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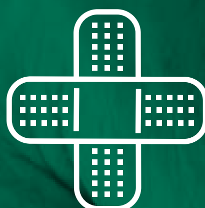


SECTOR PERSPECTIVES

# HEALTHCARE


1. 2020 AND BEYOND
2. TURNING TO TECH
3. STRONGER TOGETHER
4. DOING MORE FOR LESS
5. PEOPLE POWER

# foreword

**BY MARGUERITE MULVEY**
HEAD OF HEALTHCARE
AT AIB (GB)

**Welcome to Healthcare Perspectives**, Allied Irish Bank (GB)'s new review of the UK healthcare sector. We are delighted to share our perspectives on the opportunities and challenges facing the sector and hope you will benefit from our insights.

We welcome the Rt Hon Professor Paul Burstow, Minister of State for Care in the 2010–2015 coalition government, who shares his own personal view of the importance of focussing on the needs of the patient, service user and carer.

AIB (GB) has been working in partnership with the UK healthcare sector for more than 20 years. Over the course of these two decades, the delivery of healthcare has been transformed, but our core principles have remained unchanged, with a commitment to developing long-term relationships through the quality of our customer service.

Our understanding of the sector has its roots in these deep client relationships, which evolve as their businesses grow organically, through acquisition or through IPOs. Our experience informs the way we help our clients navigate the changing currents of healthcare.

The healthcare industry faces unique challenges, as investors seek a reasonable return on their investment while maintaining a focus on the quality of the care they provide, as well as the safety of their service users. Our review below explores these issues in depth:

***2020 and Beyond*** looks at the opportunities for innovation in the healthcare sector over the next few years as providers harness the benefits of new personalised care technologies for better outcomes and affordability.

***Stronger Together*** presents a vision of a new collaborative approach between health and social care, and between the public and private sectors, to deliver affordable, high-quality care in hospital and in the community.

***Doing More for Less*** explains that there are critical learnings for healthcare from other sectors in the application of new strategies and processes, including digital technologies, to deliver patient care that is safe and sustainable in an era of budgetary constraints.

***People Power*** pays tribute to the dedication of frontline staff, and explains how companies must invest in employee engagement to nurture tomorrow's leaders of change.

AIB (GB) continues to establish new customer relationships, particularly in social care. We value established businesses with strong, experienced management teams and a solid trading record, especially those with a focus on care quality evidenced through outstanding CQC or Ofsted inspections. We are able to expedite our lending decisions quickly, to help investors capitalise on opportunities when they arise.

We hope that Healthcare Perspectives will make you want to learn more about our unique healthcare offering. We have built up an impressive portfolio of reputable clients – from SMEs to large corporations – who have benefitted from the advice and support of our dedicated team. If healthcare is your business, we look forward to hearing from you.

# 2020 and beyond

***Despite being under increasing pressure, the NHS can look forward with optimism, with proposed changes leading to a radical overhaul of the way healthcare is managed***

**These are critical times** for the UK health sector. The changes that are likely to take place within the NHS over the next five years or so are probably more significant than anything that has happened to it since it was founded in 1948.

The health service is under greater than ever pressure. An ageing population and a big increase in the number of people living with long-term conditions, such as diabetes and heart disease, means demand for care provided by GPs, hospitals and community health teams is rising significantly. Long-term conditions already account for 70 per cent of the NHS budget and this is set to increase.

At the same time, financial constraints are unlikely to ease. The UK government has committed more funds for the NHS, linked to gains in productivity through a transformation in the way the health service works. Amid the economic uncertainty that has followed the UK's decision to leave the European Union, it has become clear that this financial settlement is unlikely to be renegotiated.

## Shaping the future

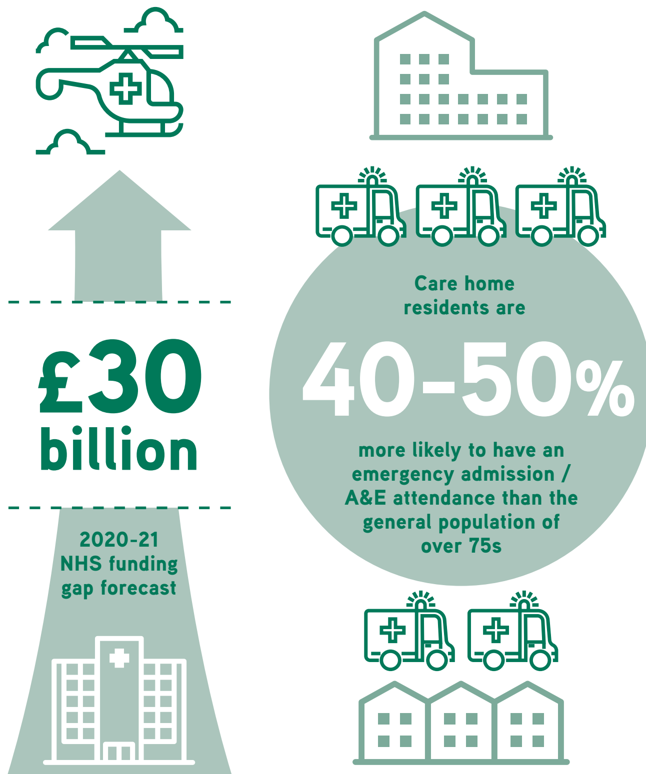
In 2014, Simon Stevens, chief executive of the NHS, published his blueprint for the new NHS, the NHS Five-Year Forward View. Although this notionally established the direction of travel for the health service through to 2020, the reality is that the changes proposed by Mr Stevens are intended to shape the NHS through the next decade and probably beyond.

At the heart of the Stevens plan is a radical upgrade in prevention and

public health. This requires hard-hitting national action on obesity, smoking, alcohol and other major health risks. The ambition is to develop and support new workplace incentives to promote employee health and cut sickness-related unemployment. There will be stronger public health-related powers for local government and elected mayors.

Patients will gain greater control of their own care, including the option of shared budgets combining health and social care.

**"Emergency care services will be redesigned to integrate between A&E departments, GP out-of-hours services, urgent care centres, NHS 111 and ambulance services"**




Source: Deloitte Centre for Health Connections 2015

The 1.4 million full-time unpaid carers in England will get new support, and the NHS will become a partner with voluntary organisations and local communities.

The NHS has promised decisive steps to break down the barriers in how care is provided between family doctors and hospitals, between physical and mental health, and between health and social care. The future will see more care delivered in the community, with some services in specialist centres, organised to support people with multiple health conditions, not just single diseases.

## Forming partnerships

Across the NHS, urgent and emergency care services will be redesigned to integrate between A&E departments, GP out-of-hours services, urgent care centres, NHS 111 and ambulance services. Smaller hospitals will have new options to help them remain viable, including forming partnerships with other hospitals further afield and partnering with specialist hospitals to provide more local services. Midwives will have new options when it comes to taking charge of the maternity services they offer, and the NHS will provide more support for frail older people living in care homes.

England is too diverse for a one-size-fits-all care model. In some devolved areas, such as Manchester, budgets and responsibility for health and social care will be transferred to local authorities, who will develop models that suit their population. Elsewhere, local health communities will be encouraged to choose from a small number of radical new care-delivery options, and then given the resources and support to implement them. This approach could, potentially, accelerate the fragmentation of a countrywide health service, which has already seen new models of care emerge in Wales, Scotland and Northern Ireland.

Technology will play a crucial role in the evolution of the health service into the next decade. After a number of costly and ignominious false starts, there is a determination across the NHS to harness the power of digital technology to improve delivery of care while gaining operational efficiencies. The tech industry has enjoyed huge success in creating consumer health products, but these are not comprehensively linked to the health and social care sector. The new National Information Board hopes to put this right by bringing together organisations from across the NHS, public health, clinical science, social care and local government and public

## Technology to look out for in 2017

**Robotic nurse assistants –** Automation is reaching deeper into healthcare, with the unveiling of a robot named RIBA (Robot for Interactive Body Assistance, pictured right) – the first robot that can lift up or set down a patient from or to a bed or a wheelchair, in the same way a healthcare assistant would. RIBA has strong, human-like arms and tactile guidance methods thanks to its high-accuracy tactile sensors.

**Smart walking stick –** French walking stick makers Fayet has created a next-generation walking stick that monitors its users as they move and alerts caretakers if they have a fall. It is also fitted with software that over time learns its owners' walking habits and can send a message to relatives and healthcare professionals if they change dramatically.

**Lightbulbs that disinfect –** Hospitals are excited by the development of technology that uses visible light to continuously disinfect the environment and bolster infection-prevention efforts. The light reflects off walls and surfaces and penetrates harmful microorganisms.

**Long-lasting batteries –** New technologies are emerging that will provide longer-lasting batteries that are quick to charge, transforming the efficiency of medical devices from wearables to pacemakers. Aluminium-ion batteries, micro supercapacitors, foam batteries and even skin power (which harvests the current caused by friction on skin and clothes) are all set to become mainstream.

> **"Technology will play a crucial role in the evolution of the health service into the next decade"**

representatives to develop systems collaboratively, instead of imposing them centrally.

So, against a challenging background for the NHS and social care, there are opportunities for the healthcare industry in developing products and services that support Stevens' vision of an affordable and sustainable health service. Whether it is helping patients manage their own care at home, or helping care professionals navigate their way across the increasingly complex health landscape, the outlook is bright.

# Turning to tech

*How can we make efficient use of technology in the care sector, asks the Rt Hon Professor Paul Burstow, Minister of State for Care in the 2010-2015 coalition government*

**Across the four home nations**, both the NHS and local government are facing huge financial and workforce pressures. In October 2016, the Care Quality Commission warned that the system was approaching a tipping point, and the Chancellor's Autumn Statement offered no comfort.

Combined spending on NHS and social care accounts for around 9.9 per cent of the nation's wealth – not the highest figure among OECD nations but far from the lowest, either.

Successive governments have failed to prioritise social care, and complex arrangements for the funding of adult social care in England have left the system chronically underfunded. The result is a healthcare system that's running hot, with large numbers of people stuck in expensive hospital beds. At the same time, 57 per cent of councils in England recently reported that home care providers had handed back contracts because they could not make them pay.

Most of the care estate is privately owned. Return on investment matters and, as the CQC reported in its State of Care report last year, no new nursing beds have been added in the past year. In a recent survey of councils, 62% reported a reduction in the number of care home places in the past six months. Just beneath the radar, the sector is withdrawing from state-funded care – and hard-to-replace capacity is being lost.

## Embracing technology

It's clear that government is not yet convinced there's a need to boost funding for care. And just asking for more money isn't enough; there has to be an offer of modernisation too.

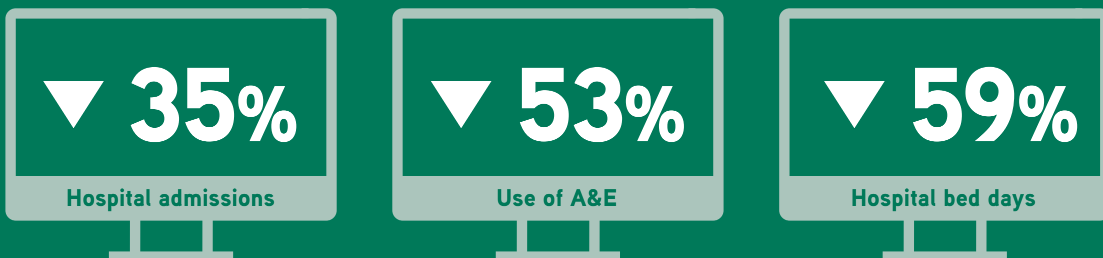
Making better use of technology ought to be part of the offer. I recently hosted for the TSA (Telecare Services Association) a round table of local digital leaders with proven track records of incorporating technology solutions into health and care services. They told their stories of transforming services and turning the use of technology into the new "business as usual".

The common competencies that marked out the contributors were business intelligence and analytics, using the data to dive deep into their business processes to understand where the opportunities are to improve practice-level decision-making, increase productivity and deliver better results for people. These skills are in short supply and could be a serious obstacle to the rapid progress that governments in all four nations are seeking.

The message that came loud and clear from participants was to not be dazzled by the kit, and to be "tech agnostic".

### Effect of a mobile working solution for community nurses

### Outcomes from implementation of telemedicine hubs across 210 care homes




Source: Deloitte Centre for Health Connections 2015

Instead of focusing on technology, focus on meeting the needs of the patient, service user and carer; technology is the enabler to improve the quality of life of the patient, service user and carer.

This needs robust benefits realisation to provide councils and NHS finance directors with the assurance they need that costs are being reduced or avoided. Benefit realisation is equally vital when it comes to information sharing within and across health, social care and housing. Showing how information can be used to develop a sophisticated picture of population health needs is allowing a more anticipatory and preventative approach to take shape.

To make a reality of technology-enabled care services (TECS), not only do commissioners and service planners have to be bold and work differently, so, too, do technology suppliers. The industry offer must include a willingness to collaborate, to source the business intelligence and analytics capacity that's vital to effective service redesign, and to support robust benefit realisation.

A twin-track approach – arguing the case for investing in care services, while redesigning services to deliver optimum results and increased productivity – has the best chance of success.

**"Instead of focusing on technology, focus on meeting the needs of the patient, service user and carer"**

# Stronger together

***Successful integration of health and social care will deliver a more efficient, more targeted offering, reshaping the delivery of care across the country***

**In England, healthcare** and social care have evolved as distinct systems. They may often provide care to the same people, working side by side and sometimes even sharing facilities. But they are separate organisations, with different cultures, funding, leadership and responsibilities.

The NHS is the responsibility of central government, while social care is the responsibility of local authorities, with funding raised locally as well as centrally to cover the cost of providing care to the most vulnerable in the community. A further difference is the high level of private provision of social care, from residential care homes for the elderly to community-based support for mental health and wellbeing.

There is a growing convergence of opinion that these distinct models are no longer appropriate, and that greater integration of health and social care is essential in order to create services that are sustainable and provide high-quality care. One of the main reasons for this concerns the ageing population and the increase in the number of people living with long-term conditions. Their care requires greater co-ordination between different services, from GPs and health visitors to hospital specialists.

Also, there must be a greater emphasis on community-based prevention, to reduce the number of patients who require medical treatment because of a deterioration in their condition.

## Deeper collaboration

Previous attempts to bring health and social care closer together nationally have stalled. But there is a new sense of purpose about the need for deeper collaboration, and the government is encouraging new models of care to be developed locally.

A leading example of this is taking place in Greater Manchester, which became the first English region to gain control of health spending. The £6bn annual health and social care budget will be managed by councils and health groups as part of an extension of devolved powers. The Greater Manchester Health and Social Care Strategic Partnership will now make decisions on how to target specific health issues in the region, and integrating health and social care services is expected to ease pressure on hospitals in the region.

Devolution of responsibilities for healthcare in Manchester is a significant step towards one of the main aspirations of the NHS Five-Year Forward View, which is to break down the barriers between health and social care. One new option will be to encourage groups of GPs to combine with nurses, other community health services, hospital specialists and perhaps mental health and social care to create integrated out-of-hospital care, to be known as multispecialty community providers. Early versions of these models are already emerging in different parts of the country, and are likely to play a key role in reshaping the delivery of care in England.

**CASE STUDY:**

# B&M Care

***For over 40 years B&M Care has been building a brand based on quality***

**B&M Care is a family-run**, privately owned company that operates private residential and respite care homes for the elderly in Hertfordshire, Buckinghamshire, Berkshire and Northamptonshire. Founded by Bill Hughes, who purchased his first nursing home in 1975, the group now runs 26 homes, providing care for about 1,200 people.

Hughes, who is chairman of B&M, says that he did not expect to build such a substantial business when he purchased that first care home more than four decades ago. "We didn't set out to create a major group, and we have taken a long time to get where we are. We have built the business one home at a time – buying sites, then building and opening properties. We offer a very good specification, and have chosen sites within a 50-mile radius, so it's possible for me to visit any of our homes in a day."

B&M homes offer long-stay and short-stay, person-centred care, including accredited, specialist dementia-care environments – and the company's approach to dementia care supports the National Dementia Strategy.

"The care home sector has changed considerably since we opened our first home," says Hughes. "But what we do now is, in essence, no different from what we did in 1975. It's about providing high-quality care and creating an environment where our residents and their families can feel at home."

B&M has been a valued Allied Irish Bank (GB) client since Bill acquired his first care home back in 1975. "Back then, they understood what we were trying to do, and were enthusiastic and supportive from the first day. As we have grown, AIB (GB) has been behind us all the way. If it hadn't been for AIB (GB), there might not have been a B&M.

"Our success is based on what has developed into a very good relationship over the years. AIB (GB) has strong expertise in the healthcare sector and understands the business of care homes," says Hughes. The ethos and values of a family-run business helps B&M to recruit and retain the best care staff, despite operating in an area of high employment and skills shortages.

Despite the uncertain outlook for the care homes sector in England, B&M continues to go from strength to strength. The company's newest development is Bury Lodge Care Home in Knotty Green, Beaconsfield, which opened in April 2016. New care homes are being developed at Crowthorne, Kings Langley and Hoddesdon.

"Our business model is simple," says Hughes. "We keep a tight control of our development costs and profit margins. And we provide high-quality care, which is what families want for their loved ones."

**"What we do now is no different from what we did in 1975. It's about providing high quality care and creating an environment where our residents and their families can feel at home"**

# Doing more for less

*During these lean times, adopting simple measures to save excess spending is vital – but patient care must remain unaffected*

**Healthcare providers face** a universal challenge: how to do more for less. Demand is rising – driven by age and the prevalence of long-term conditions – but budgets are being squeezed and are unlikely to ever recover, in real terms, to the levels of a generation ago.

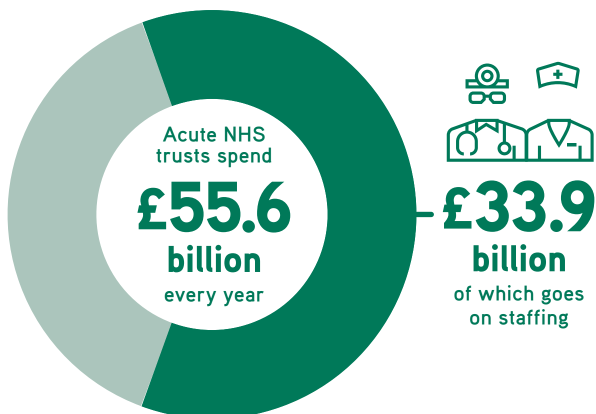
Cutting costs doesn't have to mean reducing patient care, however. Healthcare is generally behind manufacturing and other service industries in applying modern management techniques to create processes that are safer and more convenient for service users, and more focused on eliminating waste. Healthcare has also fallen behind in the use of digital technology to harness information that can be used to redesign care processes, to make them safer and more efficient.

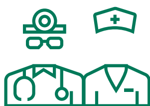
A review of efficiency and productivity in NHS hospitals, carried out by Lord Carter and published in 2016, identified a number of measures that could save hospitals £5bn a year, which could be reinvested in patient care.

His review found unwarranted variation in running costs, sickness absence, infection rates and prices paid for supplies and services. Lord Carter estimated that a one per cent improvement in staff productivity could save the NHS £280m a year, which equates to hospitals using new working methods that would save every member of staff five minutes on an eight-hour shift. Lord Carter's recommendations for change spanned many areas beyond frontline patient care, including procurement, inefficient use of floor space, delayed transfers of care, and collaboration with neighbouring healthcare providers to share services and resource.

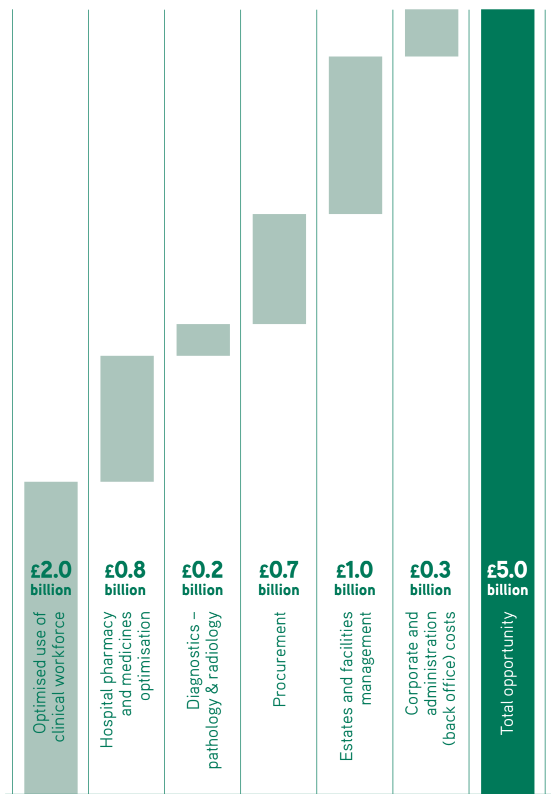
The National Academy of Medicine in the US has identified six areas in which excess costs accrue: unnecessary services; inefficiently delivered services; prices that are too high; excess administrative costs; fraud; missed prevention opportunities.

Each of these areas offers significant scope for reducing costs and improving efficiency, as well as providing opportunities to improve the quality of care rather than curtailing services. For example, organisations should consider how they can reduce the use of antibiotics and non-evidence-based imaging procedures. Hospitals must aim to prevent costly, unplanned re-admissions, and make greater use of digital medical records to optimise preventive screenings and vaccinations. Palliative care is increasingly demonstrating that attention to patients' preferences and priorities can dramatically improve the patient and family experience at a lower cost.



£33.9 billion of which goes on staffing



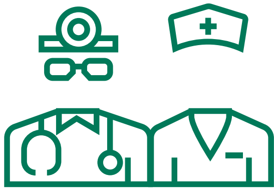

A review of efficiency and productivity in NHS hospitals, carried out by Lord Carter and published in 2016, identified a number of measures that could save hospitals £5 billion a year, which could be reinvested in patient care.

Source: Department of Health, 2016

Technology enables stunning clinical interventions, remote human interactions and physiological monitoring, and previously unobtainable collection and analysis of data. But the growth of technology is also part of the burgeoning complexity of modern healthcare, and the trend towards more journals, more data, more clinical interventions, more drugs – and more complex organisations delivering care. This complexity requires new approaches: from redesigning the temporal and physical flow of patient visits to rethinking continuing education and real-time decision support.

Both the NHS and private healthcare suppliers face the challenge of how to implement reform effectively. While their processes will be dramatically different, the crux of their reform is the same: supporting their workforces through the changes, acknowledging the difficulties they face and equipping them to do their jobs.

**"The key for implementing reform lies with supporting the workforce through these changes"**



# People power

***The key to delivering the best healthcare is having a fully engaged workforce, so invest in your staff and watch them become leaders of change***

**Healthcare is a** people business. The quality of care that patients receive depends first and foremost on the skill and dedication of staff. Highly engaged employees who are committed to their organisations and involved in their roles are more likely to bring their heart and soul to work, to use their initiative and to collaborate effectively with others.

There is overwhelming evidence to show that engaged staff really do deliver better healthcare. The NHS providers with high levels of staff engagement (as measured in the annual NHS staff survey) tend to have lower levels of patient mortality, make better use of resources and deliver stronger financial performance. Engaged staff are more likely to have the emotional resources to show empathy and compassion, despite the pressures they work under. Trusts with more engaged staff tend to have higher patient satisfaction, with more patients reporting that they were treated with dignity and respect.

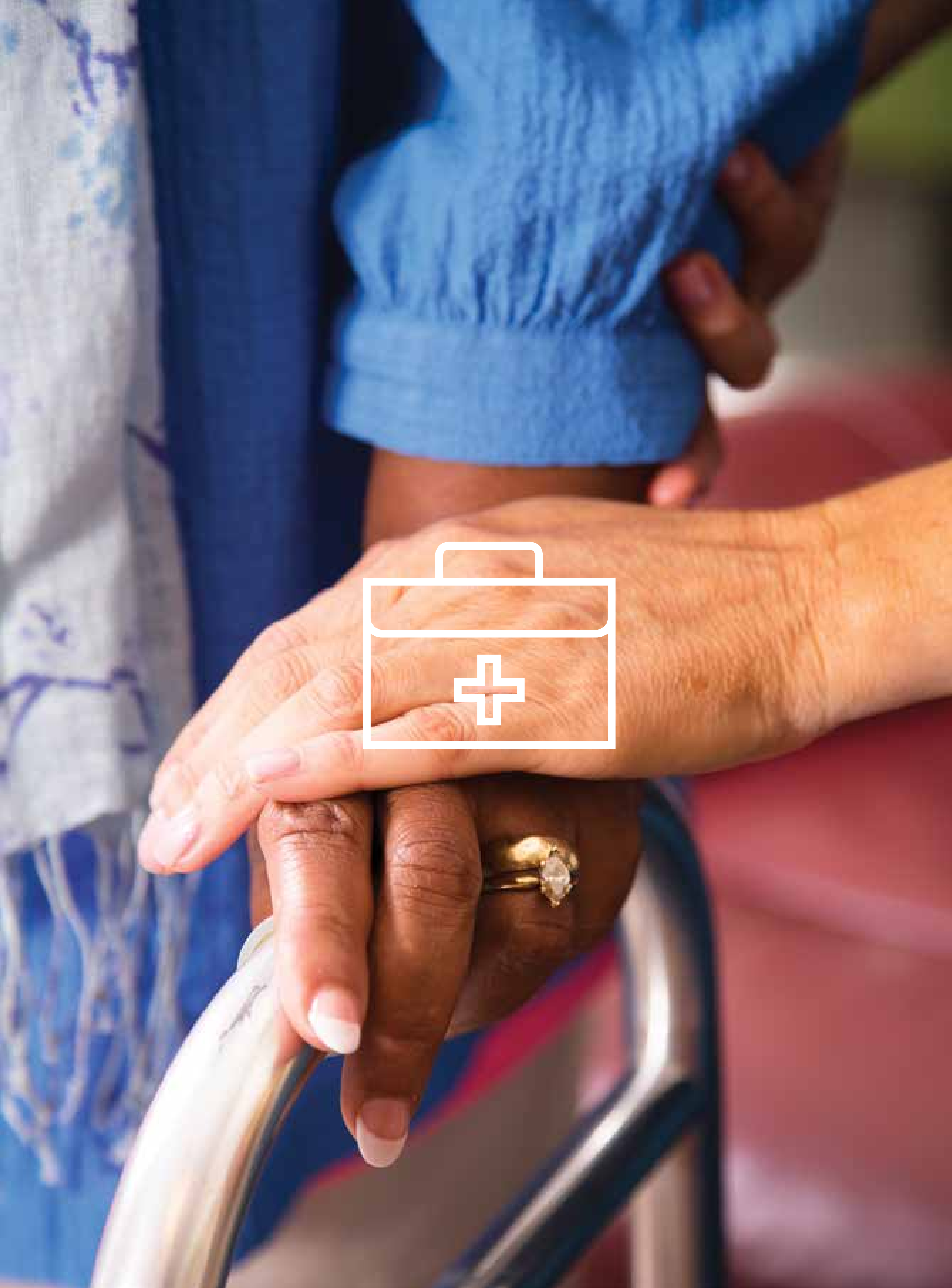
Yet the question of how to create an engaged workforce is often left unanswered by senior leaders, who are more preoccupied with the day-to-day challenges of their organisation. While levels of staff engagement have risen across the healthcare sector over the past few years, the disparities between organisations are wider than ever. Those trusts with the lowest levels of staff engagement are falling further behind the leaders.

At a time of profound change across health and social care, the most successful providers are giving their staff the tools and resources to lead transformation from the front line. Rather than calling in external experts to redesign services, they are using these resources to help frontline staff embed quality improvement. By investing in and empowering their staff, these organisations are unleashing their employees' enthusiasm and creativity to improve how they work, creating a constituency of leaders of change, rather than stubborn opponents of change.

Employees make the best ambassadors for any organisation, and, in a culture in which the credibility of messages from top executives is under significant scrutiny, word-of-mouth and social media channels among healthcare employees are playing a key role in decision making for jobseekers. Constructive internal stakeholder engagement must be top of the agenda for any board that hopes to attract and retain the best staff.

**The King's Fund, the health and social care think tank, has identified six building blocks for a highly engaged workforce:**

- **Develop a compelling, shared strategic direction**
- **Build collective and distributed leadership**
- **Adopt supportive and inclusive leadership styles**
- **Give staff the tools to lead service transformation**
- **Establish a culture based on integrity and trust**
- **Place staff engagement firmly on the agenda**



To speak with a bank that can help you grow your business, call +44 (0)207 090 7127 or email marguerite.a.mulvey@aib.ie

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