

# The NHS: Collaboration or competition?

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Since devolution in 1999, approaches to providing NHS services in the UK have become increasingly divergent. Wales has moved away from the use of an internal market to manage services and instead adopted an integrated model of healthcare provision.

Since devolution, Wales and Scotland have charted a different course from the English approach to providing NHS services. In the Welsh model the role of the private sector in NHS healthcare is diminishing and the internal market, and its purchaser / provider split, no longer operates.

## The role of the market in the NHS: Arguments for and against

Many politicians and health experts in England believe that the market is essential to:

- control spending;
- drive up standards; and
- increase patient choice.

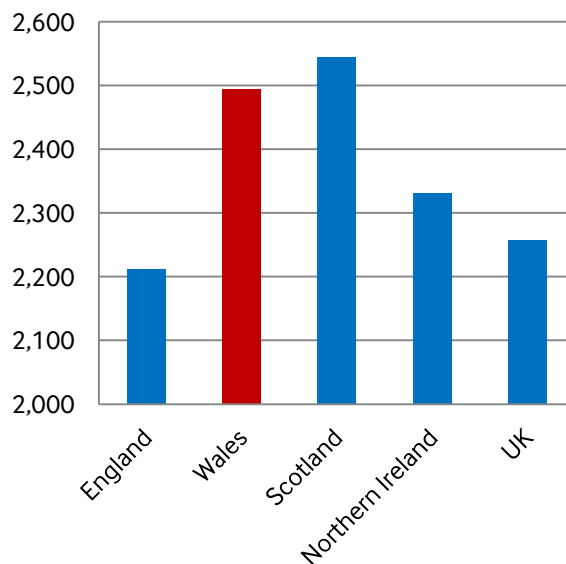
Successive Welsh Governments have maintained however that promoting competition in the NHS create fragmented, bureaucratic services that lack cohesion and undermine the fundamental principles of publicly provided NHS healthcare.

According to the last Welsh Government, integrated provision to provide consistent, cost-effective and co-ordinated services is the way forward. By contrast, the UK Government in England is promoting competition in the NHS and creating new opportunities for private sector involvement in healthcare through its 'any willing provider' approach.

## Unhealthy Wales?

No-one underestimates the challenges facing the NHS in Wales. Of the four UK countries, Wales has the lowest healthy life expectancy at birth. It has high levels of obesity, a high incidence of chronic disease, and communities with high levels of deprivation. It also has a population with the largest proportion of older people in the UK, many of whom live in rural communities. Unsurprisingly, Wales has above average health and social care spending per person for the UK - only Scotland is higher.

Total identifiable expenditure, £ per head on health and personal social services, 2008-09



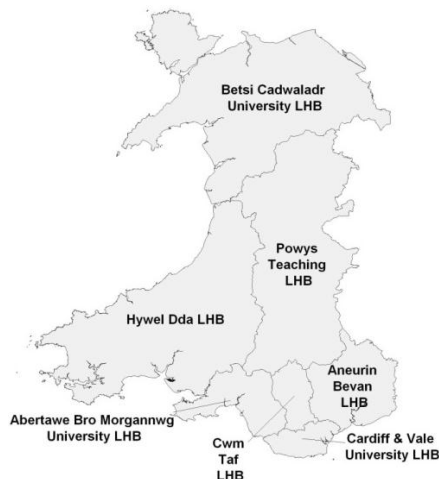
Source: ONS

## A Welsh approach

Since devolution, Wales has developed a distinctive approach to health services. The Welsh Government has opted to limit or, in the case of prescriptions, abolish charges for NHS services. It has also taken a more collaborative

approach to patient involvement in healthcare than the consumerist model adopted in England. Wales scrapped Health Authorities in 2003, and created twenty two Local Health Boards with fourteen NHS Trusts, but it was widely felt that the reforms resulted in an unwieldy number of health bodies for a country the size of Wales. The 2009 NHS restructuring, which reduced these to seven Local Health Boards and three NHS Trusts has helped to address this issue, but may hamper progress on improving the co-ordination of health with local authority social care services, since their boundaries no longer correspond.

### Local Health Boards in Wales



Source: NHS Wales

The 2003 Wanless report reinforced the need to refocus resources away from expensive hospital-based care and towards primary and community care services, and to place more emphasis on health promotion and public health measures. There are clear benefits to the health promotion work of the NHS. More exercise, less smoking and better eating habits should help reduce the costs of treating disease and managing chronic conditions in the future.

Less obvious to some communities are the benefits of downgrading or closing local hospitals. They may need convincing of the value of concentrating specialist resources in fewer centres of excellence.

## New pressures

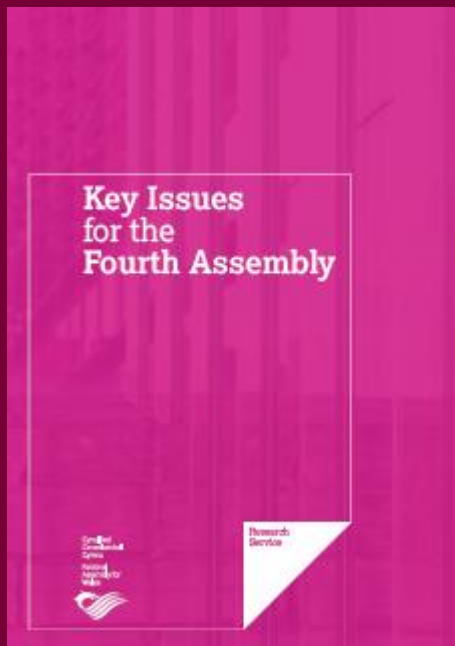
The financial climate has now changed, and the NHS is facing pressure on its budget as well as the wider impact of tighter public spending. A squeeze on local authority funded social care services for example is likely to increase demand for healthcare. Claims of improved co-ordination between health and social care services under the Welsh NHS model are likely to be severely tested in the coming years.

As ever in the NHS, the pressure of increasing demand brought about by an ageing population, technological advances and rising public expectations means that healthcare inflation is higher than general price inflation. In an era of public spending constraint, increased expenditure is needed simply to stand still, unless economies can be achieved through more efficient management and improved working practices. The Welsh Government has pinned its hopes on the performance of an integrated and efficient NHS with slimmed down management and a strong emphasis on health promotion and individual responsibility for health improvement.

## The future

Tight financial management and close scrutiny of the performance of the NHS will be the order of the day for the foreseeable future. Amongst other things, the Welsh model is likely to be judged on performance on waiting times and service delivery, the availability of specialist drugs and treatment, patient satisfaction, and in the long term, better health indicators. The views of health professionals will also influence any assessment of the effectiveness of the Welsh NHS. Change and development is a constant feature of the NHS, but one thing will not change. Whether or not collaboration and integration proves better than a market orientated model, the health of the NHS will remain high on everyone's agenda.

# Article taken from Research Service publication



## Key Issues for the Fourth Assembly

This document has been specially prepared for Assembly Members by the Research Service. It sets out some of the key issues likely to matter to Members during the Fourth Assembly.

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