Funding the Future

The NHS and education both need top down reform

Published: January 13, 2026, 6:15 am

I suggested that the NHS and education both suffered 'hopelessly inappropriate' management structures yesterday and was asked to justify that claim. I am happy to do so.

The art of management is to ensure that tasks are appropriately identified as necessary, are then done effectively, once only wherever possible, and by those best able to do them. You might call that a somewhat brief theory of management, but for the current purpose it will do.

Let me put this in the context of these two national, free at the point of delivery activities whose primary aim is to make available to all services that might otherwise be unaffordable for many. Implicit in their mandate then is not just the service, vital as it is, but the social and economic consequences of its delivery in this way.

Given these facts (and I think they are facts) the management structure of the NHS and of education has to be chosen with three objectives in mind. The first is that the decision making unit has to be big enough to deliver the social and economic goals of these services. In other words, social and economic impact has to be possible as a consequence of the decisions made in addition to services that are excellent in their particular field. This, then requires that strategic decision making for both must cover significant swathes of the population that cover all the likely social spectra that it is intended be impacted by the redistribution implicit in the supply of services in this chosen way.

How big must those units be then? Some cities will be big enough. So will a few counties (Yorkshire, perhaps). Scotland, Wales and Northern Ireland are. Almost no other counties will be. And nor, to be blunt, is the regional difference in demand for these services so different across the U.K. that localisation can ever be justified for that reason.

In other words, both health and education have to be managed across very large regions of millions of people. Given the goals for the service no other management

structure will do.

Given the need for integration in service supply in both cases it is also true that fragmentation within those areas will be antithetical to effective supply. Health and social care need integration. So to do physical and mental health. Sub division can only create inefficiency. That's also true of education where cooperation to ensure a balance of services to meet deeply varying needs is what is required. The over emphasis on academic results is the opposite of that at present.

There is also cost to consider. That is the cost of duplication. And the cost of accounting between organisations. As well as the inefficiencies that lack of scale bring. Local spells expensive in every such process if too many boundaries are put in place. That is what is happening now. A bonfire of the boundaries is needed.

That is because these boundaries are in any case not required: one pot pays for these services. It's not local financial accountability that any such service requires: it is the setting of appropriate key performance indicators to suit local need that is necessary. This may be ensuring education to meet the particular needs of the local economy is available. It maybe healthcare to suit the particular age, gender and ethnic needs of a local population. These are the performance indicators that matter. And they aren't measured financially. But they do target resources.

Of course there are financial constraints: these have to be considered in service supply. And in the representations the major health and education authorities I suggest we need could make on government decision making based on their on-the-ground observations of the success or failure of service targeting to meet need. But do any of these things below the scale I suggest and neither the scope of the decisions that can be made or the scale of the impact that can be measured will be large enough to make any difference to service outcomes, and in health and education these are the criteria for management decision making structures that truly matter.

So we need big, regional, service delivery, although empowered local managers matter, of course. But local management in these services can never be strategic. The result is that we don't have effective strategy now because decision making units are far too small to deliver it. And that matters, enormously. It's why I hate to say it, but top down reform is essential. But the outcome will be services focussed on what matters, which is not management and budgets, but patients, students and service supply in the broadest possible sense.

I hope Labour is thinking this way. It needs to.