



Developing strategic relationships with the Third Sector

One East Midlands Health Network,
20 November 2009



Anthony Kealy

Strategic Programmes Director



Main Themes

- Why has the NHS been so poor at engaging the third sector?
- What is changing?
- The quality and productivity challenge



'Failure' of Commissioning

NHS has 'commissioned' for two decades, but ...

- Commissioners' capability has been limited
- Few levers, not well used
- Inadequate regulatory regime – bail out of NHS providers
- Low investment in developing commissioners
- Highly variable & fragmented practice
- Lack of legitimacy (linked to 'voice' & patient /public engagement)
- **Very limited range of providers**



An unfair playing field

**No excuses. Embrace partnership now.
Step towards change!**

Report of the Third Sector Commissioning Task Force





An unfair playing field

- Lack of awareness amongst commissioners of the Third Sector
- Inconsistency of procurement and regulatory practices
- Great variation in when/whether to use grants or contracts
- Burden of disproportionate procurement practices – pre-qualification requirements, guarantees/bonds
- Poor funding practice: lack of full cost recovery > ‘subsidy’
- Poor funding practice: short-termism = barrier to investment

“Most TSOs have not seen any general improvement in funding practices since 2002, and in some cases funding practices are perceived to have worsened”

- Burden of disproportionate monitoring



The NHS is changing because the world is changing

Quarter more over 85s by 2015



The cost of new drugs is increasing



Lucentis and Macugen:

- NICE will rule this year on two treatments to prevent blindness in people with AMD
- These new drugs could cost the NHS between £60m and £180m a year.

Diseases of modern lifestyles



Rising consumer expectations

24
Hours
A
Day
7
Days
A
Week



Open 24/7

No Appointment
Necessary For Most
Services



A vision for modern public services

- Empowering citizens to shape services around them
- Opening up the supply side so the greatest possible diversity is encouraged.
- Breaking down the barriers between professions, creating new roles
- Reaching out to the most excluded
- Creating a new partnership between state and people

Key underpinning role of [commissioning](#)



The Commissioning Framework for Health and Well-being



Assuring high quality providers for all services

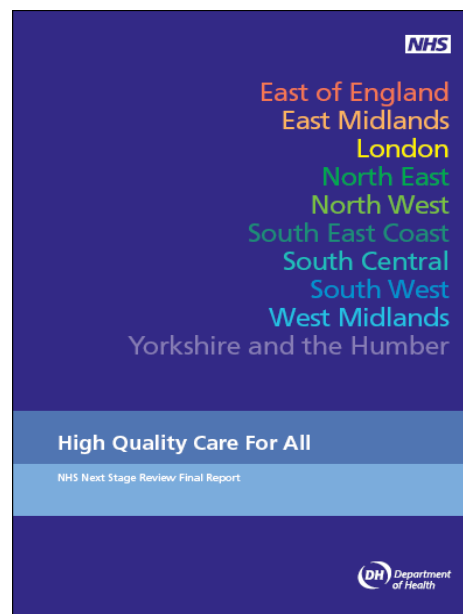
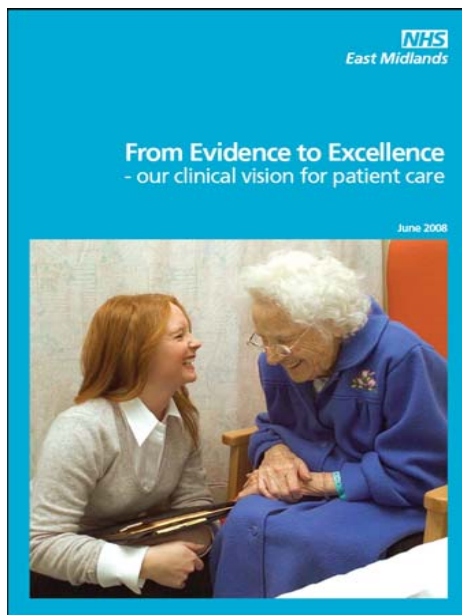
Obstacle: Providers are sometimes unwilling or unable to provide new and innovative services

Solution:

- Commissioning focused on outcomes
- Wider range of providers
- Develop effective, strong partnerships with providers
- Transparent and fair procurement
- More innovative provision, tailored to the needs of individuals (engage providers in needs assessments)
- Intelligent decommissioning



Our vision for Quality Improvement

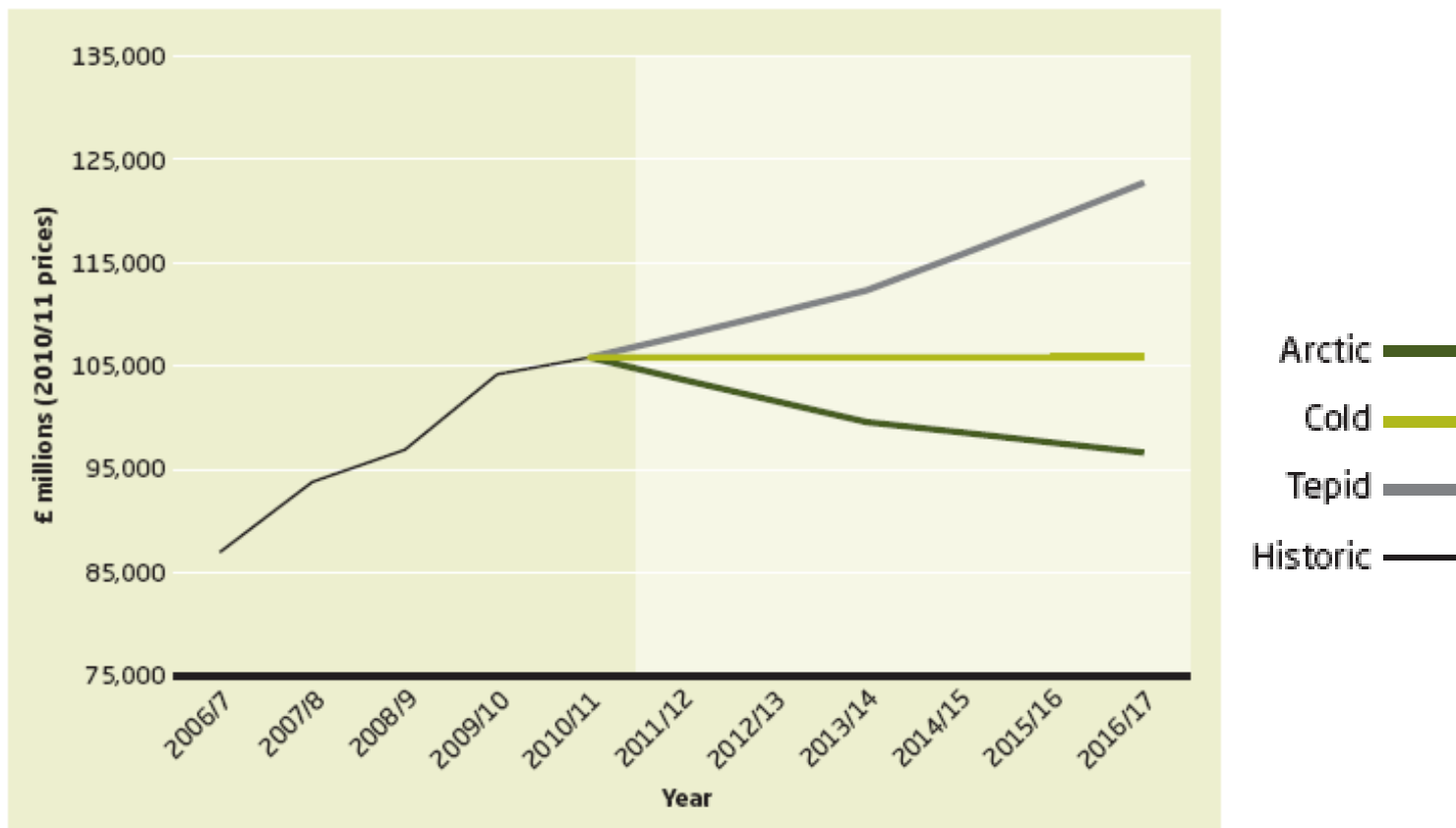


“We will create a stronger health system that is evidence-based, patient-centred, safe, high quality and championed by clinicians”



The new challenge

To deliver our ten-year strategy in a cold climate



Source: King's Fund, 2009



How cold will it get?

- £15 billion?
- £20 billion?
- We don't know...





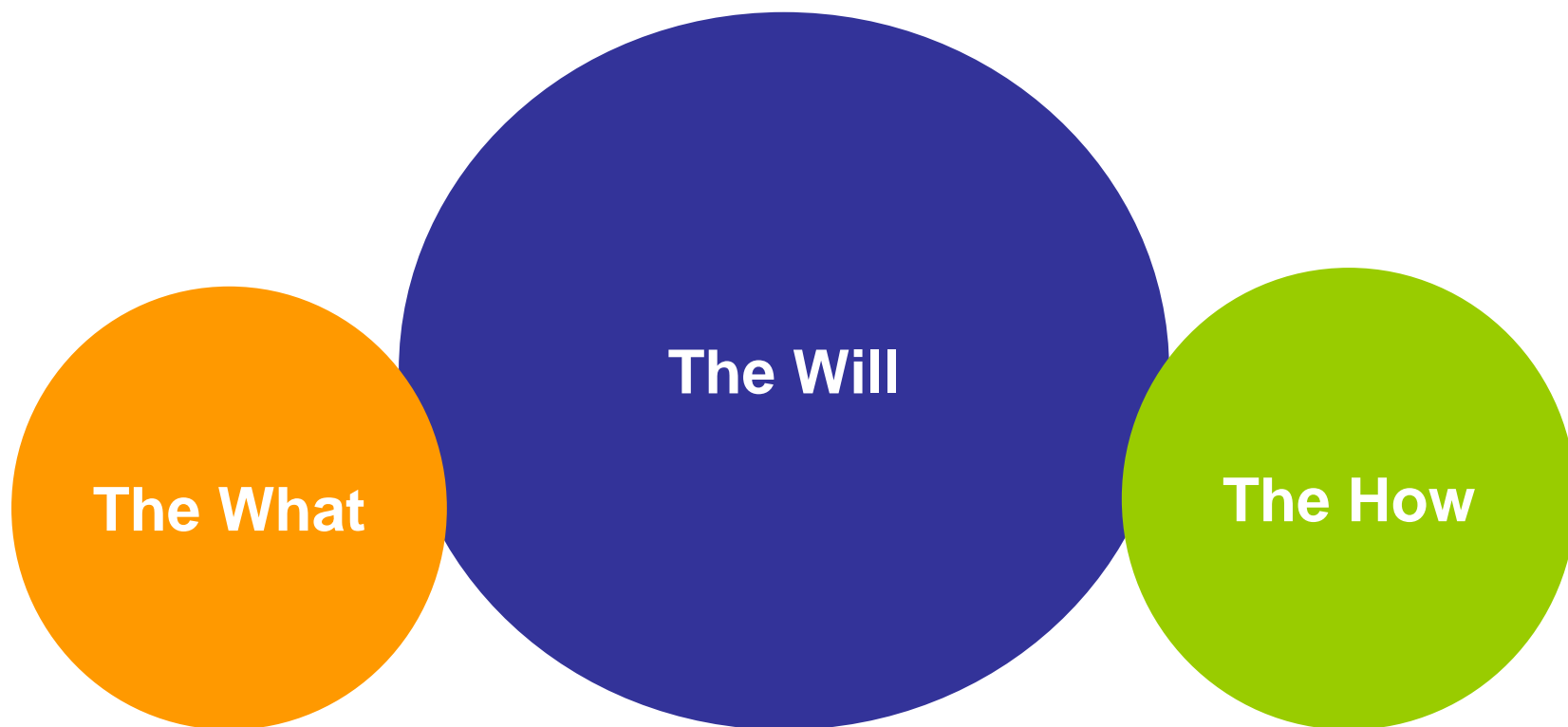
Filling the gap

The NHS will need to make major changes:

- Bringing everyone up to the level of the best performers
- Reducing waste
- Eliminating duplication
- Clinical pathway changes
- System changes



Key elements of our approach





The Will

We must:

- Develop the right culture and mindsets
- Build our capacity and capability to lead large scale change
- Communicate and engage with all stakeholders





The What

We must:

- Deliver our strategic priorities &
- Improve health and healthcare by
 - Improving quality
 - Improving productivity
 - ... through innovation, and prevention





The How

National

Regional

County

Organisation

Co-Production

Subsidiarity

Clinical Leadership

System Alignment



The How

- We will focus on doing a small number of things well to deliver the greatest gains.
- We will:
 - Monitor progress
 - Measure the impact
 - Focus on **quality** as well as **efficiency**

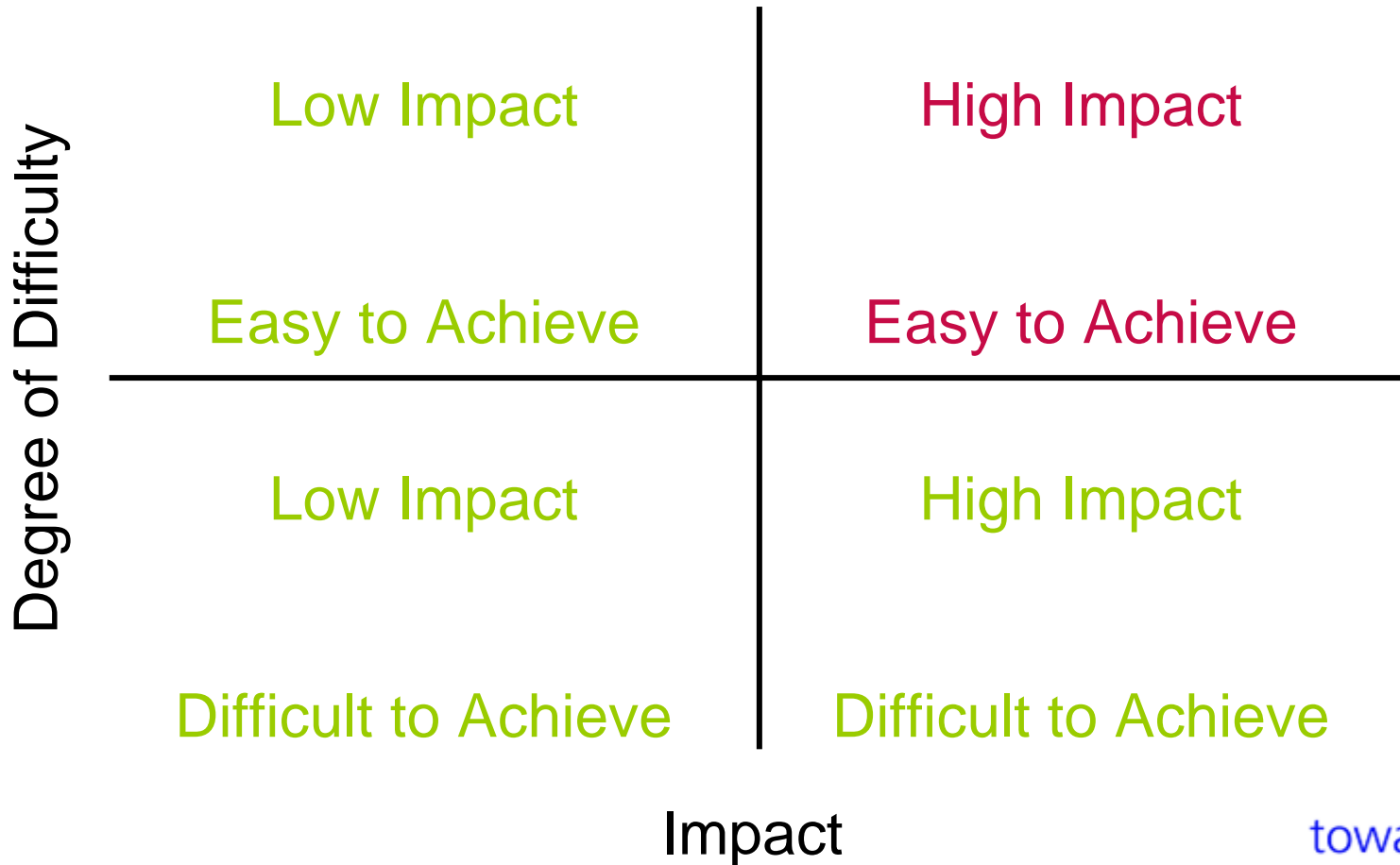


Opportunities

- 40% of medications are unnecessary ([Rand USA studies](#))
- 25% of hospital days and clinical procedures are inappropriate
- £415bn/year 'is wasted on outmoded and inefficient medical procedures in the US' ([Juran study](#))
- The cost of poor quality care will likely exceed \$1tr by 2011
- 25% of radiological tests are not necessary ([Royal College of Radiologists](#))
- £330m worth of medicines returned to pharmacies for disposal each year ([BMJ 2002](#))
- £1.4bn is the cost of 100,000 HCAs in England/year ([UK Hoc report 2000](#)).



Prioritising Solutions





Implications for the Third Sector

- NHS services will have to become much more efficient and productive
- Services will increasingly move away from hospitals
- Innovation and prevention will be highly valued
- Quality and outcomes will become the main focus
- This can only be done through effective partnerships



Questions?