The great consultancy boom – from Covid to 'Integrated Care'

By John Lister

Ministers and NHS management are becoming increasingly dependent on costly private sector management consultants to do the work that managers and civil servants were previously trained and expected to do as part of their jobs.

The pandemic – and NHS England's insistence on driving through the simultaneous reorganisation into "Integrated Care Systems," bringing fresh dependency on private companies specialising in apps, data and 'population health management' – has brought a massive further growth in the numbers of consultants involved.

Yet new research indicates that the NHS itself spent over £300m on consultancy in 2018/19, despite evidence that management consultants in health care "do more harm than good." Indeed the evidence is that once consultants have been brought in they "keep getting rehired" – despite their failure to improve the efficiency or quality of services.

Test and trace

In the pandemic the current government has turned first and often to consultants for systems that could much better have been run through local government and the NHS. Last August consultancy.uk reported that 16 consulting firms had been awarded coronavirus contracts with £56m. But this was the tip of the iceberg.

January Health Minister Helen Whately admitted that 2,300 management consultants from 73 different companies (more than the civil servants in the Treasury) were currently working on the lamentable Test and Trace system, with £375m spent on consultancy for this project alone.

Other reports revealed that the consultants were being paid an average of £1,000 per day, and that Deloitte alone had 900 employees at work in test and trace. The Daily Mail estimated the total of consultants and contractors at 2,959. Sky News revealed last October that a 5-person team from Boston Consulting had been paid £25,000

£300m

NHS spend on management consultants in 2018/19

£375m

Spending on consultancy for test and Trace alone in 2020

107

The number of pre-approved companies in a Framework set up by NHS England, and which can simply be awarded NHS contracts with no further tendering or competition.

£1,000

The average daily fee for 900 Deloitte consultants working on failed Test & Trace

83

The number of companies in NHS England's Hospital System Support framework, pre-approved for work Integrated Care Systems

22

of them are US based

per day helping to "mastermind the creation of the contract tracing systems."

Last autumn, with Test and Trace "barely functional" in the face of a resurgence of the pandemic, reports indicated that hundreds of consultants from KPMG, EY and other firms were being lined up to reinforce the numbers who were already failing so badly. According to The Guardian, the additional consultants were required in areas including programme management, data, project support and supply chain – which might have been expected to already be in place.

NHS reorganisation

Consultancy firms have played a key – and lucrative – role in most of the big reorganisations of the NHS going back at least to 1974. In recent years, a major McKinsey report commissioned by New Labour shaped many of the cost-cutting policies of NHS trusts and commissioners which aimed to generate £20bn of "savings" after the 2008 banking crash: and the incoming Tory-led coalition from 2010 employed McKinsey to help construct Andrew Lansley's large and disastrous Health and Social Care Act.

In 2016-17 the King's Fund found that management consultants were being used to support the development of STPs in three out of four areas: and firms including McKinsey were employed again and again at a combined cost of over £80m in the long running fiasco of the Shaping a Healthier

While NHS staff battle to cope with Covid – consultants are creaming off £1,000 per day

Future project in North West London before it was axed – only for McKinsey veteran Penny Dash to be installed last year as the chair of NW London's "integrated care system".

In 2019 NHS England paid PA Consulting over £200,000 for a 35-day "function mapping exercise" to work out what NHSE itself was responsible for: last year Matt Hancock's department brought in a team from McKinsey for six weeks at a cost of £563,000 help define the "vision, purpose and narrative" of the new body to replace Public Health England after his announcement it was to be axed.

Framework agreement

But these ridiculous smaller projects pale into insignificance against the industrial-scale efforts to streamline the recruitment of consultants to work at local NHS trust and commissioner level with the establishment in 2018 of a 4-year "Framework agreement" with a pre-approved list of 107 companies which can simply be awarded contracts with no further tendering or competition.

White Paper: power grab, sea change

John Lister

Some of the headlines and reports on the leaked draft White Paper outlining plans for a new top-down reorganisation of the NHS are quite remarkable. The Times and the BBC, clearly following a steer from Downing Street both heralded the plans as a step to "scrap forced privatisation and competition within the NHS".

In the Daily Telegraph an article by Theresa May's former chief of staff Nick Timothy also proclaims a sea-change in government policy, headlined "Covid exposed the folly of turning the NHS into an unaccountable quango" – and as if that were not enough to have *Torygraph* readers spluttering over their porridge, a sub-headline apparently questioning Margaret Thatcher's political legacy: "Years of market-based reforms have ended up increasing bureaucracy, waste and inefficiency."

There seems to be a consensus among the media reports that the new draft represents a substantial shift of policy: but is this really the case?

Sometimes the real clues to a statement lie in what is left out rather than the words it uses. Most of the 40 pages of the leaked draft are giving retrospective recognition and legal status to a fait accompli.

The mainstream media reports highlight new powers for the Secretary of State to intervene in and 'take back control' over – and responsibility for – the NHS, which were technically sacrificed in Andrew Lansley's disastrous Health and Social Care Act in 2012. They all agree that the proposals would move decisively away from the fragmentation and competition entrenched in Lansley's Act to a new focus on collaboration and "integration."

However while key sections of the Act are already being publicly flouted, much of it would remain in place.

42 ICSs

NHS England is already three quarters of the way through its plan to force through mergers of the local Clinical Commissioning Groups set up under the Act, to lay the basis for just 42 "Integrated Care Systems" (ICSs) which it aims to put in charge.

The remaining 13 areas have been told to complete their CCG mergers by April, or face intervention, despite grumbling from Leeds CCG chiefs and warnings from one of the pioneer ICSs, Bedford Luton and Milton Keynes that the new set-up is far from the promised smoothly integrated system, and little more than a fractious stooge body following NHS England's every whim.

And while the latest reports allude darkly to ministers' "frustration" at the

"independence" of NHS England boss Simon Stevens, there are no clear examples of what ministers have wanted to do that has not been done. Successive Health Secretaries Hunt and Hancock have repeatedly responded as if they were still in full charge of the NHS.

Giving the Health Secretary back powers to intervene earlier in controversial hospital closure plans and reconfigurations simply highlights the failure of Hunt or Hancock to block half-baked schemes – such as Shropshire, Huddersfield, and South West

The sales blurb, from privatisation enablers NHS Shared Business Services, lists ten specific areas of consultancy that are covered, including: Healthcare Business Consultancy, Leadership & Governance Strategy; Healthcare Service Business & Transformation; Healthcare Innovation & Research; Health & Community. It promotes the Framework as:

"A fully OJEU compliant route to market for the provision of multidisciplinary consultancy services; covering a wide range of specialisms. … Pricing options include day rates and also the possibility to agree innovative pricing models."

The usual big names are all there – PwC, Deloitte, EY and KPMG, along with the US big names McKinsey, Bain and the Boston Consulting Group: but consultancy.uk points out the long list also includes "boutique" consultancy firms and specialist healthcare consultancies, which have a long-standing relationship with the NHS.

"Integrated Care"

England's NHS is being reorganised into 42 Integrated Care Systems (ICSs) with new cash-limited "single pot" funding arrangements: this brings with it pressure to increase spending on private sector management consultants, data and digital providers – and this in turn is facilitated by NHS England's establishment of the 'Health Systems Support Framework' (HSSF).

The HSSF is a 4-year £700 million framework "established to provide a mechanism for ICS and other health and social care organisations to access the support and services they need to transform how they deliver care. It focuses on specialist solutions that enable the digitisation of services and the use of data to drive proactive population health management approaches across Primary Care Networks (PCNs) and integrated provider teams."

It follows on from the 2018 management consultancy framework, and offers a pre-approved list of 83 firms, more than a quarter of which are US based, pre-approved for work on ten different "lots."

One ICS which clearly displays the extent to which it is being taken over by costly management consultants is Bedfordshire, Luton and Milton Keynes (BLMK), where the lucky winners of seemingly endless consultancy work are Carnall Farrar, who have pushed ahead with the merger of the

or cementing in the status quo?

London – that have been referred to them by disgruntled local councils.

However the linked proposal to remove council's right to refer contentious schemes to the Secretary of State would remove the last remnants of local accountability on plans which lack public support – and is likely to incur the opposition of council leaders.

It's when it comes to the issue of contracting and the private sector that the silences and omissions shout louder than the weasel words in the leaked draft.

There is no plan to scrap the historic Kenneth Clarke/Margaret Thatcher division of England's NHS into a "market" separating purchasers (commissioners) from providers, and as experience in Bedford Luton and Milton Keynes shows, these divisions are still alive and well in "integrated" care systems.

There is no plan to roll back contracted out clinical or support services – or even a commitment to bring these back in-house as contracts end.

The end of the fixed tariff payment system for clinical services could actually result in more privatisation – allowing private hospitals to under-cut NHS trusts, and cherry pick low-cost simple elective cases, leaving the NHS remains saddled with more complex cases.

Removing the requirement for competitive tendering on contracts is also rather more contentious now we have had 12 months in which contracts worth billions awarded without competition for supply of PPE have yielded questionable results and triggered widespread complaints of cronyism – and criticism from the National Audit Office.

Significantly, the new rules that will offer ICSs discretion on whether or not to put contracts out to tender do not apply to "professional services."

So the gamut of number-crunching back office services needed to deliver the Long Term Plan's focus on "digital" systems and "population health management" would still need to be contracted out, almost certainly to one of the firms in the Health Systems Support Framework.

Accountable?

Meanwhile there is an eloquent silence on whether the statutory ICSs would be accountable downwards to local communities as well as upwards to NHS England and ministers, and no promise they would meet in public or publish board papers.

While there will be "a duty placed on the ICS NHS Board to meet the system financial objectives which require financial balance to be delivered," there seems to be no provision to ensure an ICS allocates the "single pot" of funding for the health system fairly and with regard to health inequalities – or what would be done if they failed to do so.

Strangely, the leaked proposals would not even integrate the leadership of ICSs: while there are new powers to curb capital spending by foundation trusts, not only do NHS trusts and foundation trusts "remain separate statutory bodies with their functions and duties broadly as they are," but each ICS would require two boards.

The main ICS Board, with commissioning powers, would include NHS 'partners' and local government. The second, subordinate, ICS Health Partnership would effectively act as an enlarged Health and Wellbeing Board, also involving local government, alongside voluntary sector and, notably private ("independent") providers.

This is admitted to be a concession to complaints from the Local Government Association that councils were being left on the sidelines of ICSs – but in practice institutionalises the subordinate role of local government.

If ministers simply wanted to scrap the requirement to put contracts out to tender they could do so at any point by simply revoking the regulations that followed the 2012 Act.

Sometimes we learn more from what governments DON'T do, or DON'T say than from what they do.

three CCGs, and United health subsidiary Optum, whose representative Kane Woodley has a seat on the Partnership Board.

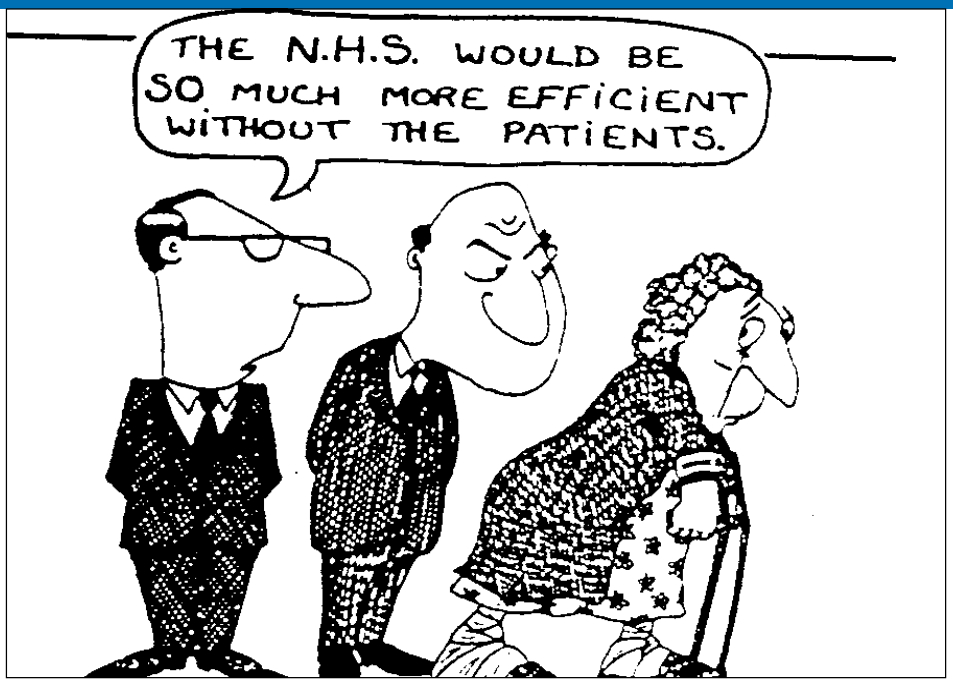
The BLMK ICS Partnership Board papers from September showed Carnall Farrar's determination to press through with the merger of CCGs into a single CCG covering the ICS area, despite the clearly stated opposition of three of the four local authorities at the July meeting.

But they also revealed the extent to which the relative size and influence of the NHS bodies would diminish during the process of establishing the ICS, reducing any vestige of local accountability, and increasing the power and control exercised by Carnall Farrar:

"It is expected therefore that the BLMK CCG will reduce in size over time as we implement the co-designed Target Operating Model for the strategic commissioner."

However a progress report by Carnall Farrar in February has revealed just how ineffective their bullying tactics have been in achieving any genuine integration between the NHS bodies in BLMK, let alone with the local government "partners.

And, as the ICS proposals set out in the White Paper are formulated into legislation, potentially entrenching long term and more powerful roles for management consultants, it's useful to remember the warning from the Financial Times in 2017, which drew a thinly disguised analogy between consultants and vermin:



"The … danger is that consultants become a habit — once they get inside the building, they are hard to eradicate. They have an interest in keeping the relationship going, either by persuading clients that the challenges are complex, or by selling them more services."

The more reliance NHS management place on management consultants, the less the focus on patient care and public accountability, and the greater emphasis on "business" methods, markets, profits … and finding new roles for even more private contractors.

KONP launches People's Inquiry

A host of leading academics, celebrities, campaigning groups and unions together with frontline workers, have joined health campaigning organisation Keep Our NHS Public to launch a People's Covid Inquiry.

A dedicated website and campaign video have also been launched featuring testimony from members of the public, keyworkers and celebrities, which will aid the publicity and public accessibility of this important project.

In the absence of an arranged formal public investigation, campaigners believe that the time for a Covid Inquiry is now, in order to analyse why this country has suffered over 100,000 deaths, and what lessons should be learned to inform future decision and policy making.

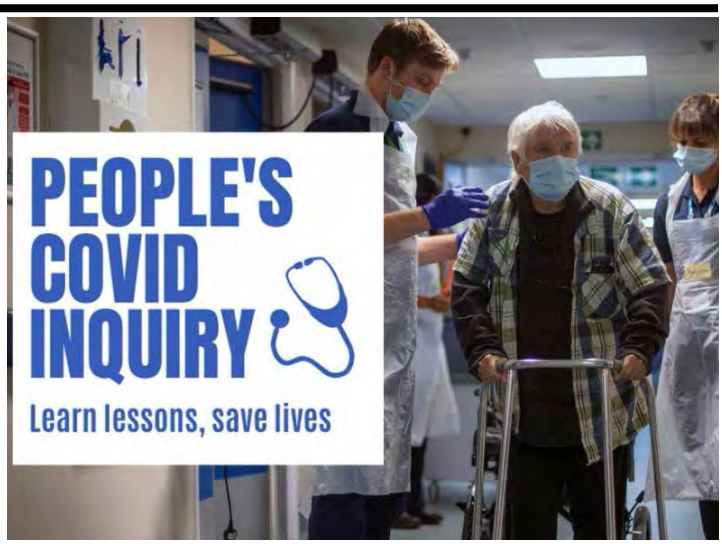
Overseeing proceedings will be the renowned human rights barrister Michael Mansfield QC.

Participants will include:

- Green Party MP Caroline Lucas,
- Chair of Independent SAGE Sir David King,
- Author and poet Michael Rosen,
- Lancet editor Richard Horton,
- Representatives from the Covid-19 Bereaved Families for Justice group,
- President of the UK Medical Women's Federation Neena Modi, and the doctor,
- Writer and broadcaster Phil Hammond.

Eight sessions

Keep Our NHS Public will host a series of 8 online panel sessions beginning on Wednesday February 24 to be held at two-week intervals. Evidence provided by both expert and personal testimonies will be interrogated, and used to inform future sessions.



Participants: (above)Prof Neena Modi and Michael Mansfield QC