DEVO-HEALTH: WHERE NEXT?

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60-SECOND SUMMARY

1. **Devo-health is happening – but it is likely to happen slowly.** One of the biggest surprises in Greater Manchester's 'northern powerhouse' deal was the decentralisation of the region's £6 billion annual health and care budget. Other areas initially declared an interest in a 'formal' devo-health deal but have subsequently fallen away, with only London and potentially Birmingham likely to follow suit, albeit with different models on the ground, in the coming months and years.
2. **Devo-health has the potential to help local areas respond to gaps in quality and funding in health and care.** Specifically, devo-health may allow local areas to move towards place-based public services and population health systems, firstly by aligning and pooling budgets (and decision making power) at the local level, and, secondly, by empowering – and passing down accountability to – local leaders to drive forward with change.
3. **As yet decentralisation is more akin to deconcentration or delegation than devolution.** Devo-health areas have received new powers over commissioning and budget allocation, however, there has been little change in regulation, workforce or revenue raising and (at least on paper) accountability. Most importantly, in places like Greater Manchester, it will be the health secretary rather than the combined authority or mayor who is ultimately accountable for the NHS, and all organisational statutory responsibilities will still run upward to central government.
4. **This lack of real decentralisation might make it harder for local areas to unlock the potential benefits of devo-health.** In particular, the maintenance of existing accountability mechanisms may allow local leaders to pass difficult decisions back to the centre, or the centre could to continue to intervene unhelpfully in local decision making. These deficiencies may keep money locked within existing silos and limit change on the ground.
5. **A 'devo-health+' deal for areas that have demonstrated the ability to manage their existing devo-health powers might allow them to go further and faster in the future.** New powers would focus on the accountability mechanism, commissioning structures, regulatory functions and revenue raising and can be split into incremental and long-term changes.

POLICY RECOMMENDATIONS

Accountability

Incremental: Give metro mayors the power to develop strategic plans and outcome frameworks, alongside local health and care partners, and put a duty on others to comply with/deliver against them.

Long-term: Make the mayor and combined authority accountable for the NHS, including changes to organisational statutory accountabilities within the region.

Commissioning

Incremental: Amend existing national legislation – in particular Section 75 of the NHS Act 2006 – to better enable the pooling of budgets and commissioning functions locally.

Long-term: Create new national legislation to codify place-based health and care, soften emphasis on organisational silos, and move from competition to collaboration.

Regulation

Incremental: Allow devo-health areas to make joint appointments between NHS England and NHS Improvement in order to join up financial and quality regulation.

Incremental: Give devo-health areas a combined financial control total for providers – and between providers and commissioners – and fully delegate/devolve the management of their share of the national sustainability and transformation fund.

Long-term: Simplify the regulatory environment as part of new national legislation, including formally merging the regulatory functions of NHS England and NHS Improvement (and its component parts).

Revenue raising

Incremental: Allow areas with devo-health deals to test the use of minimum prices and 'sin taxes' on cigarettes, alcohol, and sugar and fat in order to discourage overconsumption.

Incremental: Give local areas greater fiscal devolution – with a focus on land taxes – to allow local government to properly fund existing services.

Long-term: Investigate the possibility of a wider fiscal devolution deal to allow local authorities to match-fund the NHS.

Which regions should receive these powers?

Incremental: Give existing devo-health areas (Greater Manchester and London) the 'devo-health+' powers set out above.

Incremental: Devo-health is still an experiment: pilot areas must demonstrate hard outcomes before devo-health is rolled out countrywide.

Incremental: Use learnings from the devo-health pilots to allow other areas to benefit from decentralisation but within the confines of the NHS (potentially through STPs or through changes to the national architecture).

Long-term: If devo-health delivers in pilot areas, allow other areas to follow suit, provided they meet clear and strict eligibility criteria.

For the full report, including all references, data sources and notes on methodology, see:
http://www.ippr.org/publications/devo-health-where-next

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