WHAT IS THE ORGANISATIONAL SOLUTION TO THE NHS?

Adapted by Valerie James from:

David Kernick: *The search for the correct organisational solution to the NHS* in David Kernick (ed) **Complexity and Healthcare Organisation: A view from the street**., Radcliffe Medical Press, Oxford, 2004

How is health care different to other sectors?

1. Unlike most productive organisations, the nature of the final product (health) is contested
2. There is a tenuous relationship between healthcare and health
3. Consumers of healthcare have imperfect knowledge about the product that they receive. There may be a reliance on clinicians to make choices that they receive. There may be a reliance on clinicians to make choices on behalf of their patients, but these same clinicians as suppliers may have conflicting incentives
4. Managers have an imperfect knowledge of the product they oversee
5. There are unique features of the relationship between the healthcare professional and the patient that include trust and empathy
6. The delivery of healthcare retains a public ethic and a concern for equity that may be absent in the commercial sector
7. Healthcare retains a high priority within the political agenda

Policy improvements to the NHS attempt to address:

1. The acceptance that all clinical decisions have resource dimensions against a background of limited healthcare budgets
2. The recognition for the need to balance clinical autonomy with a more transparent accountability
3. A systemisation of clinical work underpinned by external evidence
4. An acceptance of the power-sharing implications of team-based approaches to clinical work
5. And an increasing focus on the patient as the unit of organisational activity - healthcare designed around the patient

Four historical stages to solving the organisational problems

Stage 1: Managerial Command and Control
- First 25 years, no formal management, only diplomatic administration, - clinical freedom
- Early 1980s Griffiths Inquiry - value for money
- Focus on objectives, performance, accountability

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- Metaphor: the machine, with government pulling the levers- Linear hierarchy

Stage 2: from hierarchies to markets
- Developing the purchaser-provider split, starting to use market forces to distribute resources
- Hierarchical control replaced with exchange through contracts set within a competitive environment
- Clinicians were seen as entrenched with no incentives to change and perverse incentives to maintain the status quo
- Thatcher government promoted the market approach separating the purchaser from the provider function, and GP fund holding practice within a quasi-market framework
- Professional allegiances were split, the public were confused, and there was considerable managerial conflict
- There were more rules and regulations and measurable changes were small
- Linear hierarchy

Stage 3: integrating co-operation and competition - the Third Way
- End of 1990s - political consensus that a mixed economy based on co-operation and competition was desirable - Prof Antony Giddens - arguing for less rigid hierarchies needed for diverse needs of people.
- Promoted synergy between public and private sectors (1997 White Paper, *The New NHS: modern, dependable*) retained purchaser-provider split but with more collaboration with longer-term arrangements
- Balance between central direction and local autonomy
- Recognition of competition as a lever to efficient use of resources
- Emphasis on longer term co-operation
- Shift to a private sector management style away from a public service ethic
- Emphasis on patient involvement and empowerment
- Emphasis on national frameworks of care with subsequent monitoring
- Modernisation Agenda used American influences, like placing the patient at the heart of the NHS
- Consolidated a reductionist approach to policy - breaking the system down to constituent elements, engineering towards a pre-determined future
- Experts make the clinical guidelines and service frameworks
- Performance management strengthened
- Collaboration across professional boundaries preferred
- Doctors feeling disenfranchised, collaborations have been disappointing, mangers and clinicians both collude to avid the dissonance between top down performance management frameworks and the realities of the healthcare environment - the system does not seem to want to do as it's told
- Linear network

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Stage 4: The fourth way, recognising the NHS as a complex adaptive system

- NHS seen as a hierarchy of interrelated systems that interact in a non-linear fashion
- Shift from the patient - to patient/professional unit - co-evolving
- Emphasis on relationships amongst a system's components and an understanding of what creates patterns of behaviour among them
- Emphasis on: diversity, connectivity, feedback and the existence of self-ordering rules that give systems the capacity to emerge to new patterns of order. Each agent cannot be understood in isolation
- Metaphor changes from a machine to an eco-system (non-linear network)
- Allows for greater clinical discretion and better clinician- client interaction, better clinical reflective practice to cope with unique situations
- Stresses caution with over-use of quantitative measures to capture performance, especially important when outcomes may be beyond the organisation's control
- Stresses limitations of redesign programmes - complex systems cannot be engineered as there are no causal links that promise sophisticated tools for analysing and predicting system behaviour.
- Eco-systems can self-organise and adapt to changes in the external environment
- Collaboratives who over focus on data/rules/regulations at the cost of developing knowledge/wisdom are likely to fail
- Social capital and implicit knowledge is the potential source of innovation - and professionals' trust has been eroded by a focus on a patient-centred NHS
- Fear of falling short on measured performance stifles innovation - instead, encourage open-ended creative and expressive innovation

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