

Chapter 1

Market-Based Governance in Public Healthcare Delivery

ABSTRACT

This chapter analyses the market-based reforms introduced in the UK. From 1979 onwards, it is clear that market governance has been central in the delivery of public healthcare services in the UK. The move towards using private sector techniques to run public health services has been reinforced over the last few decades, and New Public Management (NPM) reforms have often been more pronounced than in many other European countries. The chapter considers how public health services have been reconfigured within the changing boundaries between the state and its citizens. The government still continues to play a major role in the running of health services and decision making, even in the new configuration of public health services and the extension of informal networks, but health policy is also now formulated through a variety of different actors. This chapter will finish by presenting how healthcare is organised today in the UK following these reforms.

INTRODUCTION

We are anxious to ensure that this is the start for opening up the whole of the NHS supply system so that we end up with a situation where the state is the enabler, it is the regulator, but it is not always the provider. (Tony Blair, 2003 as quoted in Pollock, 2004, p. 69)

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As the above quote suggests, for some time now the essential day-to-day running of public services and decision making and control is no longer described as an affair of the state. Neither is it completely in the hands of the professionals that provide public services. This chapter will thus start by defining governance in relation to public health services, then consider how the National Health Service (NHS) has been reconfigured within these changing boundaries between the state and its citizens and what impact this has had on the supply of health services.

DEFINING GOVERNANCE

The term governance is said to originate from the French *gouvernance* referring to royal officers rather than the more current meaning often employed in the sense of governing or steering (Katsamunskaja, 2016). While ‘government’ and ‘governance’ share the same roots, they do not have the same meaning. The concept emerged traditionally as a way to describe how government steers society (Katsamunskaja, 2016). More recent conceptualisations have looked more closely at interaction with society, networks and the like. However, there is no common agreement on a definition for governance. In the traditional public services context, governance refers to the setting, application and enforcement of rules (Katsamunskaja, 2016). The concept of governance has also been extended to the company level under the framework of ‘corporate governance’, which looks at management practices in companies. In the 1980s, the UK was one of the first countries to apply corporate governance practices within the public sector in line with the emergence of new leadership models (Hodges, Wright, & Keasey, 1996).

With the reconfiguration of health services in the UK, and in particular in England, the notion of governance has been used to describe the whole framework of stakeholders who are involved in decision making and the running of services in Britain. Bevir and Rhodes (2003) define governance as the changing boundaries between the British state and civil society, with informal authority and networks taking on the authority of government.

According to Offe, the reason why there is much recent discourse on governance is that state policy and hierarchical forms of imposing action have failed to solve the problems in many areas of public life (Offe, 2009). This has thus given way to policy-making through networks, market and quasi-market solutions which steer public service provision (Enroth, 2014). The introduction of market mechanisms in the 1980s led to a fragmentation

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