

Media release

Embargo: 00:01 hours 20 May 2002

New NHS targets may reduce impact of extra cash

Policy-makers must treat the health service as a 'complex adaptive system' to avoid good policies with bad effects, says Demos report

The carrot-and-stick approach which links increased funding to tougher performance targets will not deliver the expected levels of improvement to the health service, according to a new Demos report called ***System Failure***.

While the substantial budget increases are seen as vital to the NHS, the proposed new targets regime may reduce the capacity of the health service to transform itself. The Demos report argues that the NHS has to be understood as a **complex adaptive system** which is subject to the 'law of unintended consequences'.

'In a complex adaptive system such as the NHS there is unlikely to be agreement on the nature of the problem or any certainty about how to make improvements,' says **Jake Chapman**, author of *System Failure*. 'Unless the government understands this, its spending increases may have unintended consequence in another part of the health system.'

Jake Chapman, a renowned systems expert who has advised the Performance and Innovation Unit, argues that radical improvement of complex systems such as the NHS is only possible through decentralised reform, and not the centralised target-setting approach favoured by the government.

'This report avoids the trap of most commentators who offer magic bullets and fail to understand the complexity of the NHS,' says **Nigel Edwards**, director of policy at the **NHS Confederation**, who wrote the foreword to *System Failure*. The NHS Confederation is arguing for the adoption of systems thinking in policy making.

'Complex systems like the NHS are difficult to change and simplistic carrot-and-stick approaches just don't work,' adds Edwards. 'Government should set the framework but the strategy has to emerge from within the NHS rather than being imposed through central plans linked to penalties for failure.'

The new targets which accompanied the announcement of £40 billion in NHS spending showed that the health service would be subjected to the government's favoured carrot-and-stick style of reform. The unintended consequences which are expected to follow on from fining local authorities over 'bed-blocking' illustrates the inherent problem with this approach.

Health services and local authorities have been encouraged to work together since the 1999 Health Act, which enabled them to share resources in order to create 'joined up' care. Introducing penalties increases the likelihood of distrust between different agencies, and encourages local authorities to act in ways that may not serve the best interests of service users.

‘Fines could produce a number of unintended consequences,’ says Edwards. ‘Care decisions will be taken to avoid the fine which means that the wrong patients are targeted and money withdrawn from services. Relationships between agencies may also be soured which reduces the chances of partnership working. This is a classic example of well-intentioned policies which need to consider the impact on the whole system in a much more sophisticated way.’

Other unintended consequences of NHS policy which are highlighted in *System Failure* include:

- Reducing waiting times for treatment can lead to a larger number of people waiting at any one time. To ensure that teams are used efficiently a larger queue may be needed so that the patients wait less time but the target to reduce the total number of those waiting is breached
- Ranking hospitals according to ‘trolley waits’ could reduce their incentive to pool A&E resources because a hospital with a good record could have its league table position endangered by patients transferred from elsewhere.

‘Policy-makers make a basic error when they treat any public service as a machine whose parts can be tinkered with separately,’ says Jake Chapman. ‘Vast public services such as transport or health should be approached as complex, human systems with a resilience that gives them a life of their own’.

Notes for editors

Jake Chapman was professor of energy systems at the Open University until 2001. He founded the OU’s Energy Research Group and National Energy Services Ltd, and is one of the UK’s foremost systems thinkers. He acted as consultant to the PIU’s Energy Review and recently became a Demos associate.

System Failure: why governments must learn to think differently is published by Demos on 23 May 2002, and forms part of an ongoing project on public service renewal. Other key publications in this series are the *Renewal* essay, ‘Letting go: complexity, individualism and the left’, by Demos director Tom Bentley and *Innovate from Within* by Charles Leadbeater (www.demos.co.uk/PDF/innovate.pdf).

Nigel Edwards is the policy director of the NHS Confederation, which represents the organisations that make up the NHS. Members include the majority of NHS trusts, primary care trusts and health authorities in England; trusts, health authorities and local health groups in Wales; trusts and NHS boards in Scotland; and health and social services trusts and boards in Northern Ireland.

Some of the issues raised in *System Failure* will be discussed at the NHS Confederation conference which opens on 22 May in Harrogate.

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