

# Contents

|   |           |
|---|-----------|
| <i>List of tables and figures</i>   | v         |
| <i>Acknowledgements</i>   | vii       |
| <b>Introduction</b>   | <b>1</b>  |
| Key points  | 1         |
| The path to failure   | 4         |
| A diagnosis of why change is required, and what prevents<br>change                              | 11        |
| A vision  | 13        |
| Breaking the vicious circle   | 18        |
| Implementing the new, functional dynamics   | 29        |
| Creating a self-sustaining system   | 32        |
| Footnote  | 37        |
| <b>1 The case for change</b>  | <b>39</b> |
| Key points  | 39        |
| Much has been achieved by the Labour government since<br>1997                                   | 39        |
| But much of the extra spending has been wasted . . .  | 42        |
| And the UK still compares poorly with other developed<br>nations                                | 47        |
| Recommendations from the Bristol enquiry have still not<br>been implemented                     | 64        |
| Customer/patient views  | 81        |
| <b>2 What is wrong with the NHS?</b>  | <b>87</b> |
| Key points  | 87        |
| The NHS is a centralized bureaucracy that, without<br>fundamental reform, will continue to fail | 91        |
| The real problem is the same as in all vast bureaucracies                                       | 95        |
| Payment by results is a move in the right direction   | 96        |
| A dysfunctional organization with chronically poor<br>management                                | 106       |

## Contents

|  |            |
|--|------------|
| <b>3 A vision for the NHS</b>  | <b>114</b> |
| Key points   | 114        |
| Refinements to the current policy agenda   | 114        |
| Introduction to Michael Porter's work  | 116        |
| How it would work in the UK, and how providers would compete                                   | 125        |
| Health plans and commissioning   | 127        |
| <b>4 Breaking the dysfunctional dynamics</b>   | <b>132</b> |
| Key points   | 132        |
| The system needs to be de-bureaucratized, decentralized and depoliticized                      | 133        |
| Demand-side mechanisms need to be introduced and extended – patient choice                     | 139        |
| Demand-side mechanisms need to be introduced and extended – commissioning                      | 144        |
| Demand-side mechanisms need to be introduced and extended – primary care                       | 150        |
| Major issues identified by Leicester consumer/citizen group                                    | 152        |
| Competition needs to be introduced   | 162        |
| Civil Service involvement  | 174        |
| <b>5 Creating sustainability and building international competitiveness</b>                    | <b>178</b> |
| Key points   | 178        |
| Creating sustainable market mechanisms in UK healthcare  | 179        |
| The NHS's role in the decline of the UK as a world leader in healthcare and biomedical science | 180        |
| Diamonds and clusters  | 182        |
| A conceptual model for putting it right  | 189        |
| Health and wealth  | 193        |
| Constraints to growth for UK-based companies   | 195        |
| Global medical excellence clusters   | 200        |
| Conclusion   | 204        |
| Notes  | 207        |
| Index  | 213        |

# List of Tables and Figures

## Tables

|     |  |    |
|-----|--|----|
| 1.1 | UK health expenditure compared with other European countries | 40 |
| 1.2 | Selected health data   | 41 |
| 1.3 | NHS Trusts with deficits to over £5 million                  | 46 |

## Figures

|      |  |    |
|------|--|----|
| 1.1  | Weighted NHS spend per head, 2000–5  | 5  |
| 1.2  | Large increases in NHS funding   | 6  |
| 1.3  | Framework for the reforms  | 7  |
| 1.4  | Five-year relative survival rates for men and women given a diagnosis in 1990–4          | 12 |
| 1.5  | The vicious circle of poor management  | 14 |
| 1.6  | Breaking the vicious circle  | 19 |
| 1.7  | Expansion of NHS capacity  | 21 |
| 1.8  | The virtuous circle of commissioning   | 26 |
| 1.9  | NHS future spending versus current spending  | 37 |
| 1.10 | Breakdown of additional spend  | 38 |
| 1.1  | Measurable benefits of increased spending on the NHS                                     | 42 |
| 1.2  | Spending on the NHS  | 44 |
| 1.3  | Thrombolysis rates   | 49 |
| 1.4  | Waits in Accident and Emergency  | 50 |
| 1.5  | Practising physicians (head count) per 1000 population                                   | 51 |
| 1.6  | Mortality rates from circulatory disease   | 54 |
| 1.7  | Comparative mortality rates from coronary heart disease                                  | 55 |
| 1.8  | Mortality rates from coronary heart disease  | 56 |
| 1.9  | Contributing factors in the decline in coronary heart disease mortality                  | 57 |
| 1.10 | Proportion of death prevented or postponed as a result of population risk factor changes | 57 |

*List of tables and figures*

|      |   |     |
|------|---|-----|
| 1.11 | Mortality rates from breast cancer  | 58  |
| 1.12 | Breast cancer survival and screening  | 59  |
| 1.13 | Comparative MRSA rates  | 60  |
| 1.14 | Hospitals rated excellent and physicians' ratings of hospital effectiveness       | 61  |
| 1.15 | Citizen perceptions of healthcare quality   | 82  |
| 1.16 | Citizen views on NHS reform   | 83  |
| 1.17 | UK citizens feel there are better systems elsewhere in Europe                     | 84  |
| 1.18 | Dissatisfaction with waiting times  | 84  |
| 1.19 | Dissatisfaction with choice of doctor   | 85  |
| 1.20 | UK underinvestment in medical technology  | 85  |
| 1.21 | Private versus public sector provision  | 86  |
| 2.1  | Which words apply to public services in Britain these days?                       | 91  |
| 2.2  | The importance of high levels of clinical productivity                            | 105 |
| 3.1  | The care delivery value chain: breast cancer care                                 | 121 |
| 3.2  | The virtuous circle in treating a medical condition                               | 122 |
| 3.3  | Boston Spine Group: clinical and outcome information collected and analysed       | 125 |
| 4.1  | Urgent priorities   | 134 |
| 4.2  | Who wants choice? Gender  | 141 |
| 4.3  | Should patients have choice?  | 141 |
| 4.4  | Who wants choice? Social class  | 142 |
| 4.5  | Who wants choice? Income  | 142 |
| 4.6  | Who wants choice? Education qualification   | 143 |
| 4.7  | The virtuous circle of commissioning  | 149 |
| 4.8  | Health centres are at the core of the recommended reforms in primary care         | 156 |
| 4.9  | 'Consumerism'   | 157 |
| 4.10 | The unacceptable alternative  | 158 |
| 4.11 | A complex cultural and behavioural cocktail                                       | 175 |
| 5.1  | Selected regional clusters of competitive industries                              | 184 |
| 5.2  | Determinants of competitiveness   | 190 |
| 5.3  | Summary of the business environment of the New Jersey life sciences super-cluster | 192 |