Independent Healthcare Providers Network

IHPN research paper
August 2021

Effective system working
How ICSs can support a plural NHS provider ecosystem

1. Executive Summary

This paper is written as we (hopefully) emerge from covid-19 and focus is truly able to shift to recovery. Against this backdrop, we have large elective care waiting lists and further pent-up demand that probably has not yet found its way into the system, coupled with a workforce that is fatigued by the past year. The challenge is large, and greater system working is key to success. The past year has shown what can be achieved when all partners, regardless of type, work effectively together. New and better relationships have formed with an increased understanding of what each partner can offer.

And yet as we move into this new dawn, there are concerns that this progress may somehow slip away as ICSs establish and get to grips with their obligations as set out in the Health and Care Bill, with organisations ranging from the NHS Confederation and National Voices making clear calls for new systems to effectively engage with independent and voluntary sector providers. This paper looks at the experiences of ICSs by independent health providers, but these experiences are shared by other non-NHS organisations including the third sector, primary care and local government. While acknowledging that responsibility and accountability for ICS decision-making should ultimately be held by public sector statutory bodies, this report goes onto understand the challenges and issues that non-NHS organisations have identified in working with ICSs and looks at ways to overcome them and ensure systems better support local patients.

One of the key actions from this paper, is for IHPN to explore and understand what really good partnership working looks like that puts patient safety, patient outcomes, reduction of health inequalities, efficiency of operation, and great value for the public purse at its heart. The independent sector brings innovation, efficiency, great patient outcomes and safety to a local health system. Local government bring their knowledge and connection to their local population, whilst the third sector often deliver local provision aimed at very local needs. Finally, primary care is at the sharp end of patients journey into treatment and that insight is invaluable in understanding the needs of the local population.

Being able to show what "good" looks like will be invaluable in spreading best practice around the country. In the paper, we have identified a number of things that ICSs can do. But we believe we all need to be more ambitious. We are, therefore, inviting a small number of ICS who are interested in working with us to understand how partners can truly work together to achieve the best outcomes for patients alongside delivering good value for money for the public purse. While responsibility for decision making should rightly sit firmly with public sector statutory ICSs, ensuring that system decision makers are fully aware of all the options at their disposal will surely maximise patient outcomes.

2. Who are we?

The Independent Healthcare Providers Network (IHPN) represents nearly 100 organisations that together provide a very broad range of NHS services including hospital care, diagnostic imaging,

primary and community care, clinical home healthcare, population health management and digital. Members are hugely diverse in form and scale and all share a commitment to provide excellent health and care to NHS patients.

3. Our research

This work was originally written in February 2020 and has now been updated in light of the pandemic and the recently published NHS England proposal for ICSs. It aims to understand members' experiences of Integrated Care Systems (ICSs) to date as well as bringing together key findings of research by other organisations. It is designed as a practical assessment of the challenges independent sector providers are finding as the NHS moves to ICS working and considers how both independent sector providers and ICSs can work together more effectively for the benefit of NHS patients.

4. Background

Independent health and care providers deliver a broad range of NHS services across the country as part of a plural NHS provider ecosystem. The sector has played a significant role in frontline NHS service delivery since the NHS's inception in 1948 and over the last year the sector's importance to the NHS has been reinforced by the response to the coronavirus pandemic.

This support has spanned hospital, diagnostic, community, and primary care and includes the arrangement which made available the resources of the majority of the independent hospital sector in England to the NHS - 8000 hospital beds, nearly 1200 ventilators, more than 10000 nurses, over 700 doctors and over 8000 other clinical staff. Since March 2020, over 3.2 million NHS operations, chemotherapy sessions, tests and consultations took place in private hospitals.

In addition, during this same period, a national contract for mobile CT provision between independent providers and the NHS was agreed and which has delivered over 250,000 NHS CT scans, and more generally providers across the country supported their local area to manage the impact of covid19. This support has continued throughout the more recent waves of the pandemic - whether that is helping the NHS to clear the rising backlog of elective care; supporting the covid vaccine rollout through redeploying staff; or providing vital diagnostics care and support for those waiting for treatment. The experience of the pandemic has shown beyond doubt the importance of effective working across organisational boundaries in health and care. Public sector, independent, social enterprise, and voluntary providers have all worked together to meet the challenge of covid19.

There are several positive changes to build on as a result of this collaborative working:

- There has been a positive cultural shift in local relationships between independent sector providers and local NHS systems including between clinical teams.
- Independent providers have been more closely involved in planning discussions and decisions.
- The wider political discourse has moved beyond simplistic arguments about 'privatisation' to recognise that the public and private health systems do, can and must work effectively together.
- Awareness of the independent health sector and its contribution to the wider health sector has improved - over 70% of the public were aware of the NHS' partnership with independent hospitals during the pandemic, and over 7 out of 10 people are relaxed over who provides their NHS care provided it is high quality and free at the point of use.
- The expansion of medical training in the independent sector, announced in September 2020, represents a significant step forward in collaborative workforce planning.

- The recent Industry Barometer, conducted by IHPN in autumn 2020, suggested that providers are feeling more positively about their relationships with NHS organisations and overall have seen improvements in local relationships.

5. What can we learn from this?

This experience of collaboration should inform policymaking beyond the immediate response to covid19. And, as the pandemic recedes, with the prospect of legislative change to establish Integrated Care Systems as the building block of the NHS system, it is right to examine how independent sector and other non-statutory provider organisations can continue to play a meaningful role in NHS systems to help address the backlog of care which has built up since the start of the pandemic and innovate to deliver value in NHS service delivery.

The independent sector supports the direction of travel - more integrated care, collaboration between different providers, using scarce resources to best effect, examining innovative models of care to improve access and outcomes - and believe that it is vital for NHS patients that they are part of ICS systems.

Independent sector health and care providers have access to capital, experience of varied models of care on a national and international footing, innovation, technology and can deliver change at pace. Similarly, third sector organisations provide a specific and valuable function in delivering locally led services with deep knowledge of local communities.

The pandemic has cemented independent sector and other non-statutory healthcare providers as a key part of the broader health and care system, and it is now critical that ICSs and wider local planning and delivery systems work in partnership with the sector for the benefit of NHS patients.

6. So, is there a problem?

Despite all of this, there is no clear plan to enable the independent sector to engage proactively and effectively with the development of more integrated systems of care. Furthermore, once ICSs are in place and developed, there is uncertainty on how non-statutory provider organisations can truly be effective partners in these new systems.

The proposals which set out how ICSs will work in law suggest that the ICS leadership will be made up of representatives from NHS organisations with other non-NHS organisations (including local authorities, voluntary organisations, and other providers) sitting outside of this structure on committees. This means that it will be essential for aspects such as transparency, governance, value for money and accountability to be at the forefront of these changes so that all partners and citizens are confident that decisions will be made in the best interests of patients and the local population.

Work is needed to deliver this openness and inclusivity and this paper has been drafted to support ICSs to achieve this important objective.

7. Key Issues

As mentioned previously, the independent sector supports this direction of travel and are very keen to be part of ICS systems. However, in the period since ICSs started to form, a number of concerns have been consistently highlighted. It is worth noting that these concerns have been raised by all the main non-statutory providers including local government, the third sector, social enterprises, and the independent sector. These are:

- Lack of transparency and engagement with non-statutory providers
- Challenges in management of conflicts of interest
- Lack of clarity over accountability for financial and quality outcomes within NHS systems

It is understandable with the pace of change that forming ICSs have experienced, particularly in the last year, that there are these challenges. In order to support systems, we have looked to understand each of these concerns better and identified some thoughts as to how these challenges could be overcome.

Improving transparency and engagement with non-statutory providers

The NHS Confederation's 2018 report, "Letting local systems lead", found that independent and voluntary sector providers are viewed as the least likely to be engaged in the work of local ICSs. The Confederation's report surveyed senior leaders from across the health system and found that:

More than two thirds agreed that NHS providers (72%) and commissioners (81%) are fully engaged in the work of their local Sustainability and Transformation Partnership (STP) or ICS. However fewer than one third (32%) agreed that independent and voluntary sector providers were fully engaged. A similar proportion felt primary and social care providers were fully engaged with these new integrated models of care.

These concerns are also reinforced by a 2019 King's Fund report[1], which found worries with ICSs around governance, accountability, whether legislation is needed and the pipeline of future system leaders. In addition, system leaders also had concerns about future relations with 'the centre' and the regulators, the pace of change and on how far a collaborative and voluntary approach can be the key to success. Another King's Fund report[2] usefully highlights that "*moving to a more collaborative model brings some risks, for example, regarding how to manage conflicts of interest and ensure transparency without introducing unnecessary friction into commissioning processes*". Likewise the recent Commons Health and Social Care Select Committee report into the White Paper on NHS reform stress the importance of ensuring "new ICS Boards are not dominated by the views of the NHS but draw on the experience and expertise in all areas of the health and care sectors as equal partners".

This research highlights that, to date, a number of ICSs appear to have struggled to engage effectively with non-statutory provider organisations - there has been very little consistent engagement at a system leadership level between ICS Boards and non-statutory providers about the changes contemplated locally or the needs analysis. Non-statutory providers, including those from the independent sector, would be better able to understand ICSs aims and objectives if ICSs have a greater degree of transparency of proceedings, a clearer understanding regarding the allocation of services to providers, by contract or otherwise, more specificity about desired outcomes and a more inclusive approach.

National Voices have stated "Our vision is of all organisations with a stake in the health of their communities working together". The NHS Confederation, in a recent article in the Financial Times,

[1] The Kings Fund; Leading for Integrated Care November 2019. Timmins. https://www.kingsfund.org.uk/sites/default/files/2019-11/leading-for-integrated-care.pdf

[2] The Kings Fund, Thinking differently about commissioning: learning from new approaches to local planning February 2020. Robertson/Ewbank https://www.kingsfund.org.uk/publications/thinking-differently-commissioning

commented "we will still need to protect and promote patient choice and to avoid local monopolies by working effectively, as we do now, with independent and voluntary sector providers.

The NHS White Paper talks about the need for transparency but gives little information on how that will be achieved in practice. It would be good to understand how accompanying guidance to the Bill will ensure that transparency is upheld. Engagement at a national level will, in part, be supported through ongoing consultation with NHS England and the Department of Health and Social Care and we hope they respond seriously to the feedback that they receive, giving due consideration to comments from non-statutory organisations. But this lack of engagement at a system level is fuelling concerns amongst IHPN members over the sector's future role which in turn can impair its ability to support the system.

Ensuring a more "system-wide" approach to managing conflicts of interest

The acknowledged lack of current time for system leadership engagement with independent sector providers at a strategic level could eventually undermine trust in any service decision making process. IHPN and its members acknowledge that NHS patients expect their services to be well coordinated and that the pursuit of 'integration' of care delivery is appropriate. However, our interviews with members offered a number of examples where those responsible for commissioning services were intrinsically linked to the provision of those services, and where such conflicts were 'noted' but were not managed with sufficient transparency to give confidence in the decision-making system. Merely declaring the existence of a conflict is not the same as managing decisions to avoid them being influenced by the conflict. The perception that conflict and potential self-interest is a widespread issue in the current process of change will be exacerbated by the continuing absence of engagement with non-statutory organisations.

There is detailed guidance regarding conflicts management already in place across the whole healthcare system. It is evident that many of the local Board groups are aware of the need to record conflicts at some levels in their structure. The current conflicts guidance tends however to focus on the conflict of an individual rather than of an organisation as represented by that individual.

Our recommendation is that a register of conflicts and the processes for managing those that arise, for both individuals participating at the ICS Board level and for organisations whose interests may lead to conflict, should be maintained at an ICS Board level as a matter of public record.

Introducing more flexible Performance Management mechanisms

In February 2020, Amanda Pritchard, the then NHS England and NHS Improvement's Chief Operating Officer, reinforced the importance of ICS's role in performance management and stated that currently many ICSs do not understand how to do this effectively. She added "if we're going to ask systems to take a greater role in things like distributing the money, supporting bids, and being part of capital decision making etc, then we have to have confidence that the capability, governance and leadership is there to deliver that."[3]

These performance management capability issues may manifest themselves in ICSs tolerating underperforming service provision for longer than is reasonable. This will continue to be a concern whilst there are no recognised mechanisms to manage providers who have 'pooled' their budget allocations and combined their system control totals. Rigorous performance management

[3] https://www.lgcplus.com/services/health-and-care/nhs-england-icss-must-move-beyond-transformation-14-02-2020/

arrangements and careful scrutiny of all service provisions are necessary to maintain confidence in provision regardless of origin of provider.

The independent sector has long-term experience of managing new pathways of care, under developing contracts that may initially be ill-designed to cope with the facts of a specific service. For new and innovative models of care, performance management is not a binary tool. New services can take time to embed, and it is often difficult to anticipate all the features necessary for an effective contract before the service has become operational. Integration will clearly not be supported by mechanisms that force hasty decisions about changes to any provider. We recommend the following:

- more flexible forms of contract to recognise the evolving needs of a place-based system. Our interviews indicated that, in this transitional phase, performance monitoring has become very complex in some instances, as leaders grapple to draw down data and outcomes on a system wide basis under contracts designed for single commissioner reporting. This complexity is burdening the commissioners and providers in costly monitoring mechanisms and duplicated meetings. Testing some contract models would add value in this process.
- reviewing outcomes and the Key Performance Indicators necessary to track those outcomes. Wherever possible, focus on those measures which genuinely have the capacity to assure change.
- prioritisation of training in contract performance management, defined as a key part of the role of an emerging system. There is a body of experience within IHPN's membership regarding effective, and less effective, performance management arrangements which could be of use to commissioners in a know-how context as systems define their approach to their service providers.

We are taking action to understand the issues from the perspective of the independent sector [and we are keen to understand any barriers to engagement encountered by the NHS] and to develop options to promote better ways of working that could be replicated across the county.

8. Approaches to future Independent Sector Engagement – what we will do

There are a number of actions that IHPN has explored, and we anticipate further opportunities to identify ways for improved engagement.

- **Engagement with members**

IHPN will work with members to understand not only what could be done to improve the relationships providers currently have with ICSs but also to understand what "good" looks like. This would need to be at a more granular and specific level of detail than we currently have.

- **Place Based Pilots**

IHPN are re-starting dialogue, put on hold due to covid19, with a small number of ICSs in order to explore how we can model ways of useful engagement with independent providers. This may include a range of needs-based solutions which may benefit from the trial of more than one model of provision as well as the trial of new contract models, including those which aim to align incentives to outcomes.

Examples of successful past engagement to support the system at local level include the improvement of elective capacity and reduction of waiting times, and these initiatives may have merit to be considered on a system wide basis, particularly to drive economies of scale and consistent, seamless pathways for patients. There are other more innovative offers that providers would consider

addressing emerging needs, particularly in management of long-term conditions and preventative healthcare where technology has a huge role to play in supporting improved health.

- **Information, Liaison and Challenge**

IHPN will continue to work with NHS England on how the independent sector can be at the heart of discussions both nationally and locally. If the sector is crucial to covid19 recovery, then arguably it should be integral to the conversation.

IHPN will continue to provide a key point of liaison regarding sector capabilities at a national level, offering support and information to NHSE/I, sharing ideas that might help to accelerate the process of change where increased pace is required.

In addition, IHPN will continue to work with NHS England on how they are going to mitigate against the concerns already raised earlier on in this paper and ensure that there is some measure of ICS's effectiveness particularly in terms of improving outcomes. This includes engaging proactively regarding the proposals on ICSs.

IHPN will also explore the relative merits of working more closely with other organisations that represent non-NHS providers such as the LGA and Social Enterprise UK.

9. Practical steps that ICSs could take to engage with non-statutory providers

We understand that from an ICS's perspective the non-statutory provider market may seem vast and impenetrable. Indeed, recent analysis has found there are currently over 700 independent providers delivering NHS community services – making up almost half of all providers in the sector - and it may not be entirely obvious what the best ways would be to engage with the sector. We have detailed a few options that we believe both ICSs and providers would find useful. We would expect the place-based pilots to inform the practical steps that ICSs can take to engage with non-statutory providers and would see this as a working list which we will add to over time.

- Map all providers that operate in your geographical area – if you don't know who is present in your geography, you may be missing opportunities to engage with the full provider market.
- Involve your non-statutory providers at an early stage as they will often bring innovative solutions that are locally led. Once providers can understand your aims and objectives, they are better able to respond with robust solutions. This should enable you to take evidenced-based decision making and ensure that commissioning provides the best outcomes for your population.
- Keep involving your non-statutory providers – as mentioned previously the nature of many non-statutory providers means that they are at the forefront of innovation and often able to respond quickly to local need.
- Support and encourage non-statutory providers to form into specific groups such as elective care boards or better still bring them into existing groups involving NHS providers. This will help you to engage with them more easily.
- Consult and engage non-statutory providers with issues such as conflict of interest management – this will do much to support transparency of decision making.
- Consider using more flexible performance measures within contracts that enable both you and providers to clearly see what outcomes are being delivered but do not provide an onerous workload.
- Use the performance management monitoring experience that is held in the non-statutory provider sector to support your commissioning activities.
- Publicly support working with all types of provider.
- Look for opportunities to work with non-statutory providers to showcase innovation and best practice.
- IHPN are a great source of information on the independent healthcare sector – feel free to contact us.

10. Conclusion

The independent sector believe that it can support ICS change collaboratively, through their broad knowledge and experience of change management at scale. The past year has shown the positive difference that independent providers make in NHS systems across the country and has reinforced that fact that the independent health and care sector is a crucial part of the wider health system.

As the NHS embarks on its next stage of reform with greater coordination of care and a changed role for commissioners and providers in local systems it is vital that the achievements of the last 12 months are built upon. This must include the renewed sense of partnership working across different types of providers to ensure that the successes of the pandemic period are carried forward into the recovery and rebuilding phase.

The alternative – a 'public provider first' mindset – will simply not be acceptable to NHS patients or to the taxpayer. ICSs will only be truly successful if all providers, regardless of type, can work in partnership to together deliver high patient outcomes alongside great value for money.