



An Introduction to Lean For Leader's of Change

Introduction

Everyday Behaviours that Transform Service

General Overview:

- Economic and demographic realities are conspiring to force the hand of successive UK Governments.
- Deliberate steps have been taken to introduce competitive forces into the health economy as a means of mitigating the risk of an over-inflated Health and Social Service budget.
- This is reflected in a comprehensive legislative programme together with a massive transitional funding arrangement.
- It is emphasised that the legislation is in place and these forces, once released cannot be withdrawn.
- It is not reasonable to expect a successive Government to attempt to reverse these changes.

The Environment

<p><u>Political</u></p> <ul style="list-style-type: none"> • NHS Plan promise: UK will “<i>have the best health service in the world</i>” • Political focus will continue on improving health care in the UK • Following 3rd Term, 2Year window for change • Increasingly acceptable for services to be provided outside of the NHS (Independent Sector) • Patient involvement is crucial for the Government in convincing voters that improvements are real (Choice, Foundation Trusts, Payment by Results) 	<p><u>Economic</u></p> <ul style="list-style-type: none"> • Public sector finances require an increase in the productivity of the NHS • Market forces will increasingly be used to drive gains in England • These are the good years for Health Organisations in terms of financial increases • The increases in funding to Health are at a peak and will reduce again over the next years
<p><u>Social</u></p> <ul style="list-style-type: none"> • Demand for health care continues to increase with an aging and increasingly affluent population • Impact of changes to GPs and Consultant contracts yet to be appreciated by the population • Scrutiny of Health by Local Gov may play a significant part in determining the shape of service provision • Choice adds complexity 	<p><u>Technological</u></p> <ul style="list-style-type: none"> • Technology will play an ever increasing part in the delivery of healthcare • Patient records will be delivered by 2010 • Updating systems is a major focus for the government • The government however has a poor record in IT delivery • Compatibility with new NHS systems will be a CSF by 2010

Government Spending

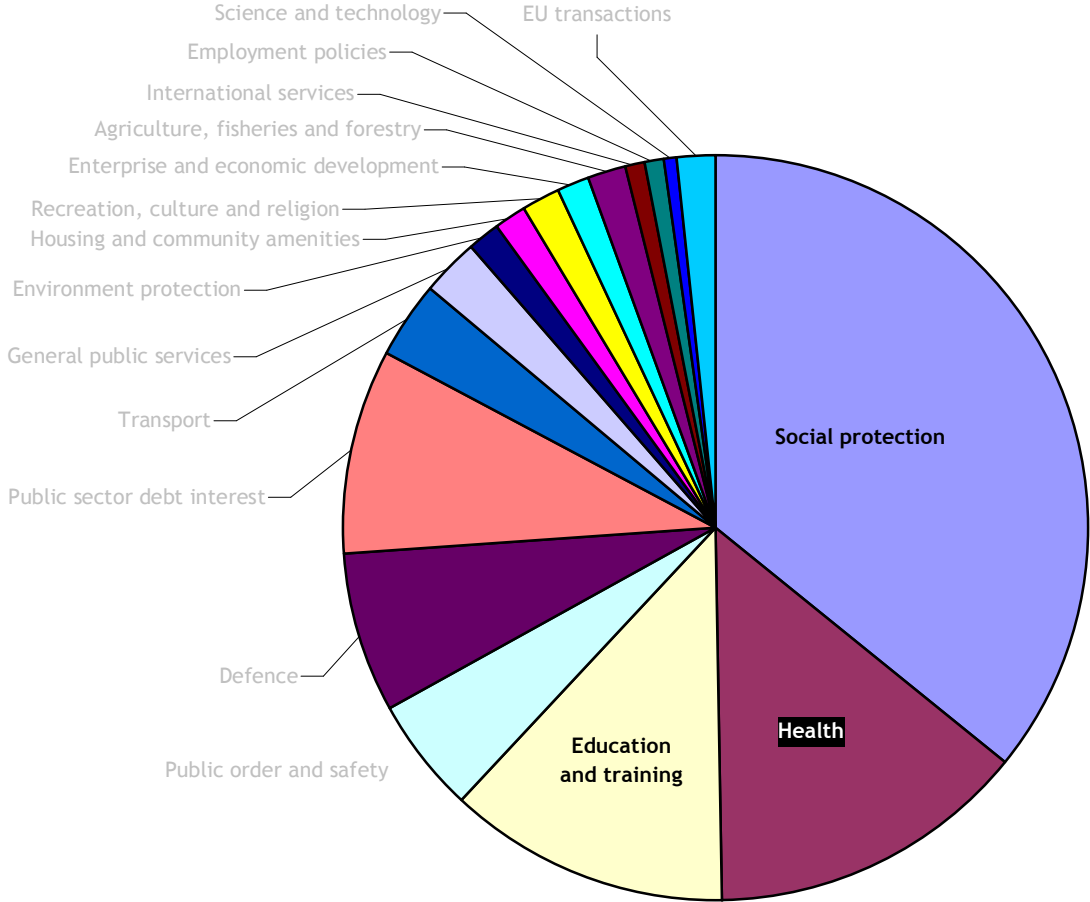
Expenditure as a proportion of Total Managed Expenditure

Expense Sector & Function	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Social protection	37%	37%	36%	37%	36%	36%	36%	36%	35%
Health	14%	15%	15%	15%	16%	16%	17%	17%	18%
Education and training	13%	13%	13%	13%	13%	14%	14%	14%	14%
Public order and safety	5%	6%	6%	6%	6%	6%	6%	6%	6%
Defence	7%	7%	7%	7%	7%	7%	7%	6%	6%
Public sector debt interest	9%	10%	9%	8%	8%	6%	5%	5%	5%
Transport	3%	3%	3%	3%	3%	3%	3%	4%	4%
General public services	3%	2%	3%	3%	3%	3%	3%	3%	3%
Environment protection	1%	1%	1%	2%	2%	2%	2%	2%	2%
Housing and community amenities	2%	1%	1%	1%	1%	1%	1%	1%	2%
Recreation, culture and religion	1%	2%	2%	2%	2%	2%	2%	2%	2%
Enterprise and economic development	1%	1%	1%	1%	1%	1%	1%	1%	2%
Agriculture, fisheries and forestry	2%	1%	1%	1%	1%	2%	1%	1%	1%
International services	1%	1%	1%	1%	1%	1%	1%	1%	1%
Employment policies	1%	1%	1%	1%	1%	1%	1%	1%	1%
Science and technology	0%	0%	0%	0%	0%	0%	0%	0%	0%
EU transactions	-2%	-1%	-1%	-1%	-1%	-1%	0%	0%	0%

Source: Table 3.2 PESA 2005, HM Treasury

Public Sector Spending

Year 2004-05



The introduction of competition is vital for the success of this Government.



The Government has advanced a legislative and policy programme, which introduces competition as a means of driving increases in responsiveness and efficiency. The specific measures include:

- Commissioning
 - Practice Based Commissioning passes responsibility for commissioning back to GPs
- General Medical Services Contract (nGMS)
 - Firmly positions GPs as providers of services on a population rather than individual case basis.
- Patient Choice
 - Progressively gives patients the right to choose which organisation delivers their required care. The choice will be based on perceived merit and fickle preference.
- Financial flows
 - Payment by Results offers the mechanism to hold providers to account. Has the effect of linking funds to patients. Those providers servicing more patients will earn more money. Those servicing fewer will not be entitled to any subsidy.
- Foundation Hospitals
 - Has the effect of giving performing hospital trusts the operational and financial independence necessary to allow them to compete in this new world.

This Government has paid a funding premium in order to drive through the policy measures necessary to radically re-define relationships in the health services supply chain. Competition is rather like Pandora's Box - once in place it will not be possible to remove it from the health economy.

Policy Initiatives with Direct Financial Impact

- Commissioning
 - Payments by Results (PbR) -
 - Practice Based Commissioning (PBC) -
- Provision
 - Private patients cap for Foundation Trusts ?
 - Independent Sector Procurement -
 - Long Term Conditions Service Improvements +
- Patients/Customer
 - Choice ?
- Staff
 - European Working Time Directive (EWTD) +
 - Agenda for Change Increments +
 - Modernising Medical Careers ?
 - Agency Staffing Reform -

Government Spending

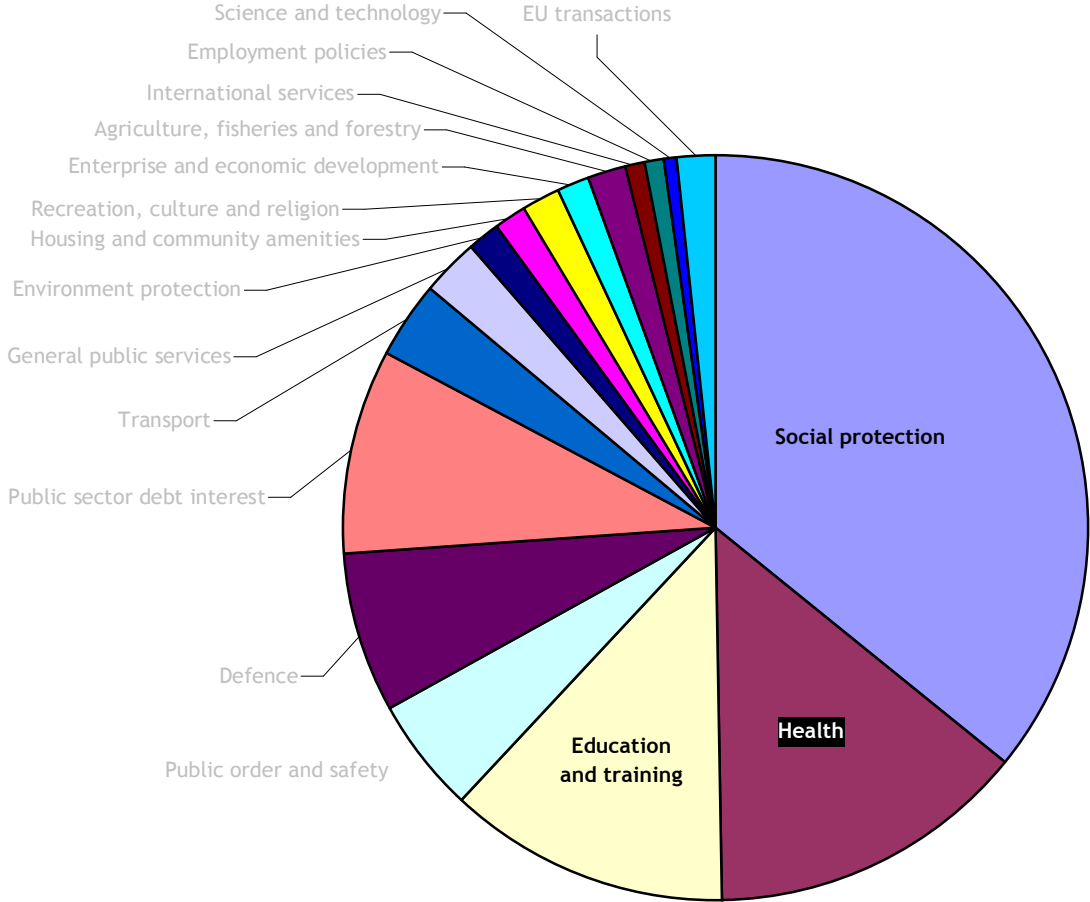
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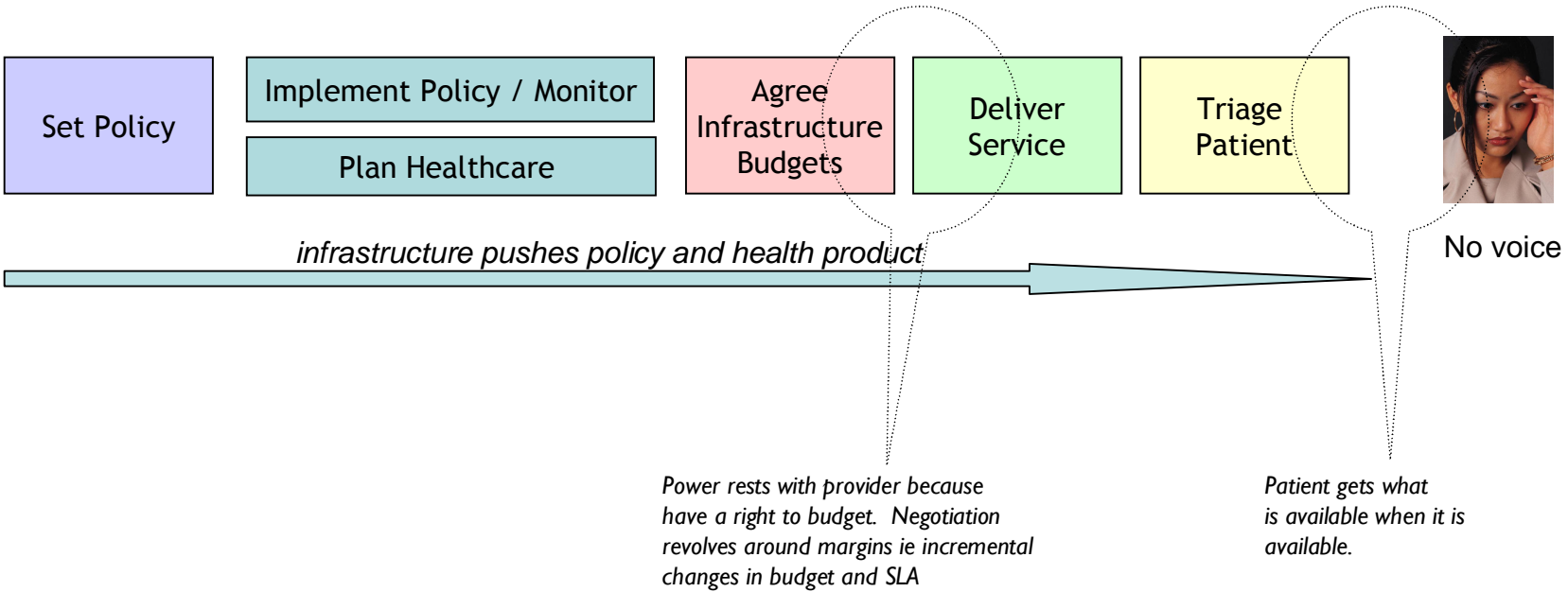
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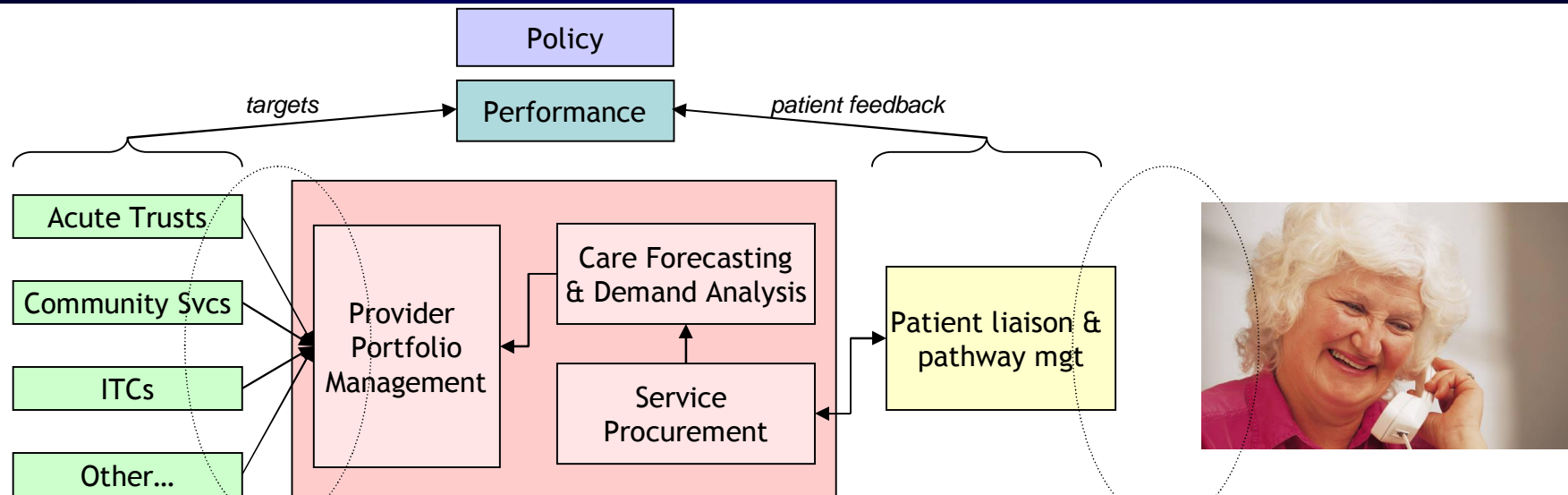


The Supply Chain is changing from provider power...



Department of Health	Primary Care Trusts	GP Surgeries
Health Authorities	Health service providers	

...to Commissioner Power

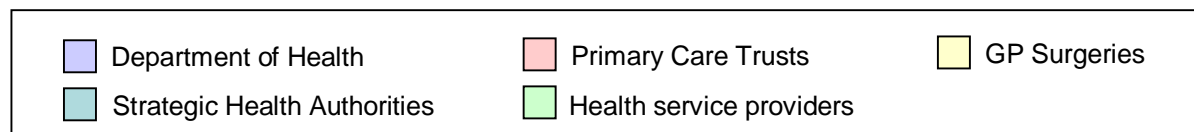


Patient Choice

Power now rests with purchaser. Negotiation will revolve around relevance and competitiveness of proposition and volume of business to be awarded.

Patient preference now at the heart of care planning and provider selection

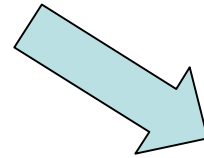
Successful providers will be able to adapt to requirements and will build long term strategic relationships



Unpicking the Requirement

Drivers

- Development of Market
- Changes in Commissioning
- Government targets
- Patient freedom to choose
- Demand for performance from providers
- More independent provision

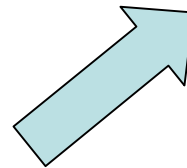


Requirement

- Understand demand
- Define patient flows
- Rationalise service provision
- Develop information systems and understanding

Challenges

- Increased demand for services
- Alienated workforce
- Limited resources
- Lack of appropriate information



*Relevant and important for both
Commissioner and Provider*

Wilson's First Law...

THERE'S NO BETTER WAY TO LEARN ABOUT SOMETHING THAN THROUGH CHANGE.

Change it before you understand it and you will feel pain until you understand it and correct your design.

Change it after you understand it and you will see that improvement is mostly about removing obstacles.