

The 'economics of health':

Considerations for re-orientating
the Department of Health
and Social Care towards
economic growth



FUTURE
HEALTH

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ABOUT FUTURE HEALTH AND THIS RESEARCH PAPER

Future Health is a public policy research centre focused on creating healthier, wealthier people, communities and nations. Future Health publishes regular research papers across its three policy research programmes of health prevention, health technology and the links between improvements in health and economic growth.

This work is part of the health and economic growth programme.

The research considers how the Department of Health and Social Care can become a Department that better supports and is recognised across Whitehall for its role in delivering economic growth.

The research approach included a literature review, a set of eight expert interviews from those both within and with experience of Government along with a force field analysis of the forces for and against change.

This is a wide ranging and extensive topic for research. This short paper does not aim to cover all the associated ground. Rather it aims to provide a specific snapshot – using the force field analysis tool against the specific aims of the new Secretary of State for Health and Social Care's three objectives for how his Department can deliver economic growth – to provide greater understanding on the challenges and opportunities for how a more joined-up health and economic agenda can be realised for the Department.

The research was supported by a grant from Johnson & Johnson and carried out independently by Future Health.

EXECUTIVE SUMMARY

Whether it is six milestones, six steps for changes, five missions, three foundations or the Prime Minister's two priorities, the focus for this Government is on delivering economic growth.^{1,2}

Traditionally health – and specifically within Government – the Department of Health and Social Care (DHSC), has been on the periphery of discussions and policy decisions relating to the economy.

But with high rates of economic inactivity, rising health and welfare spending and the UK's sluggish growth, there is an increasing recognition that the Department of Health and Social Care has a more active and important role to play in the wider growth agenda. There are positive opportunities to be seized too, particularly in health innovation and life sciences where backing UK innovators and encouraging international inward investment can deliver growth across the country. The NHS's role as an anchor institution can also be used to support regional growth efforts.

The new Secretary of State for Health and Social Care used one of his first speeches in office to set out a 'economics of health' framework for how his Department could re-orientate itself to support the growth agenda around these themes.

But how realistic is the delivery of such a framework?

This short pamphlet explores this question in two ways. First by examining the forces for and against change in each of the three areas Streeting prioritised in his Tony Blair Institute speech – public health, innovation economy and the NHS as an employer.³ Secondly by looking specifically at the DHSC and how it can be better set-up to support the wider economic growth agenda.

The research finds that there are some strong forces for change at work in each of the three pillars of Streeting's framework. These include efforts to join-up Government through missions, joint unit endeavours on economic inactivity and life sciences between DHSC, DWP and DSIT respectively, new investment for tackling waiting lists and the conclusion of long running industrial action, along with refreshed life sciences and workforce plans. However there remain strong headwinds to – a focus on child rather than wider population health in public health policy, concerns about the power of the missions to join-up Government, and a mixed track record of delivery from past life science plans and workforce reviews that need to be understood to make any future plans successful.

1 <https://www.theguardian.com/environment/2024/nov/12/uk-has-huge-opportunity-to-lead-on-green-investment-starmer-says>

2 <https://www.gov.uk/missions>

3 <https://www.youtube.com/watch?v=fpREQmQxRiQ>

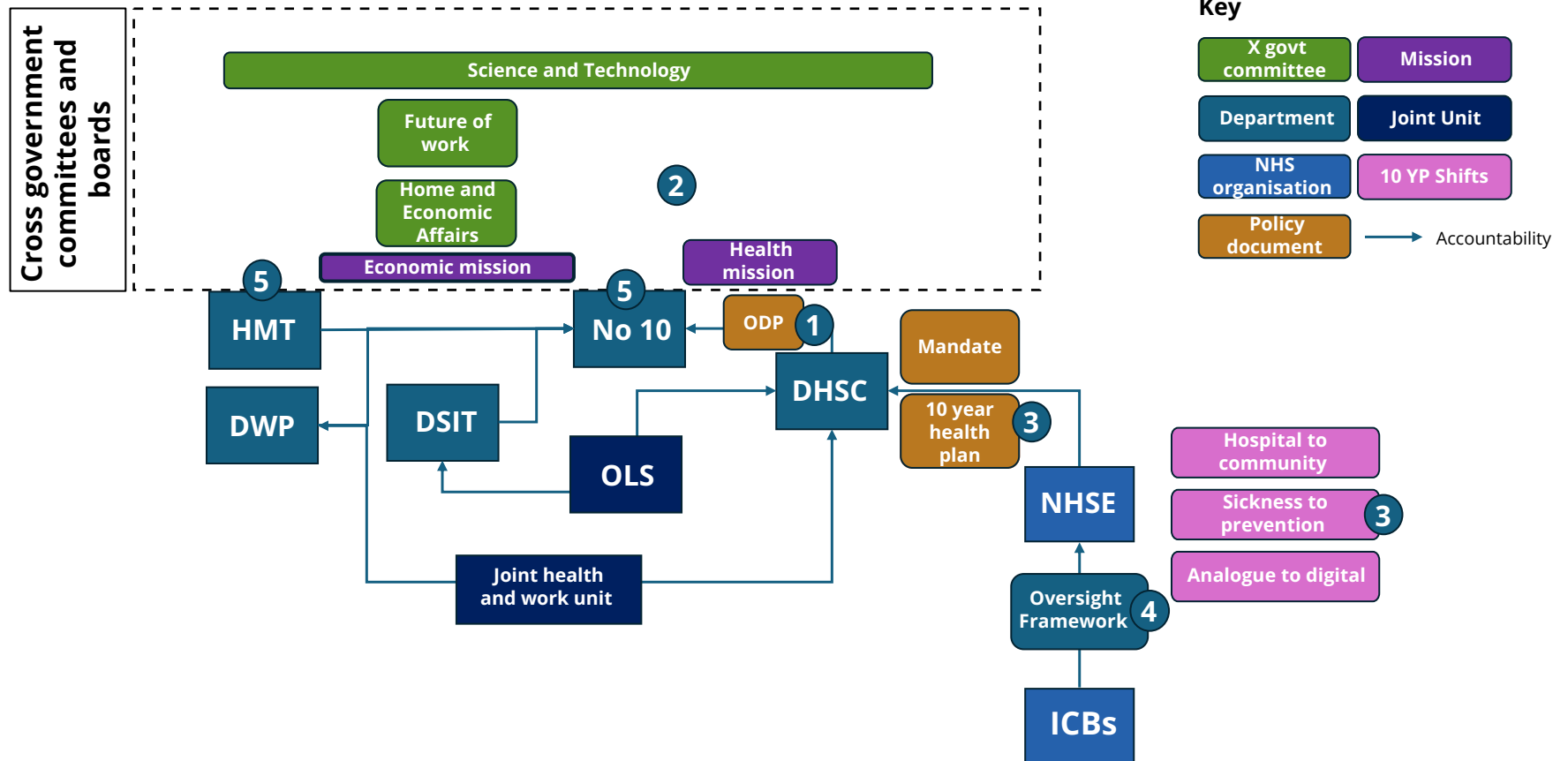
For the Government and Department the research proposes four changes:

- Ensuring new departmental accountability frameworks into central Government include metrics pertinent to each part of Streeting's 'economics of health' framework
- A different and more elevated economic role for the Department within Government – particularly in Cabinet Committees and other mission boards
- Greater use of economic skills and modelling in the development of health policy proposals and Ministerial submissions – particularly aligned to the three shifts in the ten year plan⁴
- Strengthened Accountability for NHS ICSs in delivering on their economic mandates with regional partners – including Mayors and local authorities on regional growth plans

Streeting's speech may well have been simply clever political positioning in the run-up to another round of Treasury negotiations in the Autumn 2024 budget. But there are real opportunities to add substance; and with new Government health policy priorities, structures and plans being written, now is the time to seize them.

4 <https://change.nhs.uk/en-GB/>

Opportunities for delivering the 'economics of health' framework



Opportunities

- 1 Embed economically focused metrics in Government oversight of DHSC/NHSE
- 2 Greater role for DHSC in cross government economic discussions
- 3 Include economic evaluations in assessing impacts of policies related to 10YP shifts
- 4 New model of accountability for NHS organisational role in economic growth
- 5 Set a greater role for OGDs in health and use new Treasury research interests to drive evidence based change

INTRODUCTION – THE 'ECONOMICS OF HEALTH'

Five days into the new Government the new Health and Social Care Secretary Wes Streeting set out his ambition for making sure there was a greater focus from his Department on economic growth. Streeting said his Department was 'no longer a public services Department, it is an economic growth department.'⁵ He went onto to set out more about what this meant in practice:

"I want to end the begging bowl culture, where the Health Secretary only ever goes to the Treasury to ask for more money. I want to deliver the Treasury billions of pounds of economic growth.

This government's agenda for health and social care can help drag our economy out of the sluggish productivity and poor growth of recent years.

By cutting waiting lists, we can get Britain back to health and back to work, and by taking bold action on public health we can build the healthy society needed for a healthy economy.

We will make Britain a powerhouse for life sciences and medical technology. If we can combine the care of the NHS and the genius of our country's leading scientific minds, we can develop modern treatments for patients and help get Britain's economy booming.

The NHS and social care are the biggest employers in most parts of our country. They should be engines of economic growth, giving opportunities in training and work to local people, as well as providing public services.

When Keir Starmer said he would lead a mission-driven government, this is what he meant. Working together to a shared mission, this government will get Britain booming."⁶

Economic growth is the central mission and goal of the new Labour Government with the party setting a goal for raising living standards across the UK.⁷

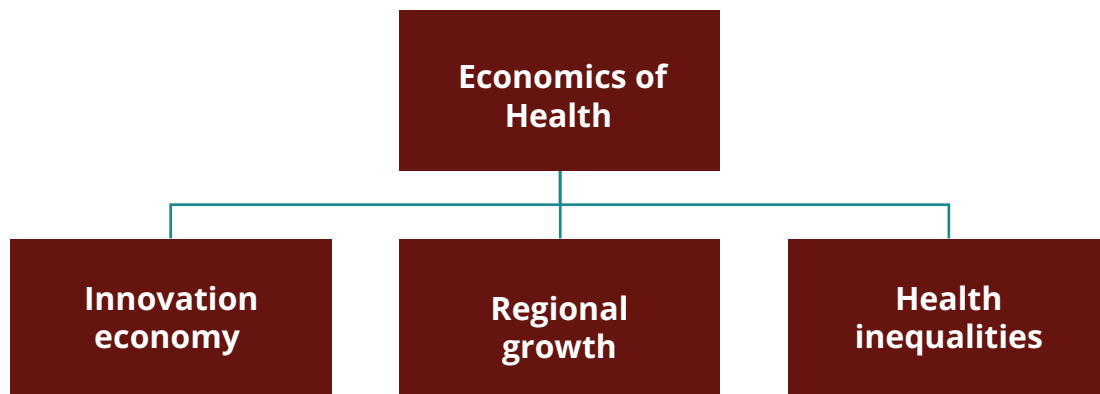
Streeting's three pillared approach reflected previous research undertaken by Future Health during the pandemic exploring how a more aligned economic and health Government policy agenda might be realised (see figure 1 below).

5 <https://www.youtube.com/watch?v=fpREQmQxRiQ>, (6 mins 30 secs)

6 <https://www.gov.uk/government/news/secretary-of-state-makes-economic-growth-a-priority>

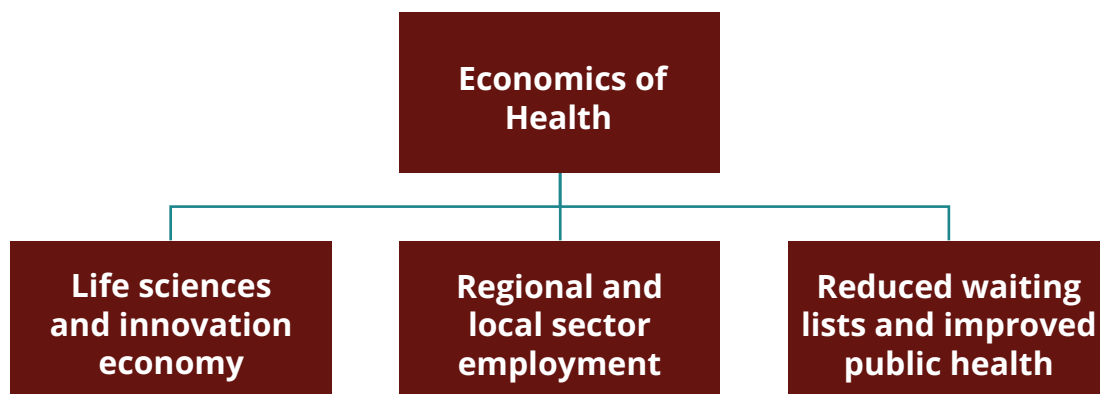
7 <https://www.gov.uk/missions/economic-growth>

Figure 1: Future Health – Economic of Health framework⁸



Streeting’s framework reflects this, albeit with slightly different framing points and primary issues of importance. These are summarised in figure 2 below.

Figure 2: Health and Social Care Secretary’s framework for the DHSC as a department for economic growth⁹



8 <https://www.futurehealth-research.com/site/wp-content/uploads/2021/04/Economics-of-Health-FINAL-April-2021-compressed.pdf>

9 <https://www.gov.uk/government/news/secretary-of-state-makes-economic-growth-a-priority>

Within each of the three areas of the framework Streeting set out a high level objective.

1. **By cutting waiting times and improving public health**, the government will support people with their health and speed up their return to work, while maintaining the good health of those in work.
2. **The government will make the UK a life sciences and medical technology powerhouse**. By ensuring the NHS works hand in hand with life sciences research institutions and medical technology companies, the government will drive the development of new treatments and help grow the industries.
3. **The government will use the NHS and social care's role as local and regional anchor institutions as engines of economic growth**, by providing training and job opportunities to local people across the country.

The next section explores the forces for and against change in each of these three areas.

FORCE FIELD ANALYSIS – THE DRIVING AND RESTRAINING FORCES FOR DELIVERY WITHIN STREETING’S ‘ECONOMICS OF HEALTH’ FRAMEWORK

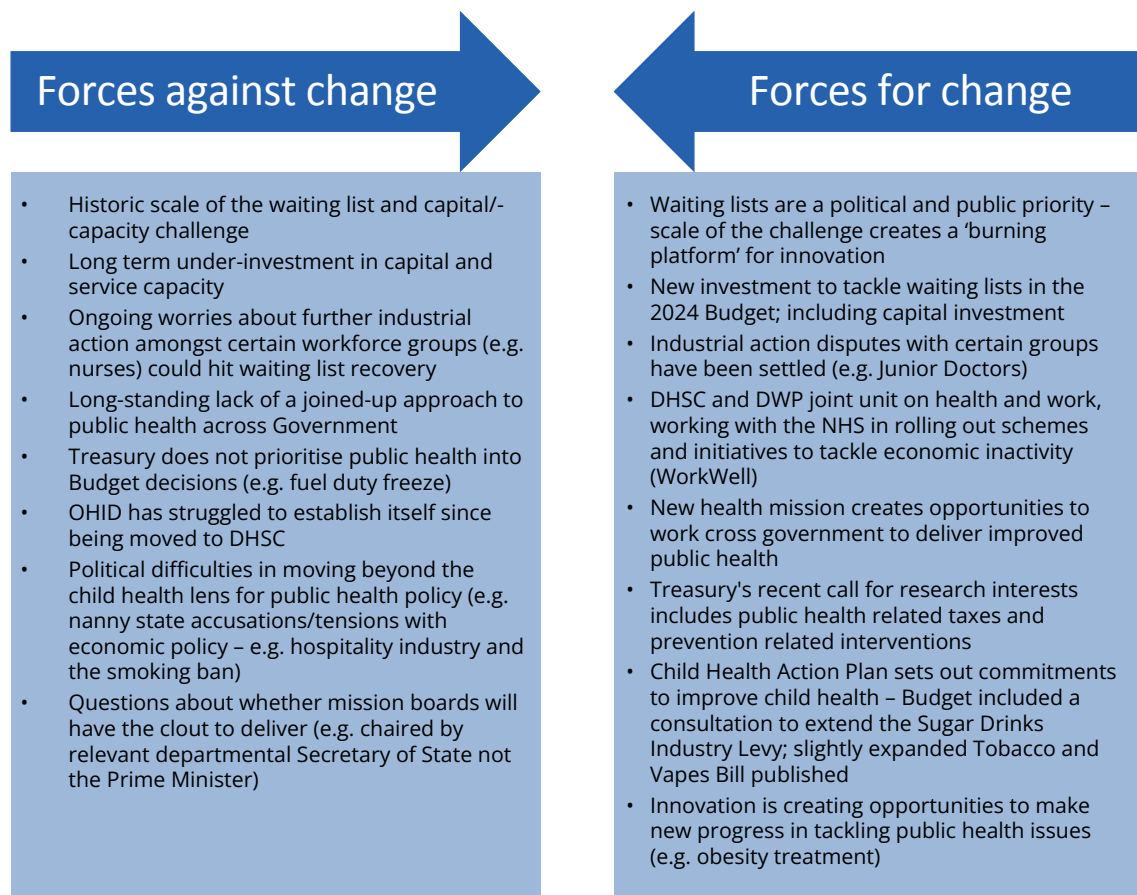
The following uses a Force Field Analysis to understand the driving and restraining forces for change within the three pillars of Streeting’s economics of health framework.¹⁰

Reducing waiting lists and improved public health

The objective

By cutting waiting times and improving public health, the government will support people with their health and speed up their return to work, while maintaining the good health of those in work.

Figure 3: Force Field Analysis: Reducing waiting lists and improving public health



10 <https://www.ifm.eng.cam.ac.uk/research/dstools/force-field-analysis/>

Summary

Reducing waiting lists has been a long standing NHS priority and with new investment secured some industrial disputes ended and a manifesto commitment for 40,000 more appointments a week, progress should be made despite the sheer scale of the challenge.¹¹ Wider system action, such as collective action in primary care, could act though as a brake on forward momentum.¹²

Progress on public health will face the ongoing knotty challenges of needing to operate across government and competing interests between Departments. The mission boards could be the forum to address this, but will struggle if as planned they are chaired by the relevant Secretary of State rather than the Prime Minister.¹³ Tackling child health issues (as important as it is) appear to be more politically palatable than those focused on adults. The Treasury Budget process continues to not see a central role for health – though a recent set of research interests show a potential curiosity to address this.¹⁴ A joint working agenda between the DHSC and DWP provides a platform for new action on tackling economic inactivity.¹⁵

11 <https://www.gov.uk/government/news/new-funding-to-kickstart-delivery-of-two-million-extra-nhs-appointments#:~:text=Ahead%20of%20her%20Budget%20on,waiting%20times%20in%20the%20NHS>

12 <https://www.england.nhs.uk/publication/gp-collective-action/>

13 <https://x.com/instituteforgov/status/1856752634457461102>

14 <https://www.gov.uk/government/publications/hm-treasury-areas-of-research-interest>

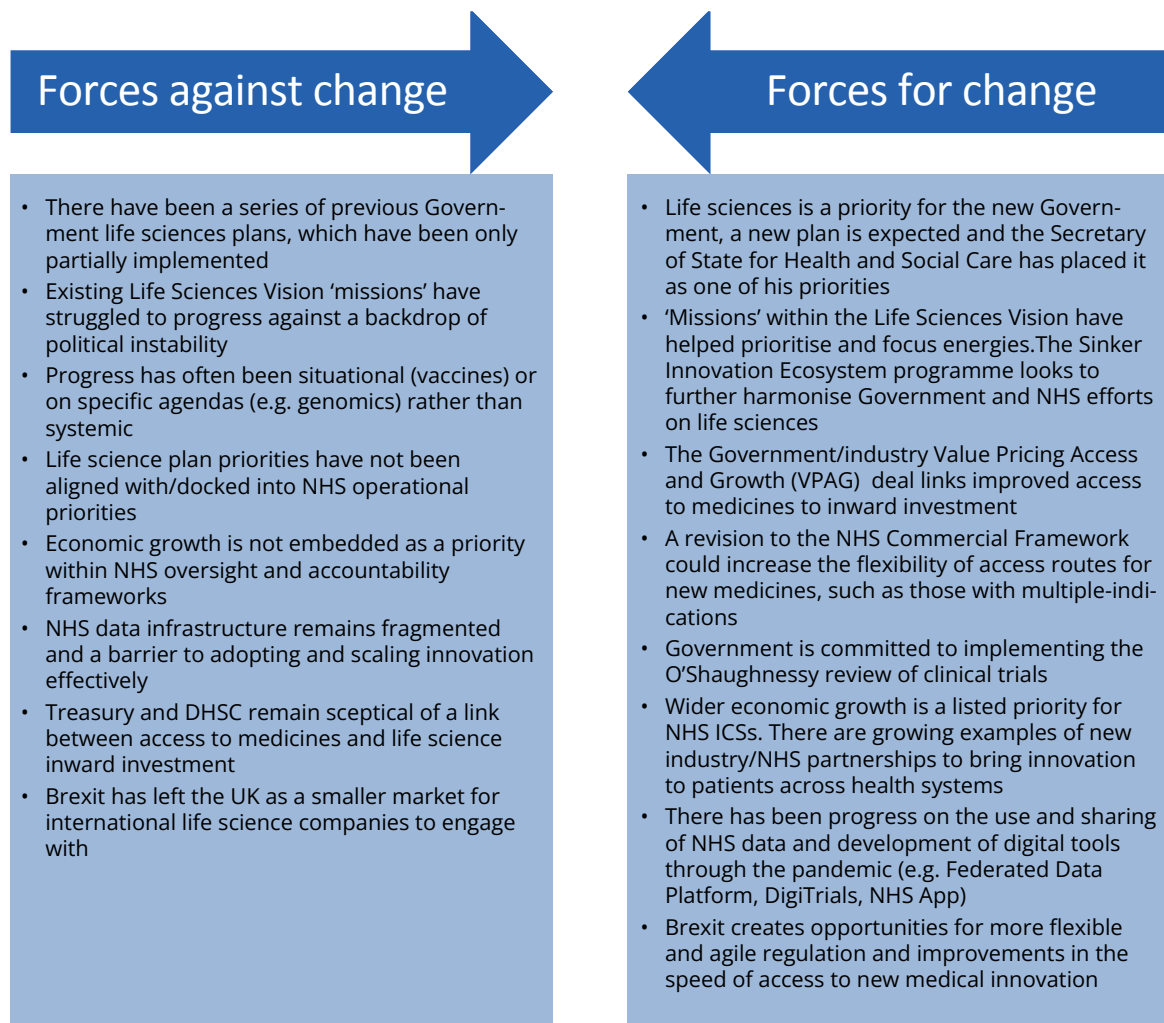
15 <https://www.gov.uk/government/groups/work-and-health-unit>

Life sciences and innovation economy

The objective

The Government will make the UK a life sciences and medical technology powerhouse. By ensuring the NHS works hand in hand with life sciences research institutions and medical technology companies, the government will drive the development of new treatments and help grow the industries.

Figure 4: Force Field Analysis for life sciences and innovation economy



Summary

Life sciences has been selected as a priority growth sector within the industrial strategy and Wes Streeting has emphasised it as one of his priorities as Secretary of State for Health and Social Care. A new life sciences plan will though have to learn lessons from what has worked well and less well from the past and the lack of follow through systemic joined-up action.¹⁶ The Life Sciences Missions (now healthcare goals) will need to evolve and be docked in the NHS ten year plan shifts and priorities in order to have any traction.

Policy continuity on clinical trials through implementation of the O'Shaughnessy Review is already starting to show progress and should be maintained.¹⁷ The Government has given strong signals on the importance of innovation adoption, but there are long standing data and financing barriers to this that will need to be overcome.

Critically the Government will need to align its life science goals across number 10-Treasury-DHSC and NHS England through the Life Sciences Council and build policy that genuinely embraces an ecosystem that links inward investment and innovation adoption to benefit the economy, the NHS and UK patients.

16 <https://www.futurehealth-research.com/delivering-the-life-science-vision-new-future-health-report/>

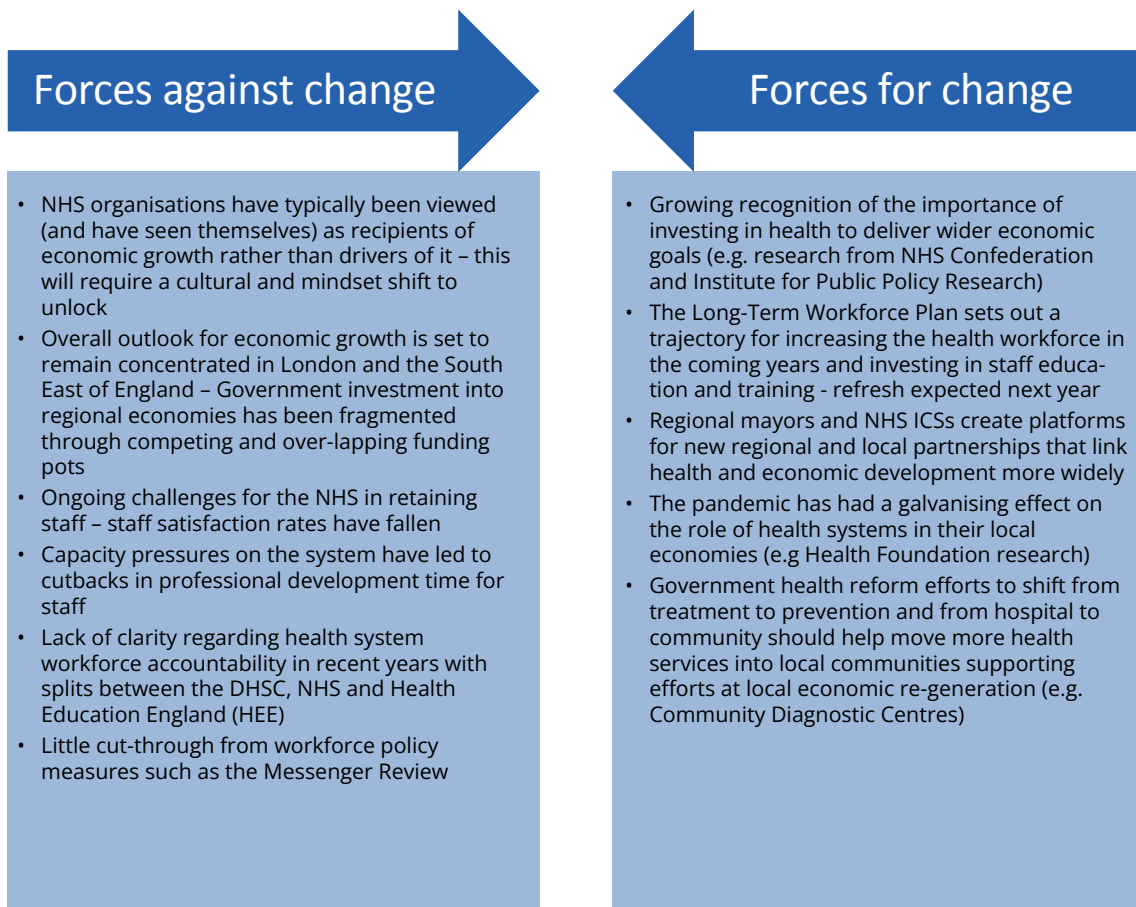
17 <https://www.gov.uk/government/publications/commercial-clinical-trials-in-the-uk-the-lord-oshaughnessy-review/commercial-clinical-trials-in-the-uk-the-lord-oshaughnessy-review-final-report>

Regional employment and anchor institutions

The objective

The Government will use the NHS and social care's role as local and regional anchor institutions as engines of economic growth, by providing training and job opportunities to local people across the country.

Figure 5: Force Field Analysis for regional employment and anchor institutions



Summary

A series of evidence papers from think tanks and the NHS have highlighted the link between health system activity and economic growth.^{18,19} The pandemic highlighted the clear links between the two and has had a galvanising effect on the health system.²⁰ ICSs have been set ambitions around economic growth, but these have been vaguely defined and will require clarification. Critically this should all link in with other regional economic goals being led by Mayors and local government.

There are opportunities for systems to look at how and where services are delivered so that they can support wider economic activities (for example Community Diagnostic Hubs). NHS staff satisfaction has been falling and reviews aimed at addressing it have not generated step-changes.²¹ This should be a focus for the NHS Long Term Plan Workforce refresh.

18 <https://www.ippr.org/articles/healthy-industry-prosperous-economy>

19 <https://www.nhsconfed.org/system/files/2023-08/The-influence-of-NHS-spending-on-economic-growth.pdf>

20 <https://www.health.org.uk/publications/long-reads/anchors-in-a-storm>

21 <https://www.nhsemployers.org/articles/nhs-staff-survey-2023-analysis-results>

STREETING'S AMBITIONS – HOW ALIGNED ARE DEPARTMENTAL AND NHS STRUCTURES AND POLICY FRAMEWORKS TO THE 'ECONOMICS OF HEALTH' FRAMEWORK?

The Force Field Analysis highlights the competing driving and restraining forces across the three different elements of Streeting's 'economics of health' framework.

This report does not seek to examine each of these forces in each pillar of the framework turn. There is extensive and detailed literature, case studies and proposals on each element; whether it is how to tackle waiting lists, improve public health, deliver a successful life science strategy and make local NHS organisations anchor institutions. In turn and in each of these area the Government is looking at how it can use its new mandate to push forward with policy change – whether it is through the health mission, a new elective recovery plan or the wider ten year health plan.

Rather this work seeks to explore how the DHSC can play a greater role in supporting the positive forces for change.

To understand this requires an analysis of the Department's priorities, structures and ways of working – both within the Department and its work with other government departments and the NHS.

The Department of Health and Social Care priorities and structure

Each Government Department publishes Outcome Delivery Plans (ODPs) to set out how they will achieve their priority outcomes with the resources set.²²

The DHSC's ODP notes the links between health and the economy: 'a great health and care system will drive better health behaviours and outcomes as well as boost the economy, through employment in the NHS and social care sectors, and the UK's successful life sciences industry.'²³ Priority outcomes listed – which are then reported back on in the DHSC's annual report – are:

- Protecting the public's health through the health and social care system's response to COVID-19
- Improving healthcare outcomes by providing high-quality and sustainable care at the right time in the right place and by improving infrastructure and transforming technology

²² <https://www.instituteforgovernment.org.uk/sites/default/files/publications/outcome-delivery-plans.pdf>

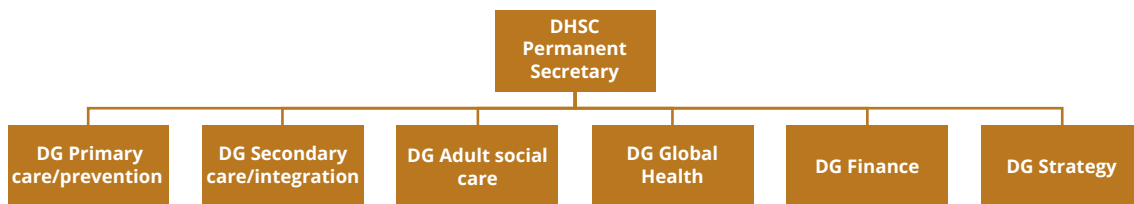
²³ <https://www.gov.uk/government/publications/department-of-health-and-social-care-outcome-delivery-plan/department-of-health-and-social-care-outcome-delivery-plan-2021-to-2022>

- Improving healthcare outcomes through a well-supported workforce
- Improving, protect, and level up the nation’s health, including reducing health disparities
- Improving social care outcomes through an affordable, high-quality, and sustainable adult social care system²⁴

While there is some overlap on the public health agenda with Streeting’s ‘economics of health’ framework goals – through improving the health of the nation and tackling health inequalities – the links to the innovation economy and role of healthcare services as regional employers are absent as priorities.

The Department has been traditionally structured around where care is delivered, with Director Generals assigned to primary care/prevention, secondary care and social care. Two others are assigned to Finance and global public health. A new Director General, Sally Warren has been appointed to lead the development of the ten year health plan.²⁵ Figure 6 is the most recent organogram from the Department’s website.

Figure 6: Director Generals Department of Health and Social Care²⁶



Focusing more specifically on the three pillars of Streeting’s ‘economics of health’ framework reveals split responsibilities across these Directorates.

The Director General for Finance is focused on ‘ensuring financial accountability of the health and social care system.’²⁷ The prevention directorate includes the former team from Public Health England and the joint health and work unit, with DWP. The Office for Life Sciences (OLS) and medicines team are within the secondary care and integration directorate.

24 <https://assets.publishing.service.gov.uk/media/65b236c81702b10013cb1289/DHSC-Annual-report-and-accounts-2022-2023-web-accessible.pdf>; These reflect the DHSC Outcome Delivery Plan (ODP)

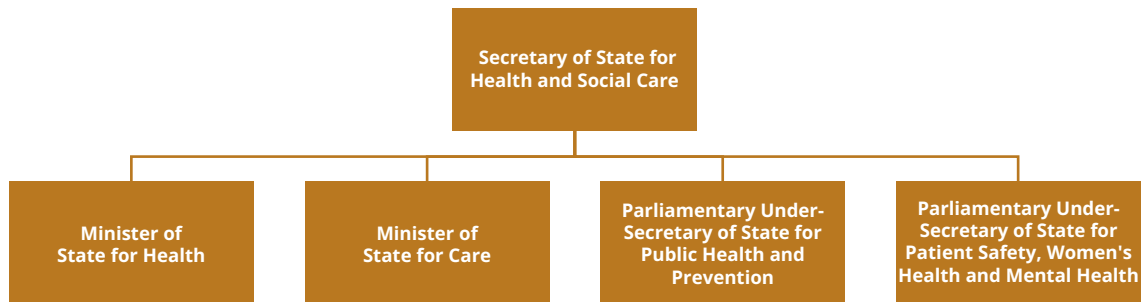
25 <https://www.data.gov.uk/dataset/04427362-663e-49e0-9103-8bc01dcaa2c7/organogram-of-staff-roles-and-salaries>

26 <https://www.data.gov.uk/dataset/04427362-663e-49e0-9103-8bc01dcaa2c7/organogram-of-staff-roles-and-salaries>

27 <https://www.gov.uk/government/people/andy-brittain>

Ministerial accountability has slightly shifted with the new Government, though again care settings are the dominant approach for designating responsibilities – see figure 7 below. It is also notable that the number of Ministers has fallen from six under the previous Government to five under the new administration.

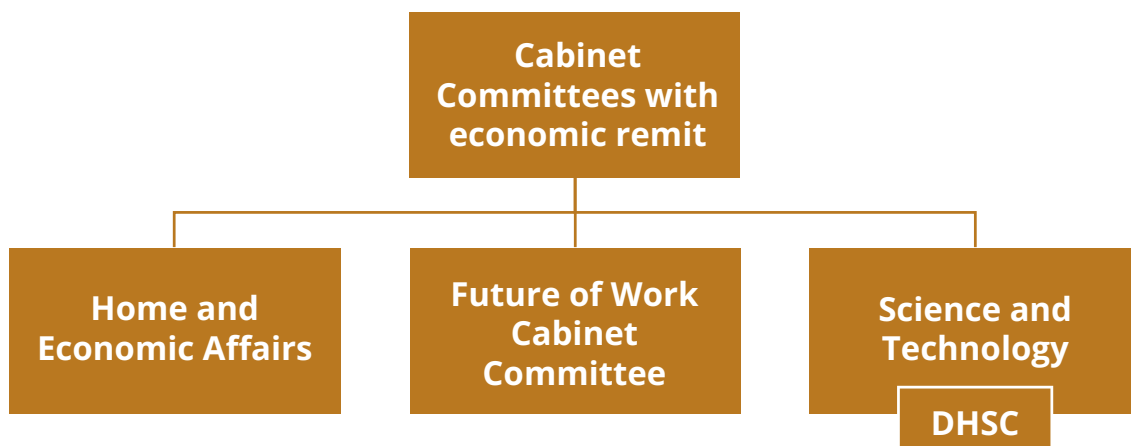
Figure 7: Department of Health and Social Care Ministerial accountability



When looking across Government, DHSC has not historically been seen as an economic driver and deliverer of economic growth.

Whilst the Department does sit on the Science and Technology Cabinet Committee (reflecting its research and life sciences remit), it does not have a position on either the Home and Economic Affairs Cabinet Committee or the Future of Work Cabinet Committee.²⁸

Figure 8: Role of DHSC on Government Cabinet Committees



Alongside the Cabinet Committees, the new Government has established a series of mission boards in five areas: growth, clean energy, safer streets, opportunities and health.²⁹ The aim of the mission boards is to focus on: 'ambitious, measurable, long-term objectives that provide a driving sense of purpose for the country.'

28 <https://www.gov.uk/government/publications/the-cabinet-committees-system-and-list-of-cabinet-committees/list-of-cabinet-committees-and-their-membership>

29 <https://www.gov.uk/government/publications/the-cabinet-committees-system-and-list-of-cabinet-committees/list-of-cabinet-committees-and-their-membership>

It means a new way of doing government that is more joined up, pushes power out to communities and harnesses new technology, all with one aim in mind – to put the country back in the service of working people.³⁰

The Secretary of State for Health and Social Care chairs the health mission board, but as yet it is unclear publicly regarding Department of Health and Social Care attendance or participation in the other mission board; particularly the board focused on economic growth. The Secretary of State did attend the first meeting of the Government's Child Poverty Taskforce.³¹

With regards to the Department of Health and Social Care and general cross government working, there is recent progress here to build from. The DHSC was a major part of the cross Government response to both coronavirus and managing the UK's departure from the European Union.

30 <https://labour.org.uk/change/mission-driven-government/>

31 https://www.facebook.com/photo.php?fbid=895899549025606&id=100058167065599&set=a.358553366093563&source=48&_rdr

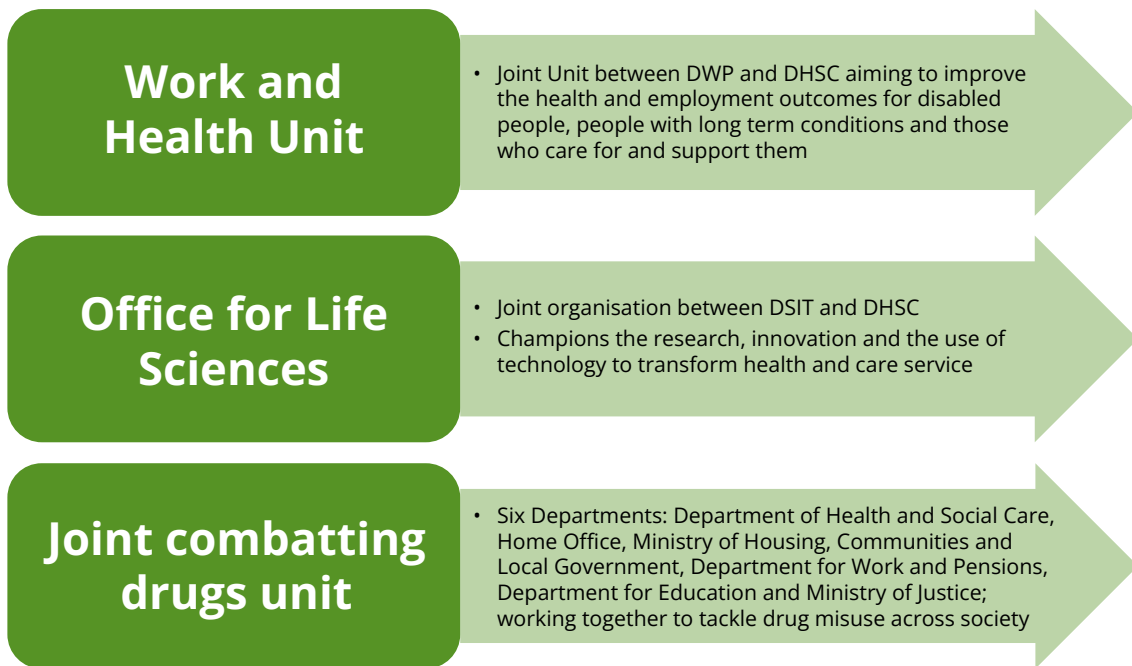
JOINT WORKING WITH OTHER DEPARTMENTS

One of the Department of Health and Social Care’s four core roles is to: ‘Work with other Government Departments, our agencies, and partners locally, regionally, nationally, and internationally to contribute to the Government’s wider health, economic and social goals.’³²

Examples of this include work with MHCLG on public health and social care and the Ministry of Justice on the health of prisoners.

The DHSC has a number of joint working and unit arrangements with other Departments which align to Streeting’s framework:

Figure 9: DHSC joint units^{33,34,35}



32 <https://assets.publishing.service.gov.uk/media/65b236c81702b10013cb1289/DHSC-Annual-report-and-accounts-2022-2023-web-accessible.pdf>

33 <https://www.gov.uk/government/groups/work-and-health-unit>

34 <https://www.gov.uk/government/organisations/office-for-life-sciences>

35 <https://www.gov.uk/government/news/new-cross-government-unit-to-tackle-drug-misuse-following-major-independent-review>

In addition the Department of Health and Social Care ODP includes work with other Departments on their priority outcomes. See figure 10 below³⁶

Figure 10: Joint work with OGDs highlighted by DHSC in ODP

Priority outcome title	Lead department
Reduce crime	Home Office
End rough sleeping through more effective prevention and crisis intervention services, and reduce homelessness by enabling local authorities to fully meet their statutory duties	Ministry of Housing, Communities and Local Government (MHCLG)
Support the most disadvantaged and vulnerable children and young people through high-quality local services so that no one is left behind	Department for Education (DfE)

The NHS mandate and priorities

The Department’s most recent mandate to NHS England – set earlier in 2024 – aligns closely to Departmental priorities.

Figure 11: Government mandate to NHS England³⁷



Reducing waiting lists is the first and top priority. There is also a reference – within the Mandate section on the 2019 NHS Long Term Plan – on tackling health inequalities. The Mandate does draw a link between long waiting lists, an inability to access care and economic inactivity – but sets no direct targets or ambitions for delivery against this issue specifically.³⁸ There are references to technology, from a primarily service re-design perspective, with no mandate references to life sciences or the NHS as an anchor institution in the regions.³⁹

36 <https://www.gov.uk/government/publications/department-of-health-and-social-care-outcome-delivery-plan/department-of-health-and-social-care-outcome-delivery-plan-2021-to-2022>

37 <https://www.gov.uk/government/publications/nhs-mandate-2023/the-governments-2023-mandate-to-nhs-england>

38 <https://www.gov.uk/government/publications/nhs-mandate-2023/the-governments-2023-mandate-to-nhs-england>

39 <https://www.gov.uk/government/publications/nhs-mandate-2023/the-governments-2023-mandate-to-nhs-england>

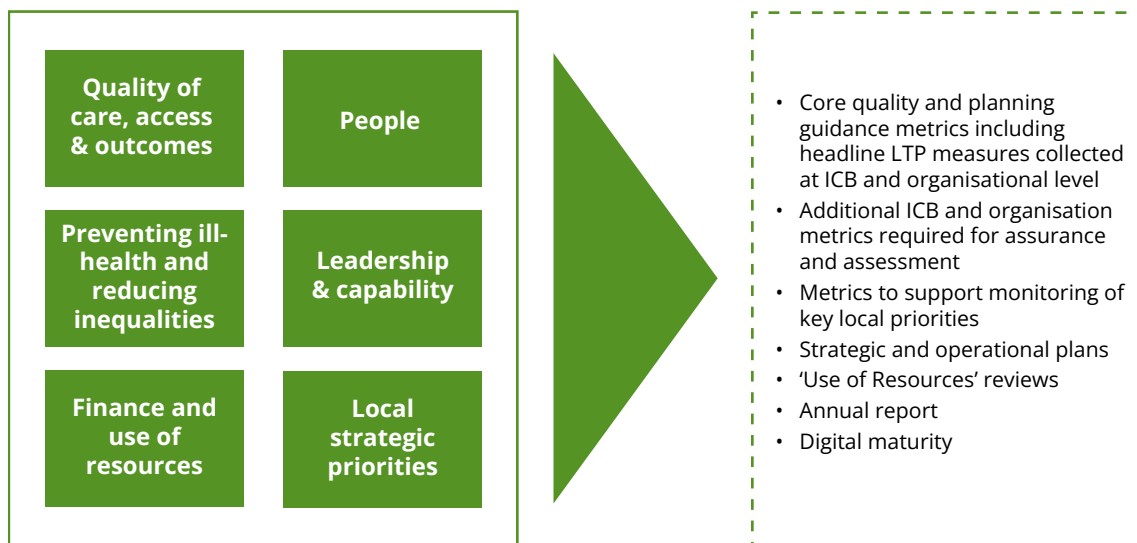
Within the NHS, 42 regional Integrated Care Systems (ICSs) bring health and care organisations together to develop shared plans and joined-up services. ICSs have four objectives:

- Improve outcomes in population health and healthcare
- Tackle inequalities in outcomes, experience and access
- Enhance productivity and value for money
- Help the NHS support broader social and economic development⁴⁰

These objectives align more closely with Streeting’s ‘economics of health’ framework with references to improved public health, inequalities in care access and outcomes and wider social and economic development.

Since their creation ICSs have been held to account through the NHS Oversight Framework (NHS OF). A summary of this is set out below:⁴¹

Figure 12: Scope of the NHS Oversight Framework



The OF includes five themes aligned to the NHS Long Term Plan (quality of care, preventing ill health, finance, people and leadership) along with a sixth theme related to local strategic priorities – which are aligned to the broader contribution of the ICS to local health, social and economic issues.⁴² The NHS is currently consulting on a new OF, the aim of which is to bring it more closely into line with the four core purposes of ICSs set out above.⁴³

40 <https://www.england.nhs.uk/integratedcare/what-is-integrated-care/>

41 https://www.england.nhs.uk/wp-content/uploads/2022/06/B1378_NHS-System-Oversight-Framework-22-23_260722.pdf

42 https://www.england.nhs.uk/wp-content/uploads/2022/06/B1378_NHS-System-Oversight-Framework-22-23_260722.pdf

43 <https://england.nhs.uk/long-read/consultation-on-the-draft-updated-nhs-oversight-and-assessment-framework/>, para 13

Summary

Whilst there is a fairly consistent focus across Government and NHS management frameworks on improving public health and reducing waiting lists, there have been few concerted and systemic efforts to focus on wider economic ambitions relating to the health innovation economy and the role of the NHS as an anchor institution. Across Government, the Department of Health and Social Care is not on major Cabinet Committees relating to the economy or future of work.⁴⁴ The formal role of the Department of Health and Social Care on mission boards beyond the health mission at this time is unclear.

⁴⁴ <https://www.gov.uk/government/publications/the-cabinet-committees-system-and-list-of-cabinet-committees/list-of-cabinet-committees-and-their-membership>

OPPORTUNITIES FOR RE-ORIENTATING THE DHSC TOWARDS ECONOMIC GROWTH

Where there are some elements of alignment with Departmental priorities, structures and ways of working with Streeting's 'economics of health' framework, there are notable gaps and areas of opportunity. The following considers some of these in more detail.

Aligning DHSC with the Government's 'number one' mission

How the centre of the new Government plans to hold Government Departments to account for delivering on policy goals is currently unclear. In recent years this has been through ODPs, but with the creation of mission based government, this looks set to change. On the 5th December the Prime Minister set out his Government's plans for change and priorities for each of the missions. For the health mission the milestone is ending hospital backlogs.⁴⁵ The Spring 2025 Spending Review will also provide a structured framework for how departments should engage with the Treasury on their future spending plans.

The Institute for Government has written on how the new Government can best align departments around common Government goals. The Institute's recommendations include:

- Setting a small set of clear goals the Government is trying to achieve
- Establishing principles to describe the approach that the Government wants to take to achieve them (for e.g. delivering more prevention based policy approaches)
- Ensuring Spending Reviews are multi-year and budgets are clear in advance of the next financial year
- Align expectations on what evidence is used to inform spending allocations through the Spending Review process
- Bake in evaluation of schemes and policies up front and then carry it out at agreed milestones
- Undertake cross-cutting departmental reviews against the priority goals set
- Use multi-lateral 'Star Chambers' to discuss joint spending bids between Departments
- Align metrics and performance management to missions⁴⁶

⁴⁵ <https://www.gov.uk/missions/nhs>

⁴⁶ <https://www.instituteforgovernment.org.uk/sites/default/files/2024-07/how-to-run-spending-review.pdf>

The adoption of a mission based approach to Government presents an opportunity for a different approach to accountability and oversight of Government departments, including DHSC.

Streeting's framework can be helpful in shaping how DHSC now engages with this new, emerging model of governance. In participating in the common goal of economic growth the three part framework can be used by the Department as a foundational tool for goal setting and metric development. Examples will be both quantitative and qualitative and could include:

Waiting list reduction and improved public health

- Fewer numbers of economically inactive people
- Reductions in the elective waiting list in economically challenging areas
- Reductions in child and adult obesity rates
- Lower rates of smoking
- Fewer drug related deaths
- Increasing numbers of working age and older people drawing on social care feeling supported to live independently

Life sciences and innovation

- Increased number of clinical trials launched
- Accelerated speed of licence and access for patients to new medicines and diagnostics
- Increasing global proportion of foreign direct investment into UK life sciences

Anchor institutions

- Feedback from non-health systems partners on partnership working on/around economic goals
- Improvements in NHS staff satisfaction and retention
- Progress to Net Zero targets
- Evidence of a positive impact from procurement processes that support local economies

In developing the metrics and associated targets for them, it will be important that engagement is undertaken with all relevant partner agencies and stakeholders to ensure targets set are both challenging and realistic.

Building a set of metrics here clearly needs to be part of a balanced approach to setting goals and targets for the Department and the NHS. However given the importance of the Government's economic mission, a focused set of indicators should be incorporated into the central framework of accountability between No 10, DHSC and NHS England.

Developing a wider role for DHSC in Whitehall

Labour's original health mission committed to change how health is viewed in and across Whitehall:

“Embed long-term planning to ensure there is health in all policies: Cross-departmental working is vital to improving the wider determinants of health – the social, economic, and environmental factors that affect people’s ability to lead healthy lifestyles. Labour will create a national framework that ensures focus and innovation across government, business, public services, and civil society is targeted towards delivering this long-term goal. We will establish a mission delivery board at the heart of Government to bring together all departments with an influence over the social determinants of health, a mission accountability body akin to the Climate Change Committee. We will ensure this flows through to local government and ensure that devolution agreements are designed to reward delivery of our mission outcomes at a combined authority level.”⁴⁷

The announcement of the primary milestone of the health mission being a reduction in elective waiting lists feels like a much narrower focus of ambition. This milestone however sits alongside a broader goal of improving health life expectancy which will require a much wider approach in order to succeed.⁴⁸

Whilst delivering the wider goals of the health mission will support a more joined-up Government approach to health - it will be important that the DHSC is not sidelined to this mission alone. Number 10, Treasury and Cabinet Office should ensure the DHSC plays a major part in the economic growth mission and is invited to relevant cross Cabinet Committees discussions on home and economic affairs, and the future of work (particularly given the importance of health services as major employers and future trainers of employees through the NHS Long Term Workforce Plan).⁴⁹

47 <https://labour.org.uk/wp-content/uploads/2023/05/Mission-Public-Services.pdf>

48 <https://www.gov.uk/missions/nhs>

49 <https://www.england.nhs.uk/wp-content/uploads/2023/06/nhs-long-term-workforce-plan-v1.2.pdf>

In considering this, it is notable and encouraging to see health representation on the DWP Advisory Board to the Secretary of State for Work and Pensions. This highlights the benefits of having established a joint unit between the two departments.^{50,51}

Similarly in life sciences, Labour's *Prescription for Growth* commits to elevating the Life Sciences Council – which brings together DSIT, DHSC and OLS together with industry to move forward with Government life science goals – so that it reports into the wider Industrial Strategy Council.⁵² Separate research from Future Health has set out ideas for delivering a step-change in life science policy delivery.⁵³

Embedding economic evaluations and evidence into future health policy

Research has highlighted both the tangible and intangible costs emerging from the significant restructuring of Government departments.⁵⁴

Given the importance of delivery at pace to the Government it will be important that any such moves are avoided as far as possible. Rather, the approach should be focused on building and embedding relevant expertise within the policy development process.

One of the changes the new Government has made at the DHSC is to build a new Strategy Unit reporting to Ministers as part of the ten year plan development process. Economic capability and expertise should be built into this. This will help ensure that the economic costs and benefits of policies put forward to support the three shifts – treatment to prevention, analogue to digital, hospital to community – are considered as part of the development of the plan – and helping to embed Streeting's framework in the proposed health reforms. The inclusion of this expertise in the Strategy unit can then help inform policy submissions to Ministers about how proposed policy options align to wider economic goals.^{55,56}

50 <https://www.gov.uk/government/news/government-action-to-tackle-the-greatest-employment-challenge-for-a-generation>

51 The joint working by DHSC and DWP has a long history. The Departments were merged as the Department for Health and Social Security in 1968 and de-merged in 1988: https://api.parliament.uk/historic-hansard/commons/1968/oct/24/secretary-of-state-for-social-services#column_1609; <https://www.nationalarchives.gov.uk/help-with-your-research/research-guides/twentieth-century-public-health-social-policy/#:-:text=Responsibility%20for%20a%20number%20of,the%20Department%20of%20Social%20Security>.

52 <https://www.abhi.org.uk/resource-hub/file/17522>

53 <https://www.futurehealth-research.com/future-health-publishes-uk-life-sciences-strategy-review-and-framework-for-future-partnership/>

54 <https://www.instituteforgovernment.org.uk/sites/default/files/publications/creating-and-dismantling-government-departments.pdf>

55 It is important to note here that this would not be the overriding reason for pursuing a policy option but a factor for consideration alongside other such as impacts of policies on for example health inequalities and health system finances

56 The development of the ten year plan should also look to draw in relevant expertise from the Government Economic Service and Government Analysis Function: See: https://www.health.org.uk/sites/default/files/upload/publications/2021/20210611_Revisiting_the_Wanless_review_PDF.pdf

The three shifts set out as part of the ten year health plan engagement exercise will take time to deliver and show a return on investment.⁵⁷ The danger remains however that such moves are not realised as 'path dependency', short-termism and an NHS majoritarian view triumph once again.

To slow the pace of the NHS service 'hamster-wheel' identified by the Chief Medical Officer will require the development and scaling of effective evidence based prevention policies.⁵⁸

However one major impediment to this is that the level of evidence available when commissioning a preventative health programme can be unclear. Alongside this, and more broadly, evaluation is not often built into health policy design – Theis and White for example found that less than a quarter of Government obesity policies included an evaluation and monitoring element.⁵⁹

As the new ten year plan is developed, models should be built that estimate the economic impacts of the various interventions proposed. Those policies then taken forward as part of the final plan should have relevant and regular data collected tracking return on investment propositions and economic benefits that can be used to determine if the policies are working. This feedback can then be used to accelerate, re-formulate or pause policy delivery following the publication of the plan.

The 2002 Wanless review is instructive here.⁶⁰ Wanless included three scenarios as part of a long-term shift to greater preventative health policy. However the three scenarios (fully engaged, solid progress, slow uptake) were high level and policy to support their delivery lacked detail, meaning they were not actively pursued following publication.⁶¹

The perennial challenge of delivering preventative health based policy approaches, which can deliver wider health and economic benefits, has led the Treasury to include them as part of a series of recently published research interests.

The seven research areas are designed to point back at the Government's number one objective of economic growth. One of the seven areas is public spending and public services. The research questions seek to understand the relationships between public services and economic growth. Within health, there is a focus on how health impacts other public services and how shifts and impacts in health policy interventions can be better understood and appraised.

57 <https://change.nhs.uk/en-GB/>

58 <https://committees.parliament.uk/oralevidence/12702/pdf/>

59 <https://www.cam.ac.uk/research/news/successive-governments-approaches-to-obesity-policies-have-destined-them-to-fail-say-researchers>

60 <https://www.yearofcare.co.uk/sites/default/files/images/Wanless.pdf>

61 <https://www.health.org.uk/publications/reports/revisiting-the-Wanless-review>

Key questions include:

- How can the government better understand the interactions between different areas of spending, for example between early years, health and welfare?
- How can we increase productivity within public services and improve outcomes for service users, including through a stronger focus on prevention?
- How do we identify the most effective areas of preventative spending? What do other countries do?⁶²

One other element to this is looking at this agenda in reverse i.e. how can other government departments and agencies more readily understand and build in the health impacts of their policy decision making?

One example of this is the work of Tackling Root Causes Upstream of Unhealthy Urban Development (TRUUD) who have developed an economic valuation tool to show the impact of the urban environment on a wide range of health conditions, and precisely where in the system the associated societal costs land.⁶³ The Health Appraisal of Urban Systems (HAUS) tool provides a unique bank of clearly defined pathways covering a wide and comprehensive range of factors from air pollution to walkability and more than 70 health outcomes.⁶⁴ In a recent application TRUUD were able to show that increased green space for one urban area could lead to improvements in activity and mental health, reductions in diabetes, cancer and childhood obesity, and could even reduce premature mortality. Over 25 years these benefits could save this community between £20- 35 million through averted health costs.⁶⁵

Building economic growth effectively into NHS planning and accountability

As set out earlier NHS ICSs have been set an objective for supporting local and regional economic growth as part of their mandate. As yet how this is defined and how NHS England will assess ICSs on this objective however remains unclear.

The revision of the NHS ICS OF creates an opportunity to build in a stronger focus on how ICSs are supporting local economic growth.

However the traditional model for NHS accountability – a top-down approach focused on a narrow set of metrics (e.g. waiting times) – will likely be ineffective when looking at this set of issues. Regional economies are highly variable, have very different structures, strengths and weaknesses and involve a wide array of different local actors and organisations.

62 https://assets.publishing.service.gov.uk/media/673207095364e7efcec4194b/HMT_Areas_of_Research_Interest_-_November_2024.pdf

63 <https://truud.ac.uk/wp-content/uploads/2024/03/Shaping-the-use-of-health-impact-evidence-in-government-appraisals-and-decision-making.pdf>

64 <https://truud.ac.uk/wp-content/uploads/2024/03/Shaping-the-use-of-health-impact-evidence-in-government-appraisals-and-decision-making.pdf>

65 <https://truud.ac.uk/wp-content/uploads/2024/03/Shaping-the-use-of-health-impact-evidence-in-government-appraisals-and-decision-making.pdf>

As a result what will be needed is a more rounded model of assessment. This would assess ICSs against whether they are:

- Demonstrating that the NHS is playing an active partnership role in local health and growth plans
- Showing progress towards local economic objectives
- Building economic benefits and impacts into NHS decision making processes – for example where to locate new health facilities such as community diagnostic centres

From a policy development perspective this model of accountability would align with the *NHS Vaccination Strategy*. This combines national target setting for vaccine uptake, with local factors that may impact vaccination rates and through this looks to set more realistic and tailored targets for progression.⁶⁶

This model for more joined-up policy design between local and central Government was the subject of the Partnerships for People and Place pilots. The pilots 'emphasised how both local and national systems for delivering public services are currently not designed to facilitate joined-up working, reflecting tensions between the need for central scrutiny to ensure value for money and the flexibilities sought locally to tailor approaches to the needs of a place.'⁶⁷ To make progress on place based approaches the research made a series of recommendations:

- **Structures** – Establish departmental place-based forums, senior champions, and improved regional engagement mechanisms to help share best practice and connect central government with local partners
- **Priorities** – Improve recording and sharing of local, regional and national priorities to improve mutual understanding and enable more flexible policy design
- **Funding** – Create longer-term cross-government funding pots that are simpler to apply for and with built-in flexibility to adapt spend according to specific place-based needs
- **Data sharing** – Gather information on the real and perceived barriers to data sharing to improve and better communicate guidance
- **Culture** – Improve skills and capabilities for collaborative, place-based working, and recognise positive outcomes to change the culture in central government departments⁶⁸

66 <https://www.england.nhs.uk/long-read/nhs-vaccination-strategy/>

67 https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships_for_People_and_Place_Programme_learning_and_evaluation_report.pdf

68 <https://www.liverpool.ac.uk/heseltine-institute/blog/joineduphowcentralgovernmentcansupportplace-basedworking/>

When looking to embed the work of the NHS to support local economic growth plans it will be important that national and local NHS bodies adopt a model of accountability and delivery that embraces these points. In adopting these approaches there will be greater partnerships between national and local NHS systems as well as NHS and non NHS bodies, both of which will be critical to supporting economic growth.

CONCLUSION

There is a growing body of evidence and recognition of the important connection between the health of the nation, the health system and economic growth.

The new Secretary of State for Health and Social Care is right to look at how his Department can support action in this area. This pamphlet considers the environment in which the different elements of Wes Streeting's 'economics of health' framework are operating and the forces for and against change.

It then considers some of the barriers and opportunities facing the Department of Health and Social Care in delivering on the framework's ambitions.

Streeting's intervention may have been more about messaging and signalling; both inwardly to his officials and NHS England and outwardly — particularly to number 10 and the Treasury. However this research points to more substantive opportunities his framework presents if actively pursued that could see a more enhanced economics role for the Department and NHS in the Government's central aim of stronger economic growth.



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