

How can the NHS maximise its role as an anchor institution to boost local economies and reduce socioeconomic and health inequalities?



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Collaborating ARCs and Co-Investigators

- **Collaborating ARCs:**

- 7/15 ARCs: **Greater Manchester (GM), North East and North Cumbria (NENC), East of England (EoE), Yorkshire and the Humber (Y&H), North West Coast (NWC), Kent, Surry and Sussex (KSS), North Thames (NT)**

- **Academic co-investigators:**

- Professor **Matt Sutton** (Professor of Health Economics), **Paul Wilson** (Senior Lecturer in Implementation Science) – both University of Manchester, ARC-GM; Professor **Clare Bamba** (Professor of Public Health), Dr **Jo Wildman** (Research Fellow NIHR ARC NENC Health Inequalities and Marginalised Communities), Professor **John Wildman** (Professor of Health Economics), Dr **Heather Brown** (Senior Lecturer in Health Economics) – all Newcastle University, ARC-NENC; Professor **Kate Pickett** (Professor of Epidemiology) – University of York, ARC-YH; Professor **Ben Barr** (Professor of Applied Public Health Research) – University of Liverpool, ARC-NWC; Dr **John Ford** (Clinical Lecturer in Public Health) – University of Cambridge, ARC-EoE; Professor **Lindsay Forbes** (Professor of Public Health) – University of Kent, ARC-KSS; Professor **Paula Lorgelly** (Professor of Health Economics) – UCL, ARC-NT

- **Policy and practice partner co-investigators:**

- **NHS Confederation** – **Michael Wood** (Director of Health Economic Partnerships); **Northern Health Science Alliance** – **Hannah Davies** (Head of External and Public Affairs); **Newcastle Upon Tyne Hospitals NHS Foundation Trust** – Dr **Balsam Ahmad** (Consultant in Public Health); **Centre for Local Economic Strategies** – **Tom Lloyd Goodwin** (Associate Director of Policy)

What is an “anchor institution”?



- NHS = a healthcare provider
- But the NHS is also a
 - Major employer
 - Major owner of land and buildings
 - Major purchaser of equipment, food, services, other resources
 - **Creates job opportunities and supports local economies**
- So, **like an anchor steadies a ship**, the NHS could steady local economies and bring benefits for local communities
- But is the extent to which an NHS institute acting as an anchor equal between differing local economies and local communities?

Potentials of NHS as anchors

- ~1.5 million people work for the NHS in England, making it the 5th biggest employer in the world
- £114bn spent on the National Health Service in 2018/19
- This money is used to employ staff, purchase equipment, rent land and maintain buildings
- Within local areas the economic activity of the NHS and associated employers can be substantial
- Under current rules, providers in weak economic areas receive less funding

Our aims and objectives

- **Overarching Research Question:** How can NHS organisations boost local economies and reduce socioeconomic and health inequalities?
- **Specific Objectives:**
 1. **Analyse relationships** between **provider expenditure on staff and other related anchor activities** and the **social, economic and health outcomes of the areas where they are located**. Explore **variations in the strengths of these relationships**
 2. **Identify local NHS areas with different trends in economic performance and different current practices** (interventions) for 3-4 in-depth **case studies** to explore the **underlying mechanisms** (using a realist framework) by **which providers can support local economies and identify barriers/facilitators**
 3. **Create a predictive model** of how providers can intervene to positively affect their local economy, presented as an interactive dashboard (a **'model anchor-hospital'**).

Resource allocation in England

- The Resource Allocation Working Party 1976 gave a structure for the English funding formula
- Target shares for each organisation are based on population shares
 - adjusted for expected utilisation rates (based on demographic composition and additional need factors) to generate an expected volume of services
 - and for area variations in the costs of securing the inputs required

- At its simplest:

Target share = Population share * (Age Index) * (Additional Needs Index) * (Additional Cost Index)

- each of the index adjustments taking a mean value of one

Market Forces Factors

Market Forces Factors in brief

WHO

CCGs, hospitals, GP practices

WHAT

Transfers of substantial sums of money between CCGs and providers

WHEN

Continuously, since 1977

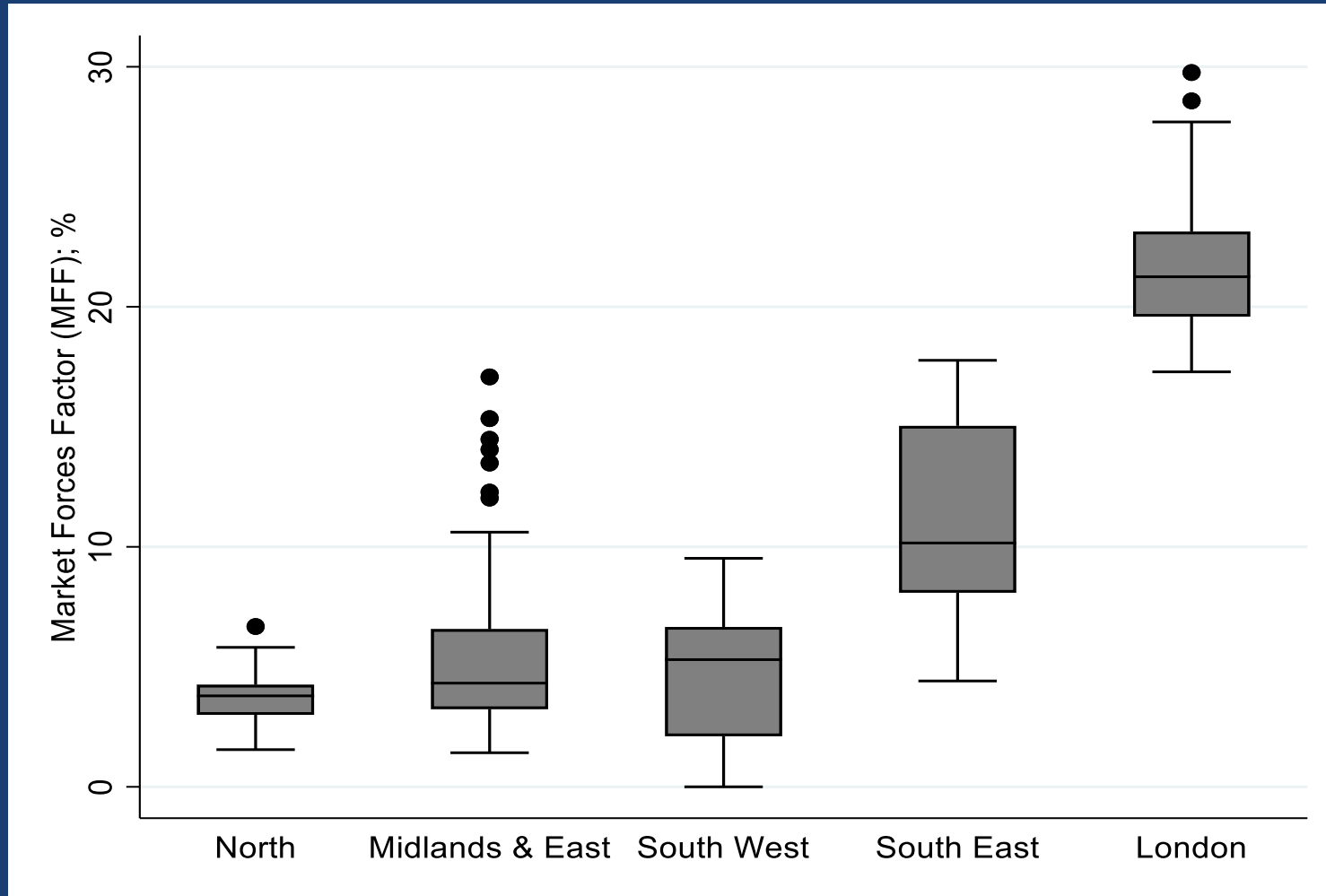
WHERE

From low-price to high-price areas

WHY

It costs more to provide care there

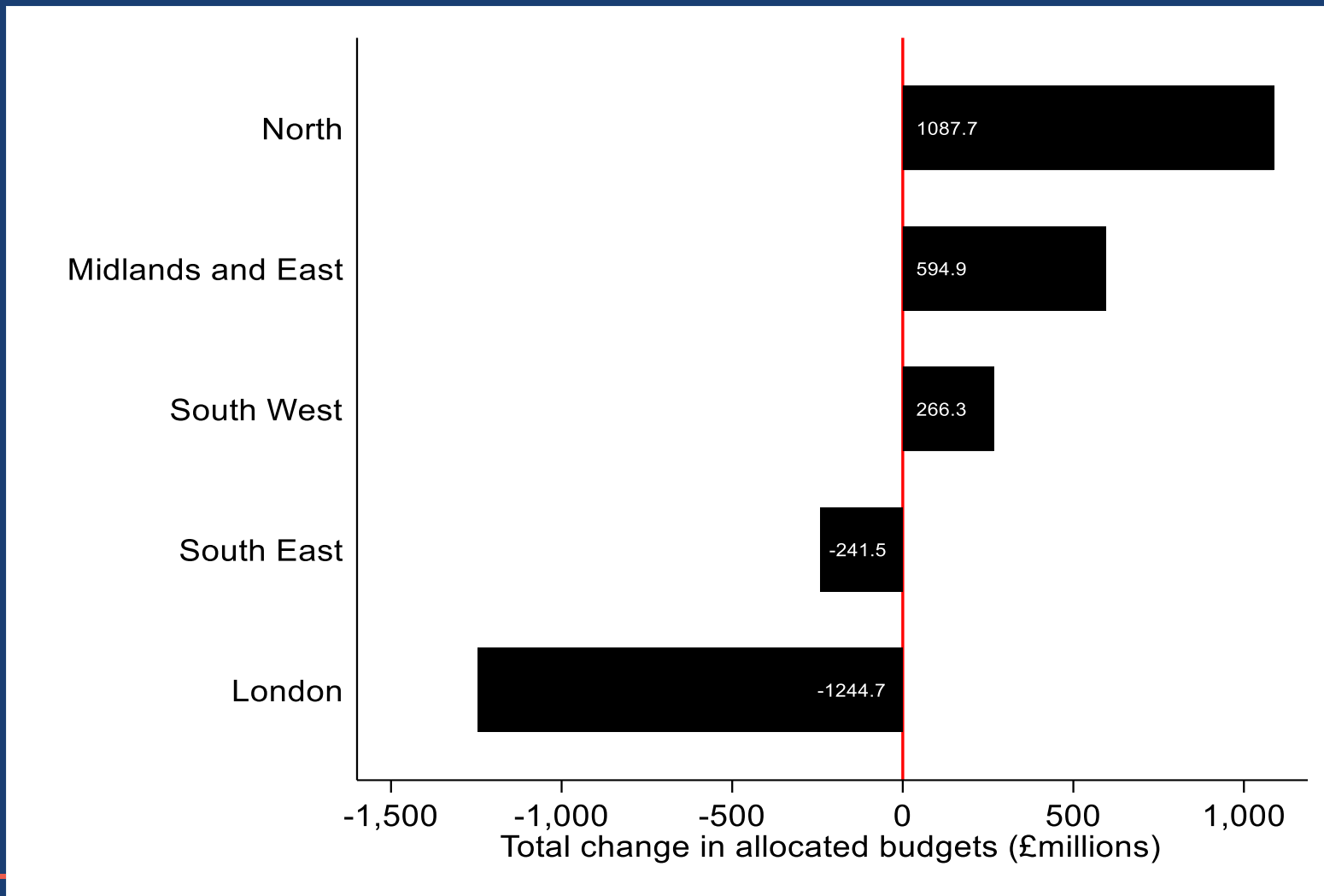
Market Forces Factors by NHS region



Effects of MFF on prices paid to hospitals

- For every £100 that Manchester University NHS Foundation Trust received in 2018/19:
 - University College London Hospitals NHS Foundation Trust received £123
 - Cornwall Partnership NHS Foundation Trust received £95
- University College London Hospitals received £890m for Patient Care in 2018/19
 - without the MFF, they would have £148m (17%) less
 - This is more than the combined amount that 40 Trusts received in total for patient care

Changes in CCG allocation if MFF was removed completely



Tensions between current policies

- The NHS makes an important contribution to local economies by employing local people, attracting more skilled workers into areas, and by increasing spending in the local service sector
- This mission is promoted by policymakers, but another national policy which pays hospitals less in areas where the economy is weak acts in direct contradiction of this mission
- The total effect of this discriminatory pricing policy was to reduce NHS spending in the North by £1.1bn in 2018/19
- The tension between these two national policies needs resolving and the NHS contribution to ailing economies should be prioritised to contribute to the levelling-up agenda

Thank you!



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