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Report
SUMMARY

Editor
ANNA COOTE

Key Topics
REGENERATION
HEALTH INEQUALITIES
SUSTAINABLE DEVELOPMENT

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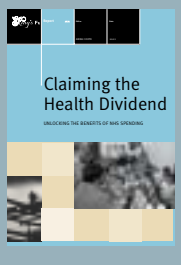

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CLAIMING THE HEALTH DIVIDEND

Unlocking the benefits of NHS spending

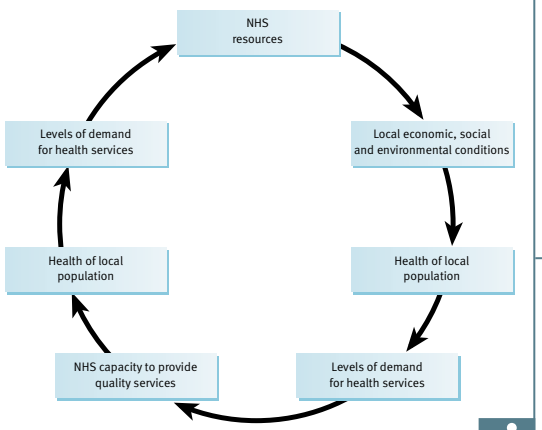
The NHS is more than a provider of health services. It is the largest single organisation in the UK. Its potential impact on health, the environment, and the social and economic fabric of our lives, is vast. *Claiming the Health Dividend* investigates this potential in eight key areas: employment, purchasing policy, procurement of child care services and food, management of waste, travel and energy, and commissioning new buildings. In each case the report explores the influence of NHS activities on health and sustainable development. It examines current policy and practice, and considers how the NHS can make better use of its resources to help reduce health inequalities, build stronger local economies, safeguard the environment for the benefit of whole communities – and ensure its own long-term viability.

The NHS

- employs more than one million people
- buys goods and services worth £11 billion a year
- owns more land in London than six times Hyde Park
- spends £500 million a year for more than 300 million meals
- produces 600,000 tonnes of waste a year and spends £42 million to dispose of it

The Government is investing huge sums of money in health services. The purchasing power of the NHS is greater than ever. Much more could be done to use that power to promote health and sustainable development. Successful innovations in the field suggest the NHS can change its ways. Government policy clearly supports health improvement and sustainable development. But there are significant barriers that must be overcome if good practice is to spread throughout the NHS.

SUSTAINABLE DEVELOPMENT



King's Fund, 2002

Public debate about health policy is currently dominated by the perpetual crises that afflict the NHS – in large part caused by the apparently unstoppable rise in demand for health services. One way to contain demand is to invest more in ways of keeping people healthy, by addressing the underlying causes of illness, such as unemployment, poverty, environmental damage and entrenched patterns of social exclusion. *Claiming the Health Dividend* aims to show how this might be done.

There is a synergy between health improvement and sustainable development. The report points to ways in which a 'virtuous circle' may be achieved. This is where patterns of behaviour that promote economic, social and environmental sustainability also have health benefits, while measures to improve health – especially among those who are poor and vulnerable to illness – contribute to sustainable development. *Claiming the Health Dividend* argues that both effects could help to contain or reduce demand for services, so that the NHS is better able to provide health care when required. This will, in turn, help to improve health and, if appropriately targeted, also help to reduce health inequalities.

Throughout Government there is support for improving health, reducing health inequalities between rich and poor, and promoting sustainable development.

But political incentives for the NHS to change its behaviour remain weak and goals are focused on the short term. Acute and primary care trusts work to narrow, service-related goals and prefer investments that yield early results. They lack appropriate information and tend to shy away from innovation. A long-term perspective is needed: one that takes the whole system into account, and challenges attitudes and patterns of behaviour in all of the NHS's corporate activities.

Good health is not only an important concern for individuals, it plays a central role in achieving sustainable economic growth and an effective use of resources.
Gro Harlem Brundtland, Director General, World Health Organisation, quoted in *Sustainable Development in the NHS*, NHS Estates, 2001

The NHS will focus efforts on preventing, as well as treating ill health. Recognising that good health also depends upon social, environmental and economic factors such as deprivation, housing, education and nutrition, the NHS will work with other public services to intervene not just after but before ill health occurs.
The NHS Plan, Department of Health, 2000

Background

The Government's white paper, *A Better Quality of Life: A Strategy for Sustainable Development for the UK*,[1] argues that the health improvement agenda and the sustainable development agenda are intimately linked, provided that a long-term view is taken, and the case for investing now to save later is understood.

The strategy identifies four main aims:
- social progress that meets the needs of everyone
- effective protection of the environment
- prudent use of natural resources
- and maintaining high and stable levels of economic growth and employment.

It also acknowledges that a healthy population is a key indicator of sustainable development.

In line with these objectives, Government departments and public service providers are now under some pressure to change their behaviour. But they face formidable cultural and practical barriers. *Claiming the Health Dividend*

Progress towards sustainable development involves 'developing our economic and social capital while exercising sound stewardship over our environmental capital'.
A Better Quality of Life, Department for Environment, Transport and the Regions, 1999

aims to stimulate a debate that will help to overcome these barriers. The report is based on a series of reviews of published and unpublished literature in each of the key areas studied, as well as interviews with policy makers, managers and contractors.

The debate

Employment

The NHS
- employs more than 4000 people per London borough (7000 including contract workers)
- faces serious shortages – 22,000 nurse vacancies nationally, with 110,000 nurses expected to retire by 2004
- by 2008, aims to achieve a net gain of:
  – 15,000 GPs and consultants
  – 30,000 therapists and scientists
  – 35,000 nurses, midwives and health visitors

Health benefits of employment. The NHS is the largest single employer in the country, employing more than one million people nationally. People in work enjoy better health than unemployed people. Death rates from all major causes have been found to be consistently higher than average among unemployed men; while unemployed women have higher death rates from coronary heart disease and suicide.

Recruitment. The NHS has embarked on a massive recruitment programme – but cannot get the staff it needs. Yet it often operates in areas of high unemployment, where poverty makes local residents more vulnerable to illness. These people are seldom considered as candidates for health service jobs: they lack basic skills and qualifications; they don't hear about NHS vacancies; or their knowledge and experience is undervalued or unrecognised. So the NHS recruits abroad – a strategy that is unsustainable in the medium and longer term.

Ways ahead

Recruit locally. There are now moves to increase recruitment locally, by investing NHS funds in pre-employment training and starting people off in jobs that require few skills, to help them move up the NHS 'skills escalator'. This provides access points at every level of training to ensure a constant stream of new recruits moving through the system. Some trusts are adopting this approach, but examples are rare. Such a long-term strategy is capable, over time, of reducing risks to health as well as developing a local workforce.

Embed good practice. Trust leaders must take a long-term view of workforce needs, and how training routes may be opened up for local people.

Collaborate and diversify. Trusts will need to collaborate with other NHS organisations and other sectors, strengthen links with local communities and promote diversity in employment.

Purchasing policy

The NHS
- spends more than £2.4 billion a year in London
- on average, issues 77,000 prescriptions and uses 180kg infant formula every 20 minutes

A powerful purchaser. The NHS has substantial power as a purchaser – it spends about £11 billion a year on goods and services. Its purchasing policy could influence health and sustainable development by encouraging local suppliers and helping to regenerate and support the economies of disadvantaged neighbourhoods. It could also choose goods and methods of production and distribution that are likely to safeguard health and the environment.

Choices and restrictions. NHS trusts have some choice over whether to buy from local or national suppliers, and whether to buy goods that are more or less sustainable in terms of their impact on the environment and on local communities. Their choices are constrained by European laws intended to safeguard fair competition, and large national contracts brokered by PASA, the central Purchasing and Supply Agency of the NHS. These do not present insuperable barriers to sustainable purchasing and can sometimes facilitate it.

Ways ahead

Support local economies. The Department of Health's consultation paper, *Tackling Health Inequalities*,[2] points to the contribution the NHS can make through 'its investment in staff and capital, the purchase of services and the development and regeneration of local economies'.

Promote 'whole-life' costing. PASA is keen to promote 'whole-life' costing in the evaluation of tenders, so that trusts can take account of long-term running and maintenance costs, as well as costs incurred through transport, consumption of energy and generation of waste.

Fill the knowledge and skills gap. A recent survey of NHS buyers and suppliers showed that most were sympathetic to sustainable purchasing, but lacked the knowledge, skills and incentives to implement it across the board.

The NHS

- employs mainly women: three-quarters of staff are women, of whom two-thirds have caring responsibilities
- has a staff turnover rate in inner city hospitals of 40 per cent
- could save £15 million a year by reducing nursing turnover by one per cent

Buying childcare

Investment in childcare. The NHS has begun to invest heavily in childcare to help recruit and retain staff, committing £77 million to childcare in 2001–2. Childcare is a route to better health and opportunities for children and parents. As a major source of employment, as well as a means of enabling parents to take on training and paid work, it provides an essential foundation for sustained economic and social renewal.

Demand versus supply. There is a huge gap between demand for NHS childcare and supply. Shift patterns mean that staff have complex childcare needs. Poor pay, conditions and career prospects mean that recruitment problems are already more acute for childcare workers than for nurses. Costs are high and services need to be heavily subsidised.

Patchy provision. Childcare is central to many area-based Government initiatives that aim to combat social exclusion. But funding is often precarious and standards are patchy. Much could depend on how local NHS organisations play their cards.

Ways ahead

Follow a sustainable approach. Trusts may choose to contract with large national companies, to concentrate on developing hospital-based nurseries, or to rely on care workers employed on casual terms at minimum rates. But this may not help to develop a well-trained, secure pool of local providers.

Focus locally. Trusts would do better to liaise with local authorities and other locally-based organisations to recruit and train staff, to provide

equipment and accommodation, and support the development of small businesses with clear social as well as economic goals. This would help to strengthen the local economy, bring jobs to local residents who need them most, and build childcare as a sustainable resource for the community as a whole.

Buying food

The NHS

- serves over 300 million meals each year in approximately 1200 hospitals
- buys 55,000 gallons of orange juice, 2.5 million pounds of butter and 1.3 million chicken legs a year
- has committed £40 million to a scheme to improve hospital food, to make it more attractive and nutritious, and to reduce waste

Spending on food. The NHS is the largest single purchaser of food in the country, spending £500 million a year on meals for patients, staff and visitors. NHS trusts spend about half the total budget for food through national framework contracts and the rest on contracts negotiated locally. Average spending on food and drink ranges from £2.20 to £3.70 per patient per day.

Impact on health and sustainable development. Food has a direct impact on health as a result of diet, nutrition and food safety issues. The ways in which the NHS produces, processes and distributes food has an important impact on society, the economy and the environment.

Improved food quality. The Government recently commissioned a Better Hospital Food plan at a cost of £40 million, involving celebrity chefs. It aims to reduce waste by improving the range, quality and nutritional value of food, but is not primarily concerned with patterns of production and supply.

Ways ahead

Develop a long-term strategy. By developing a more rounded and considered long-term strategy for purchasing and managing food, the NHS can:

- help patients recover faster and keep its staff healthy by serving nourishing meals
- save money and reduce environmental damage by cutting waste
- strengthen local economies by buying more food from local suppliers
- help with regeneration by creating jobs in areas of need
- safeguard the environment by encouraging sustainable methods of farming and food processing.

Waste

The NHS

- produces 600,000 tonnes a year of clinical, infectious, pharmaceutical and domestic waste
- the average acute hospital produces more than 10 tonnes of waste a week, much of it domestic waste such as paper, bottles, cans and kitchen scraps

Costs of waste disposal. The NHS spends £42 million a year on waste disposal: most domestic waste goes to landfill, while clinical waste is incinerated. These methods exact health and environmental costs. They produce harmful emissions, such as dioxin, which causes birth defects and brain damage. They also destroy finite primary resources that could be recycled, and have a social cost by creating fewer jobs compared with recycling.

Poor management. Few trusts have systematic waste management policies or designated waste management officers. Front-line staff are poorly motivated to segregate domestic and clinical waste, and few suppliers are committed to helping, for example, by using less packaging.

Reducing waste. The Government's recent waste strategy aims to reduce waste, re-use materials, recover value from waste and dispose of waste through landfill or incineration only as a last resort.

Ways ahead

Save costs. Concerted efforts to reduce the volume of waste can bring considerable savings to individual trusts. Some have begun to manage their waste more carefully, but more could be done to 'design out' waste, for example, by stricter segregation of waste streams, examining the supply chain and working with suppliers to reduce waste.

Recycle. By reducing the amount of waste created, redirecting waste into recycling and buying recycled goods, the health care sector can begin to make a real impact on waste reduction. This will alleviate the environmental and health impacts of waste disposal and may also lead to the creation of new jobs, as recycling industries are labour intensive.

Invigorate local communities. Such approaches can invigorate local economies and have a beneficial impact on the health of individuals and communities.

The NHS

- has most of its goods delivered by road
- spends up to £60 million a year on between 12,000 and 24,000 hospital admissions resulting from air pollution
- in London, spends more than £420 million a year treating road accident victims

Travel

Injury and pollution. Road traffic, to which the NHS is a major contributor, is a significant cause of ill health through injuries resulting from road accidents. It is a prime cause of air pollution, which damages health, especially by aggravating the condition of elderly people and those with advanced lung diseases, and degrades the environment. Busy roads disrupt communities and transport is the fastest growing source of carbon dioxide, a greenhouse gas known to contribute to global warming.

Reduction of road travel. The NHS is a major cause of travel, as staff, visitors and patients travel to and from surgeries, hospitals and other NHS sites. The Government's transport policy aims to encourage the use of public transport, walking and cycling and to reduce the environmental and health impact of transport. It has identified hospitals as 'major generators of travel' and has proposed that new health facilities 'be planned to maximise accessibility by non car modes of transport'.

Green travel plans. Health trusts have begun to consider 'green' travel plans in order to change the way people travel to health sites. Some have succeeded in reducing the volume of road travel, but most trusts have only limited commitment and are reluctant to discourage private car use by staff. The full costs of travel are not factored into NHS budgets.

Ways ahead

Work with local providers. NHS trusts need to negotiate with local transport providers to create a better service and change employees' assumptions about their 'rights' to parking. The most successful travel plans have been led by a specially appointed officer.

Monitor costs. Trusts should take account of the full costs of travel, and monitor the impact of their travel plans over time.

Use incentives and penalties. Local plans should be backed up by incentives, for example, improving the public transport infrastructure, and making it affordable, and providing incentives and penalties through the tax system.

Reduce the burden of ill-health. As green travel plans contribute to reducing damage to health and the environment, then gradually the burden of ill health associated with transport may lighten and release NHS resources for other, more intractable health problems.

Energy

The NHS

- consumes energy heavily, mainly for lighting, ventilation and lift operation
- has agreed to reduce energy use by 15 per cent between 2000 and 2010
- has estimated that a hospital designed for energy efficiency can consume 50 per cent less than one built to a standard design

Global warming. Hospitals produce about 7.5 million tonnes of Co2 each year, which is a major contributor to global warming. Although this may result in warmer winters and therefore fewer cold-related deaths, ozone depletion and climate change damage the environment and contribute to new health hazards, including cancers, cataracts and diseases borne by bacteria and insects able to flourish in warmer climates.

Co2 emissions. The Government has signed a number of international treaties committing itself to cutting greenhouse gases. It plans to reduce CO2 emissions by 20 per cent by 2010. To achieve this target it has set out to stimulate use of low-carbon technologies, to encourage the growth of renewable energy, to cut transport emissions and promote energy efficiency in the domestic, business and public sectors.

Barriers to change. Energy consumption is influenced both by the way hospitals are designed and by the way they operate. Individual trusts have made significant savings and several hospitals built under the private finance initiative have been designed as low-energy buildings. A recent survey found that 80 per cent of NHS trust chief executives and finance directors knew they could save money by using energy more efficiently, but few made this a priority. Barriers to change include a shortage of resources to devote to energy savings, and lack of a strategic perspective.

Ways ahead

Adopt a rounded approach. If the NHS is to make energy efficiency a priority, it will need to take a holistic approach to building design, adopt 'whole-life' costing, linking capital and maintenance budgets to achieve value for money investments.

Prioritise energy efficiency. Energy consumption must be considered early in the design process. Trusts should install combined heat and power systems where appropriate, select energy efficient IT and other equipment, and purchase energy from renewal sources where possible.

Promote health. Creating energy-efficient buildings can not only reduce operating costs but can also help to promote health and retain staff, so contributing to more effective health care.

The NHS

- is involved in 148 Private Finance Initiative (PFI) building schemes in England, which have an approximate capital value of £4.5 billion
- anticipates a great many more PFI building schemes

Building

Health impacts of design. Building design is a key issue for the NHS, affecting workers, patients and productivity. The design of a building has been shown to affect the health of people who work in it. Poor design can cause 'sick building syndrome' and lower productivity, and it can also affect patient well-being and recovery rates.

Sustainable development. The way buildings are designed and constructed can have multiple social, economic and environmental effects. These arise from decisions about site location, building materials, employment policy, and the effects of design on waste management, travel and energy consumption, and long-term operating costs.

Rebuilding the NHS. After decades of under-investment, the Government has committed itself to rebuilding and refurbishing the NHS in partnership with the private sector. PFI schemes typically involve a long-term contract of up to 35 years. By linking all the phases of hospital provision – designing, building and operating – PFI contracts create an incentive to provide and maintain health-care facilities with an eye to their whole-life costs. Several hospitals built under PFI have been designed to minimise harm to health and the environment, but these are exceptional.

Ways ahead

'Design-in' sustainable measures. A massive NHS development programme, coupled with a long-term financial framework, offers extensive opportunities for designing-in measures that are health enhancing and sustainable. For example, design can make maximum use of natural light and ventilation to reduce energy consumption. Buildings can be constructed with materials from renewal sources, employing local labour and contracting where possible with local suppliers.

Plan early. The full potential of these schemes will only be realised if health improvement and sustainable development are ranked equally with health service needs at the earliest stages of every project.

References

[1] Department for Environment, Transport and the Regions. *A Better Quality of Life: A Strategy for Sustainable Development for the UK*. CM4345. London: DETR, May 1999.

[2] Department of Health. *Tackling Health Inequalities: Consultation on a plan for delivery*. London: DOH, 2001.

King's Fund

11–13 CAVENDISH SQUARE
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