

Newsletter

ALL CHANGE AT THE TOP

Under Tony Blair the NHS was subjected to almost permanent revolution. Health secretaries at times bullied, at times patronised the workforce. Few people believed that ministers really listened. Record funds were ploughed in, yet the public and media remain sceptical about the benefits realised and value for money obtained. And depending upon which survey you read, patients either are or are not satisfied with the care they receive.

So Gordon Brown's ministerial shake-up seems to be sending a clear message – 'things will be different under me.' Of all the new Prime Minister's appointments, two in the Department of Health stand out as particularly significant. First, Alan Johnson. As a former union general secretary he seems, on the face of it, the perfect choice as Health Secretary – someone to empathise with a workforce demoralised by the oxymoronic state of constant change. It will be interesting to see if he can resolve the dispute over nurses' pay without crossing swords with the PM in relation to public sector pay rises.

More interesting still is the appointment of Professor Sir Ara Darzi as a parliamentary under-secretary. His role is to win hearts and minds. A surgeon of high esteem, Professor Darzi will not be relinquishing clinical involvement in the NHS. He will continue to perform surgery one day a week. This is as politically astute as it is professionally sensible. His role in bringing the professions with him along the rocky road of reform could be crucial for the success of Government health policy over the next few years.

The presentation has so far been immaculate, but the jury will remain out for a while. Alan Johnson has just embarked on his fourth cabinet job since 2004, so we have yet to see what he can really do. Professor Darzi, although no political novice (he led the review of NHS services in London), will need to hone his skills if he is to win support from all NHS staff.

IT IN THE PUBLIC SECTOR

Computer Weekly estimates that the UK's public sector spends more on information technology than any other country in Western Europe, and almost twice as much as Germany in second place. Research by Transversal concludes that more than £1.5 billion has been spent on e-Government's websites.

The report shows that 60 per cent of websites owned by government are inefficient at resolving queries by customers. And 75 per cent of customer-related projects fail to show any measurable return on investment. If only 25 per cent of this money is wasted, there are prospective savings of £375 million.

INSIDE

[ALL CHANGE AT THE TOP](#)

[IT IN THE PUBLIC SECTOR](#)

[AN EXACT OR EXACTING SCIENCE?](#)

[THE 29-HOUR DAY](#)

[HERE AND THERE](#)

[UNCONVENTIONAL WISDOM](#)

[SOCIAL ENTERPRISE](#)

[WHAT THEY CANT DO THESE DAYS](#)

[PRIVATE EQUITY](#)

[HEART DISEASE](#)

[PAYING THE PRICE FOR PUBLIC HEALTH](#)

[FINAL THOUGHTS](#)

AN EXACT OR EXACTING SCIENCE?

Atul Gawande, an American surgeon whose book, *Complications*, inspired the TV series, *Grey's Anatomy*, dispels the myth of medicine as an exact science. His frank discussion of failure in modern healthcare with *The Guardian's* John Crace would strike a chord with any practitioner. 'If you ask any doctor when he or she last made a misdiagnosis, the truthful answer would always be in the last month', he says. Yet getting clinicians to engage in greater understanding of the reasons for failure is not easy. The stakes are indeed high. But Gawande argues that

the significant advances in medicine have not traditionally come from scientific breakthrough, but from 'close attention to the detail of failure'.

The typical response to error in many healthcare settings of the 21st century is the apportionment of blame and, in extreme cases, litigation. Gawande does not eschew accountability for his actions or those of his profession. But he does call for common sense.

THE 29-HOUR DAY

The life expectancy of a middle-aged man is rising by five hours a day. But if each cigarette brings you ten minutes closer to death, your fifty-something male can smoke 30 a day and still break even. **David Norgrove, Pensions Regulator, Evening Standard, June 2007.**

The 29-hour day illustrates the rate at which our life-spans are increasing. Each day we have 24 hours for now, and 5 hours for later. But increasing longevity does not appear to equate with an explosion of the population. It seems that as the average age of a population increases, the birth rate decreases. Tom Kirkwood, of the Centre for Integrative Systems Biology of Ageing and Nutrition, argues that life

expectancy was truncated by environmental hazards. It wasn't genetically viable to build bodies that would last a long time. But now that we live longer, we must consider the implications for our society, economy and health care system. To date, arguments have focused on the negative impact of increased dependency that invariably accompanies old age. Yet in the US, the economic benefits of increasing lifespan are estimated at \$73 trillion. The debate needs to shift towards the productive benefits of longer life. Tom Kirkwood hopes for more research into age and ageing. Only through research will we learn to lessen the impact of age on disease and thereby reduce age-related dependency.

HERE AND THERE

- The annual budget of the World Health Organisation is \$1.65 billion. Since 2000, the (Bill and Melinda) Gates Foundation has spent \$6 billion on health issues in the third world. **New Yorker, 24 October 2005**
- The British rail system receives almost £5 billion a year in public subsidy – almost four times as much as it did when privatised in 1994. **The Economist, 2 December 2006**
- The French consume more tranquillisers per head than any other nation. **George Calvet**
- The UK exported about £75 billion worth of knowledge services in 2005, 6.3 per cent of GDP. This represented a quarter of all UK exports, significantly more than any other major economy. **The Work Foundation**
- In Germany, five times more people work in the healthcare business than in the automotive industry. Nine times more in Europe, and fifteen times more in the United States. **James Harding, The Times, June 2007**
- There are 25,000 deaths a year in Germany because of medical treatment errors. Fifty per cent of X-rays are redundant. And one in four consultations are done because the doctors are missing or have incomplete data. **Klaus Kleinfeld, outgoing Chief Executive of Siemens, Munich Economic Summit, June 2007**
- The NHS is the 33rd largest economy in the world. **Fiona Godlee, British Medical Journal, April 2006**
- 'The British nation abhors absolute power. We prefer to take our chances with cholera and the rest than to be bullied into good health.' **The Times leader from 1854.**

UNCONVENTIONAL WISDOM

The following entry was made in a patient's medical records, 'Patient's fluid intake is good, mostly beer.'

And the power of positive thinking and optimism was taken to extremes by the doctor whose notes read, 'The patient left the hospital feeling much better except for her original complaints.'

SOCIAL ENTERPRISE

The role of social enterprise is well established in social care and its role in the national health economy is growing. In April the government announced £1.4 million for pathfinder schemes. This is pump-priming money to encourage innovation and new approaches to delivering services. And social enterprise is attractive in many ways. It enables local ownership, it is non-profit-distributing, it can access funding beyond the NHS to develop and subsidise its work. 26 projects have been chosen to receive investment.

But where does social enterprise sit? On the one hand, it provides opportunities for Primary Care Trusts to split their commissioning and provider functions by outsourcing the

provision of community-based services. Where this is already happening, it is arguable that one monopoly is merely replacing another. On the other hand, social enterprises can provide contestability, and thereby plurality, in local health economies. If the potential to stimulate competition is harnessed, traditional providers of primary and community care services will have to watch their backs. Social enterprises reinvest their surpluses in the interests of the people they serve. And more significantly, they can be owned by the people they serve. They potentially offer a social democracy that empowers patients to take control of how services are provided. This seems to tick two important boxes for Government – voice and choice for patients.

WHAT THEY CAN'T DO THESE DAYS

As public expectations of the health service grow and the debate on where the tax-payers' billions have gone rages, it is refreshing to learn that doctors are finding their own ways of dealing with complaints. One NHS Trust is clearly

piloting a new procedure, as evidenced by this referral from a GP to a Urologist, 'I should be grateful if you would see this man, who is complaining of impertinence'.

PRIVATE EQUITY

It has been reported that the Healthcare Commission is to examine the growing role of private equity, after it was announced that Cinven will acquire 25 BUPA hospitals for £1.44 billion. More than 70 per cent of Britain's private hospitals will now be controlled by private equity firms. News of the sale came hot on the heels of the Treasury Select Committee's aggressive inquiry into the industry.

Yet the attractions of the hospital sector are simple enough, according to Robin Pagnamenta of The Times. 'The rising healthcare demands of an ageing and increasingly affluent population, a lack of foreign competition and increased outsourcing opportunities to the NHS have driven a flurry of deals at dizzying prices.' But what direction will

Government policy take under Gordon Brown? NHS outsourcing work could dry up in a few years if existing private sector contracts are merely intended to give the NHS breathing space in which to reorganise. There is already speculation that new Health Secretary, Alan Johnson, will scale down the second wave of independent surgical treatment centres (ISTCs). If standards of care rise and waiting times fall to less than 18 weeks, demand from the private sector's core customers, traditionally self-payers and those with private medical insurance, may ebb away. There is also pressure from health insurers. NHS tariffs for outsourced surgery are bringing greater transparency and insurers are seeking more competitive prices from private hospitals.

HEART DISEASE

A recent report in the *British Medical Journal* estimates the number of people previously thought to be at risk of heart disease is 1.5 million too high. The Framingham Index calculates risk based on smoking, blood pressure, cholesterol, age and sex. By this method, 4.7 million people are believed to be at risk. Using a new method that also takes into account social deprivation, genetic factors and weight, only 3.2 million are thought to be at risk.

This calls into question the appropriateness and cost of some preventative interventions. The NHS currently spends almost £2 billion (23% of total prescribing costs) per year on cardiovascular system drugs. The study also found that white, middle-aged men have a lower risk of heart disease than previously thought, while women from poorer backgrounds have a significantly higher risk.

PAYING THE PRICE FOR PUBLIC HEALTH

The ban on smoking in enclosed public places came into effect this month. Smokers who fail to comply can face fines of up to £200. For failing to prevent smoking in a smoke-free area fines can reach £2,500. However, this is small change compared to the potential damage to smokers' pockets in Italy. The Italian Association of Personnel Managers claims that since the law in 2005 banning smoking at a workplace, smokers are taking an average of six additional breaks a day. This means they are doing an hour's less work than non-smokers. The association says their pay should be adjusted accordingly.

And if researchers at Oxford University's Department of Public Health get their way, we will soon have an indirect obesity tax. Their study, published in the *Journal of Epidemiology and Community Health*, claims that imposing a 'fat tax' on salty, sugary and fatty foods could save around 3,200 lives each year. Value added tax is already levied on some 'luxury' items, such as crisps and ice cream, but most foods are exempt.

FINAL THOUGHTS

There are five types of companies: those who make things happen; those who think they make things happen; those who watch things happen; those who wonder what happened; and those that did not know that anything had happened. **Sadly anonymous**

And for those of you needing some cheer during these rainy days, we offer the following words of wisdom from Bill Bryson (from his book *Notes From a Small Island*):

But financial penalties have not historically resulted in changed behaviour. Taxes have been levied on cigarettes and alcohol for many years. However, it would be disingenuous to suggest that taxes are designed to curb consumption. It is because there is high consumption that cigarettes and alcohol provide such a soft revenue target for the Exchequer. Taxes do not deter people from smoking or drinking. Neither are they likely to deter people from eating unhealthily. And the Food and Drink Federation has said that a 'fat tax' would hit low income families hardest.

In the final analysis, we can do little to improve public health without personal responsibility, a subject about which the incisive Bernard Levin had this to say in 1975:

'What we are in the grip of, apart from inflation and raving lunacy, is the tendency to believe that at all levels and in all fields, the state will provide, and the individual need not therefore bother too much to do so.'

'I have a small tattered clipping that I sometimes carry with me and pull out for purposes of private amusement. It's a weather forecast from the Western Daily Mail and it says, in toto: 'Outlook: Dry and warm, but cooler with some rain.

There you have in a single pithy sentence the English weather captured to perfection: dry but rainy with some warm/cool spells. The Western Daily Mail could run that forecast every day – for all I know, it may – and scarcely ever be wrong.'



Collinson Grant Healthcare is a management consultancy. For more than twenty years, we have been helping managers in public and private healthcare to transform the performance of their units. Most of our work is on three themes – organisation, costs and people. We pinpoint what is important; focus structures, processes and measures on activities that add value; and guide managers to use resources efficiently and effectively. We tackle major reorganisation projects for large organisations and support managers on smaller assignments.

Collinson Grant Healthcare Limited

Ryecroft Aviary Road Worsley Manchester M28 2WF United Kingdom

Telephone (0)161 703 5600 Facsimile (0)161 790 9177 Web www.collinsongranthealthcare.com

In London 33 St James's Square London SW1Y 4JS Telephone (0)20 7661 9382 Facsimile (0)20 7661 9400

Part of Collinson Grant Group Limited