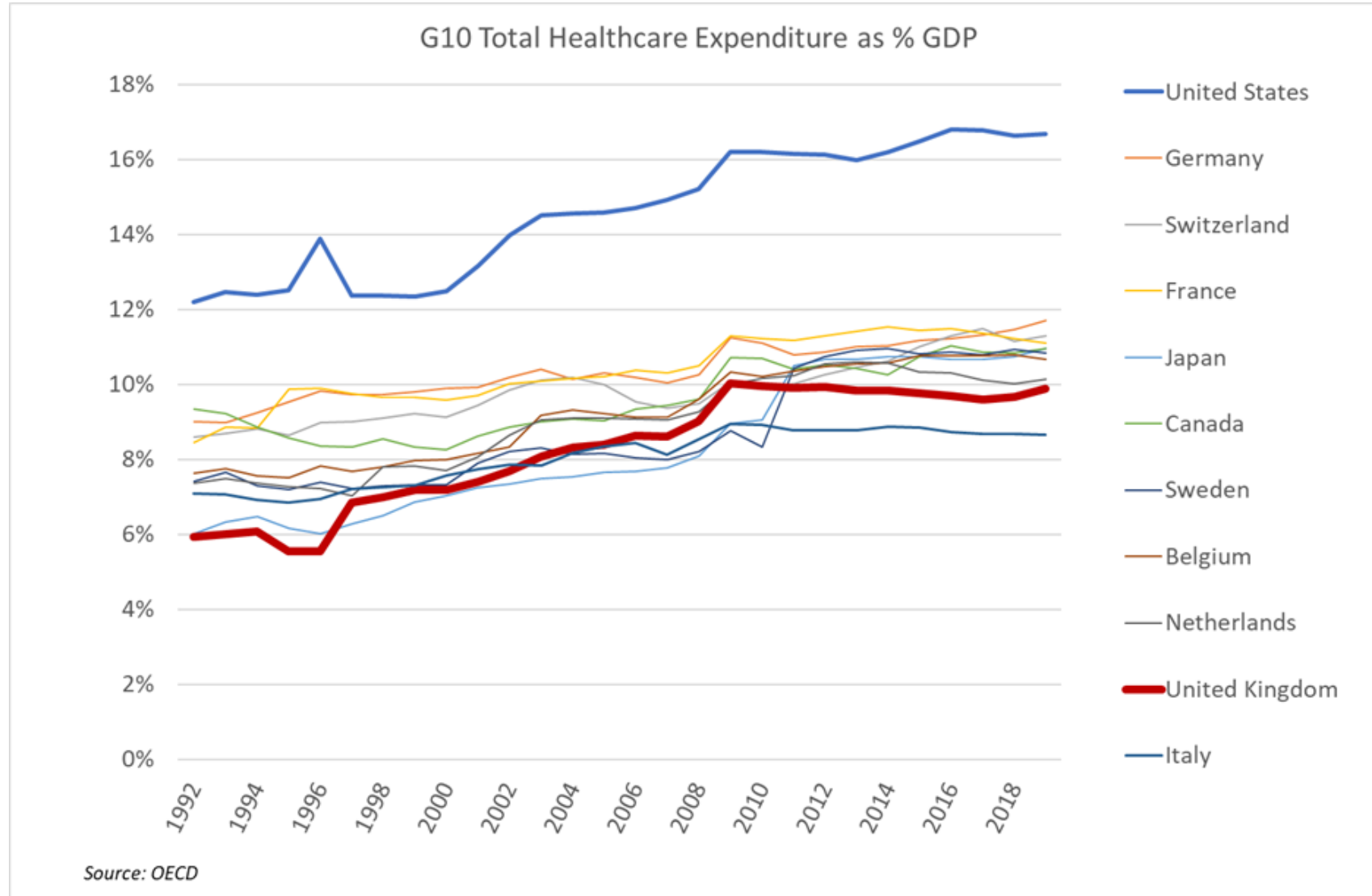
Sources: Commonwealth Fund (2013); pp40-44 of The Rational Policy-maker’s Guide to the NHS



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We spend less than most other high-income countries and our spend has been declining recently as a % of GDP



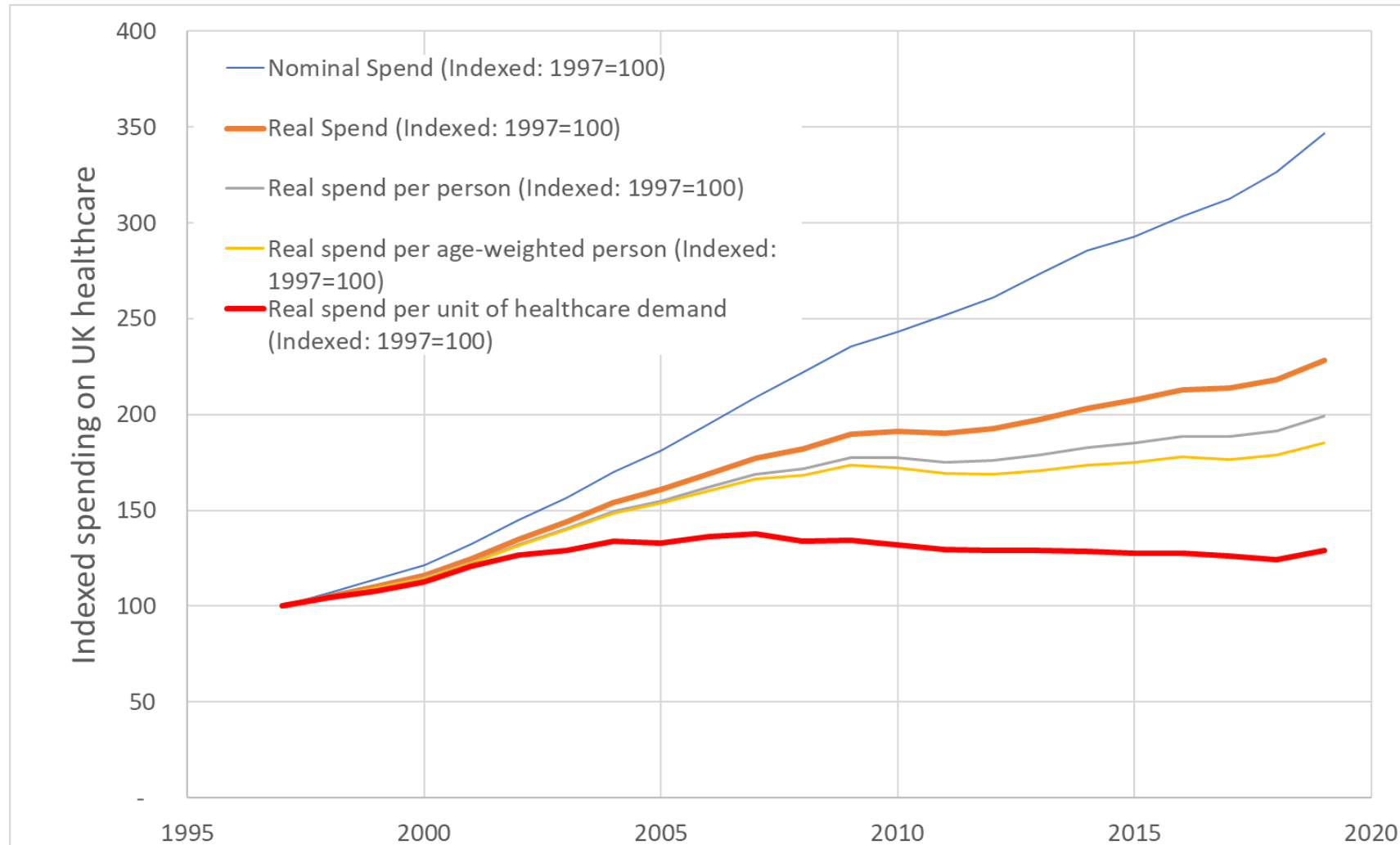
We also spend less on a \$ per capita basis than almost all our peer group. And we have fewer hospital beds and fewer medical doctors per 10,000 of population.

Note that we have used pre-COVID data because:

- 1. the UK had a poor COVID response which added to the load;*
- 2. there was a significant amount of suspect spend (which is still under investigation) in response; and*
- 3. there is a significant post-COVID load still being borne by the NHS.*

Sources: See pp45-50 of *The Rational Policy-maker's Guide to the NHS*

This is not enough to keep pace with the combination of inflation, population growth, ageing and increasing morbidity



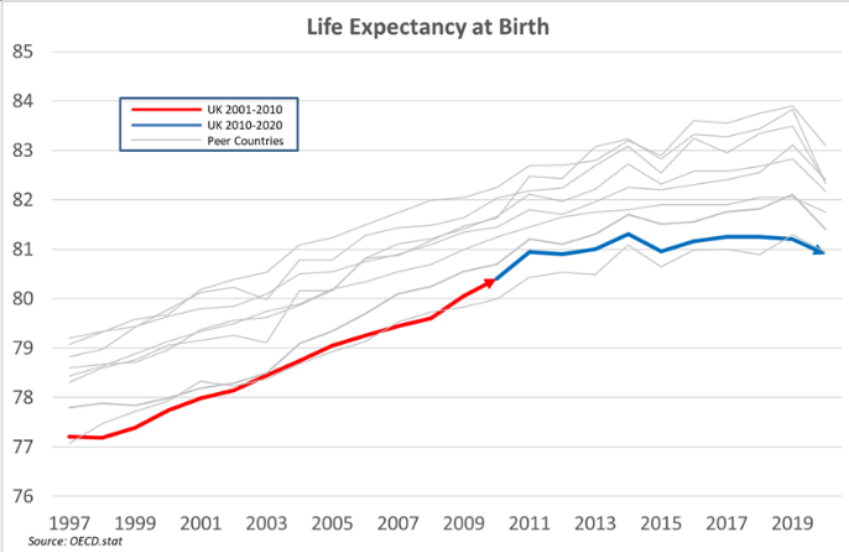
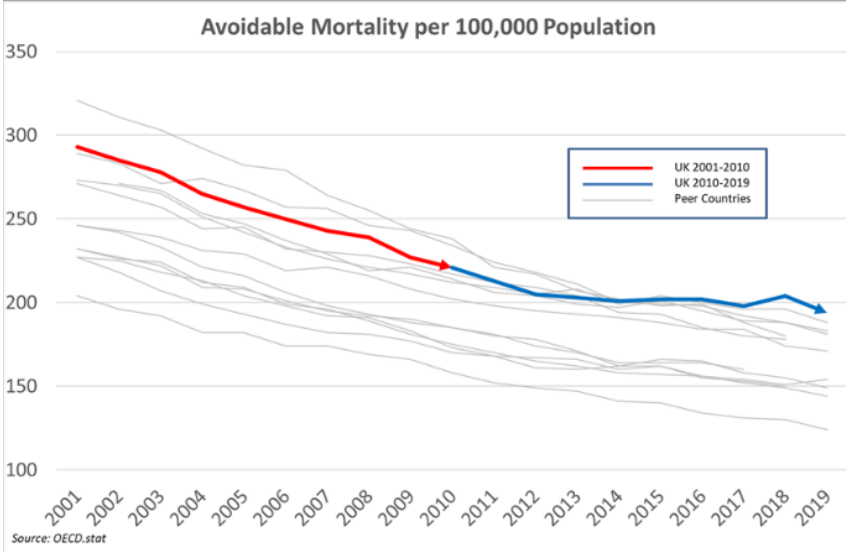
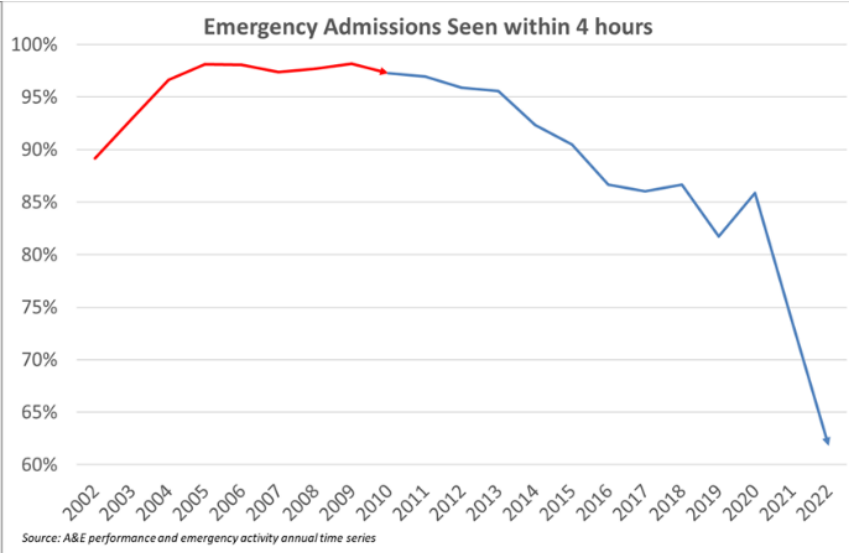
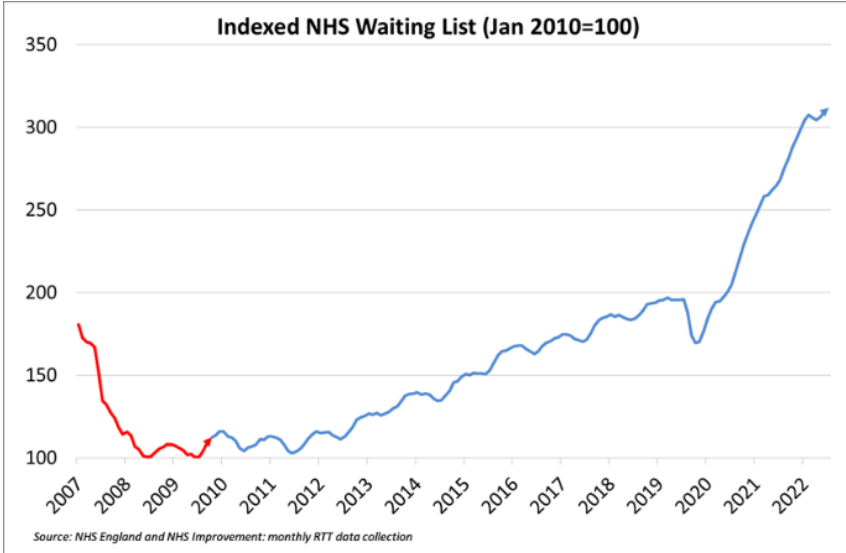
Source: ONS, OBR, NHS Digital; 99% analysis

The previous government claimed that the NHS was receiving record amounts of funding.

This ignored the combined impact of inflation, population growth, population ageing and increasing rates of ill-health among the population (obesity-related diseases, mental health issues and more recently COVID-related issues).

Taking these factors into account shows that **funding has not kept pace with need.**

As a result, performance levels and outcomes have declined



The top two charts show **outputs** – direct results of healthcare system performance relative to demand.

The bottom two charts show **outcomes** – indirect results of healthcare system performance as well as other factors outside the control of the healthcare system.

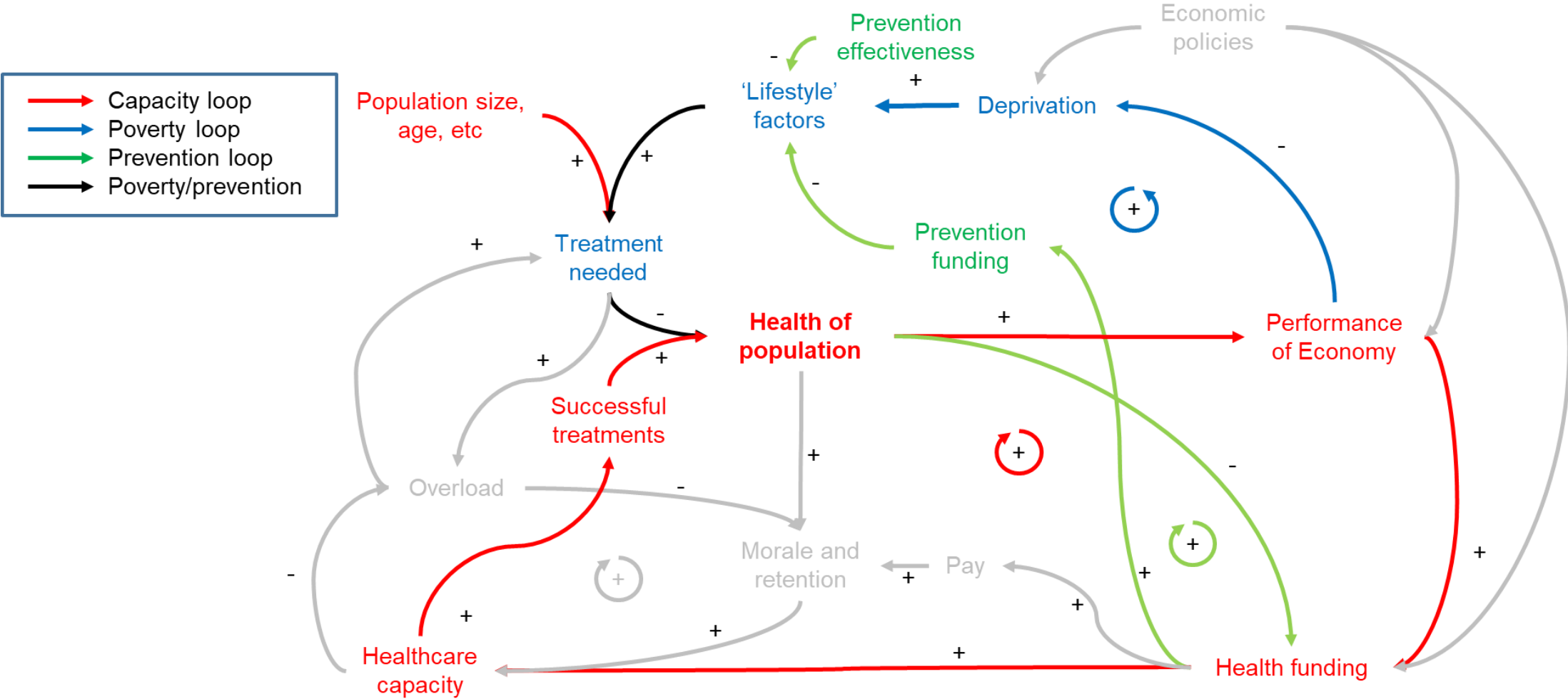
Outputs in particular have worsened due to sustained underfunding vs need.



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There are complex logical interrelationships between the healthcare system and the wider economy



Source: See pp53-59 of *The Rational Policy-maker's Guide to the NHS* for an explanation of these system dynamics

The impact of poor health on the economy is unsustainable – we cannot continue to ignore it

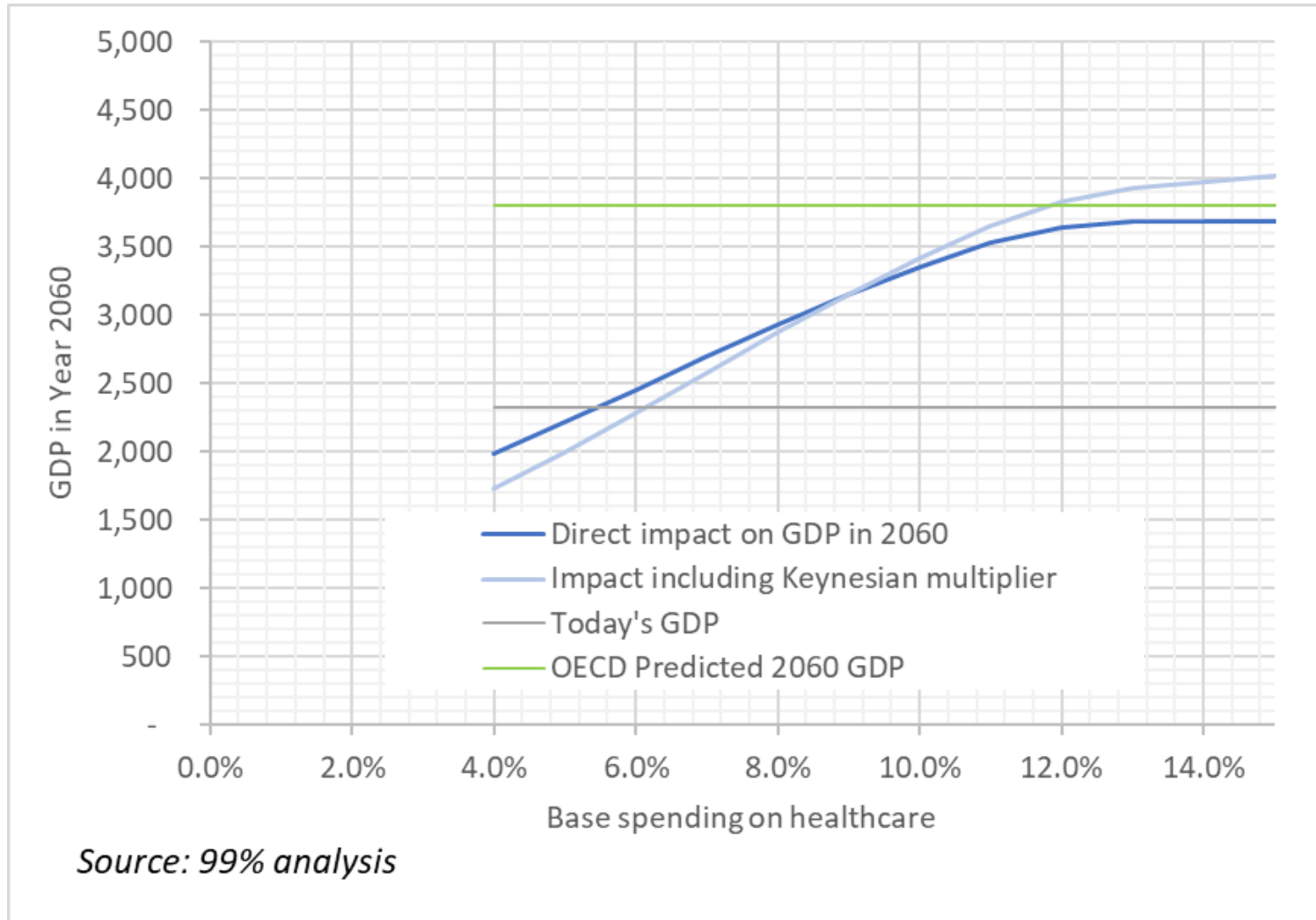


A recent poll of UK business leaders shows that tackling this issue is by a wide margin the #1 issue they want the government to address.

Source:
<https://savanta.com/knowledge-centre/view/business-optimism-and-caution-under-the-new-labour-government/>

Note: NHS does not have a single dataset covering waiting lists since 1993, so the line is spliced from 2 datasets and indexed
Source: NHS, ONS; 99% analysis

A policy of continued reduction of funding as a % of GDP is not sustainable



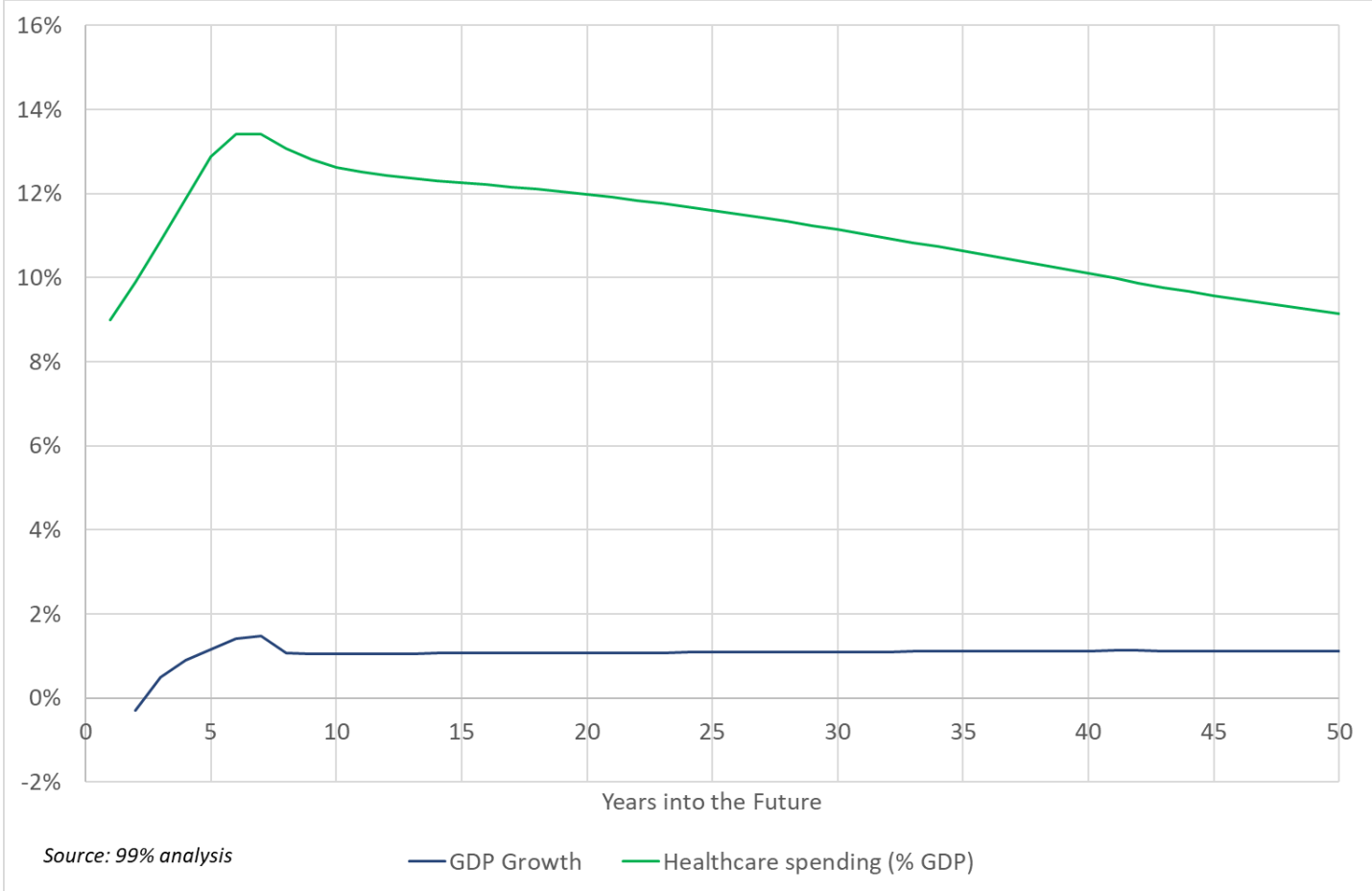
Slide 4 Illustrates the revealed policy of the previous government – to reduce the percentage of GDP spent on the NHS over time.

This chart illustrates the impact on GDP of continuing with that policy at various levels of aggression.

The harder that policy is implemented, the greater the shortfall of long-term GDP against the OECD's long-term projection for the UK.



But adjusting NHS expenditure to meet demand would be sustainable into the long-term



Note: This scenario assumes: 1) that NHS spending is adjusted to meet need; 2) that there is increased spending on prevention; and 3) that there are effective poverty reduction policies in place which, over time, reduce socially-determined morbidity. NHS spending is about three quarters of total UK healthcare spend

In contrast, a policy of adjusting NHS spending to meet need, increased spending on prevention; and effective poverty reduction policies, implies a short-term spike in spending as capacity is rebuilt (as we saw in the years 1997-2009) followed by a return to a steady state spending of around 9% of GDP.

It will also permit healthy growth in the UK economy.

Conclusion: A rational policy-maker would recommit to the fundamental business model of the NHS



International benchmarking shows that before underfunding, the NHS was the best system yet demonstrated in an advanced economy: it provided the best combination of **efficiency**, **effectiveness** and **equity**.

Adopting an alternative model and hoping for better performance would be a leap into the unknown – with a very high risk of failure.

In recent years, the performance of the NHS has declined sharply and waiting lists have shot up.

The root cause of this underperformance is that the resources available to the NHS have **not kept pace with demand** – principally because funding has not kept pace. Other countries have not made this mistake; we should not.

As well as being a moral and healthcare failure, **the decline of the NHS is an economic disaster** – we have record numbers of working-age people out of the workforce due to ill-health and business leaders now say that this is the #1 issue they would like the government to address.

Without a rational policy for the NHS, the UK economy will fail.

A rational policy-maker would: recommit to the fundamental business model of the NHS; fund it in line with need; invest in prevention; and tackle the social determinants of ill-health. **The UK economy cannot afford an alternative strategy.**

While there are many operational improvements which can and should be made, they should be made within this strategic context and introduced with great care, given the strategic weakness and fragility of today's NHS.