



YOUR IDEAS AND SUGGESTIONS

Contestability and choice

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The urgent need to tackle the fiscal deficit may be the catalyst for an historic turning point in re-designing NHS services to suit personal needs.

The need to do more with less means health services will need to be redesigned around the needs of users, rather than the convenience of institutional boundaries, custom and practice.

On a recent trip to Boston, USA, I was struck by care received by a relative who had undergone a knee joint replacement. She had a personal care coordinator who ensured her journey through the system was seamless, from start to finish. In constant reassuring communication by phone, email and text, from the hospital admission to the home-based post-operative care and physiotherapy, the coordinator managed all the different providers.

Her private insurer put this system in place to provide her with good care as well as to minimise its costs. Her care was designed around her particular needs – no long stay in an expensive acute bed, no disjointed handover to [community services](#) or GP on discharge.

Why can't a similar principle work in a publicly funded system?

Economic circumstances could offer the opportunity to devolve more power to community organisations and create a diverse market of service providers.

Contestability

The NHS operating framework for 2010-11 signposts the role contestability and plurality of suppliers play in achieving savings. The new PCT procurement guide is also likely to signal a pivotal role for new providers in delivering reforms to health and [social care](#) services as the NHS seeks savings of £10bn per year by 2013.

The operating framework published in December calls for a "vibrant, resilient supply side" to deliver the step changes required in quality, [productivity](#) and cost reduction.

Providers will need to be able to develop affordable, innovative integrated care pathways, while reducing transaction costs and remaining sustainable, clinically and financially.

This will require new service delivery models, greater co-operation between providers and different commercial partnerships within the NHS and with the independent and third sector, delivered at increased pace and scale.

The framework also indicates a greater role for social enterprise models by supporting successive waves of NHS "right to request" social enterprises led by entrepreneurial NHS community staff. It is thought the [DH](#) plans to approve another 30-40 projects beyond the 20 pathfinders approved so far and each region has an active programme of supporting aspirant social enterprises to emerge from provider arms. And the [Conservatives](#) say they would let public sector workers form "co-operatives" to take control of certain public services.

Challenges

Third sector providers and social enterprises will face challenges. Research carried out by TPP Law last year indicated that commissioners were suspicious of third sector providers, believing many lacked the working capital and scale to handle big contracts.

The third sector does lack access to equity finance but this could be addressed by government providing equity capital to pump prime new joint ventures with suitable partners. Such a system has been working well in education and in LIFTCo procurements for some years. This could be part of the new role for a social investment bank that has been mooted by both main parties.

The issue of scale could also be addressed by more partnership and consortium working between private and third sector organisations. Third sector providers stand ready to take up the challenge if the procurement process is intelligently designed.

Tough choices lie ahead. As the UK's biggest employer, the NHS as an institution has acquired "sacred cow" status. But it cannot become an historic treasure; it must be encouraged to change if its future is to match up to the vision surrounding its creation. It will take a brave politician to shift the service into a truly diverse market of providers competing on quality and tariff.

Source: Mark Johnson is the managing director of TPP Law.

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