

## Does the NHS need advice from bankers?

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Rachel Reeves must think the only job a government has is to balance its books. There can be no other explanation for the insanity of calling in bankers to advise on the NHS.

<https://www.youtube.com/watch?v=00MtdwnWfB0&si=Px-P0wD2WSL6wyh4>

*And for those noticing that I do not actually appear in the video, this was made yesterday, but when Thomas arrived to record, he took one look at me and declared he was not filming someone who looked as unwell as I did - and so I recorded an audio instead, which he made into a YouTube. I appear to have caught one of the viruses that is going around.*

This is the audio version:

[https://www.podbean.com/player-v2/?i=kfp98-1767e0d-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=c73a3a&font-color=&logo\\_link=episode\\_page&btn-skin=ff6d00](https://www.podbean.com/player-v2/?i=kfp98-1767e0d-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=c73a3a&font-color=&logo_link=episode_page&btn-skin=ff6d00)

This is the transcript:

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Does the NHS need advice from bankers? The question needs to be asked because Rachel Reeves as Chancellor of the Exchequer and Darren Jones as Chief Secretary to the Treasury are apparently going to be pulling in all the Secretaries of State for all the main government spending departments and they're going to interrogate their plans for the coming year.

To assist them, they are apparently going to request that some bankers sit in on the interviews in question, with those bankers being tasked with finding savings in the departments in question.

Now this is a quite extraordinary idea because it has been suggested that the NHS should be the focus of one of these reviews.

What do bankers know about the NHS? I would politely suggest that the answer is not a lot. After all, bankers exist to extract money from people, and whilst that might be the model for healthcare in the USA, it is not in the UK, where things are run very differently indeed.

But more than that, what do bankers actually know about business?

If we look back not very long into the history of the UK, we will find that banks are actually one of the worst-run sectors in the whole of our economy. How do I know? Well, that's because banking crashed in 2008.

It wasn't a minor crash. It wasn't the odd moment of failure. The entire sector basically fell.

Yes, it's true that Barclays appeared to avoid this fate, but ever since they have been involved in all sorts of inquiries as to how they managed to do so. There were, therefore, in effect, no exceptions to the 2008 crash where every bank, either failed or survived only because of government support.

Now, I suppose you could say that as a consequence, the bankers know more about extracting money from the government than the managers of the NHS do and they are therefore perfectly placed to assist the managers in the NHS to extract all the money that they can from the Treasury, but, with respect, I don't think that's what Rachel Reeves and Darren Jones have in mind by calling these bankers in.

In fact, what we know is that these bankers are supposedly going to identify savings of up to 5 per cent each year in the NHS budget, which is, as a consequence, going to shrink for the benefit of Rachel Reeves' task of supposedly balancing the books.

Where are they going to find 5 per cent from in the NHS budget? Well, this is hard to imagine, because, let's also be honest, bankers don't know about cutting costs. They run enormous budgets with vast numbers of people undertaking tasks in activities that seem very hard to explain to the world outside and where the value added is decidedly questionable and, as a consequence, they actually would know almost nothing about an organisation where admin costs are reckoned to be 5 per cent or less of total budgets.

They are, therefore, not going to find slack to cut in that area, which is the chosen obsession of every person in finance who believes that if only you can sack some admin people, you can turn an organisation around. The reality is that that isn't going to be

possible in the NHS.

The only thing that is going to be possible in the NHS is to cut frontline services.

The vast majority of people working in the NHS are either directly providing those services or work in some facility that supports the provision of those services, and who are therefore, fundamental to the well-being of the service.

How will bankers identify who those people are key are?

Well, they will use a standard banker's logic? What is the rate of return on investment they will say. And they will look at this and say, children under the age of five have very limited economic value. and make very high demands on the NHS, so maybe paediatric care of all sorts should be cut.

And they'll look at people over the age of 65 and say, they are no longer contributing to the economy, so why do we need them? Let's cut them as well. The rate of return on investment in these two categories is tiny, and yet they apparently absorb the majority of the NHS's cost, so let's cut that out and everyone will be happy.

Unless, of course, you happen to be the parent of children, and you happen to have parents who are still alive, or you are a grandparent, or a person simply over the age of 65 who is still alive, who needs medical care, in which case you may not be so happy.

But of course, bankers won't understand that either, because the bankers in question are very wealthy. And what they won't understand is that the people who will be suffering as a consequence of any outcomes they devise will not be wealthy in the main. There will be this fundamental understanding divide between them and the people to whom the NHS provides services.

First of all, the people to whom the NHS supplies services will, to the amazement of the bankers, not have private health insurance. They will presume that they will because, after all, the banker always does.

And the person to whom the NHS supplies services will probably not have an annual health checkup paid for by their employer. But the banker will.

And the person to whom the NHS supplies services might even be in poverty, a state that is simply unknown to a banker at the top of the pile who will inevitably be the ones who will be called in to advise Rachel Reeves.

There will, therefore, be the most staggering comprehension gap, and I believe that will be insurmountable.

I don't believe these people know anything that is relevant to the NHS.

Their own business has failed spectacularly under their leadership.

They do not understand what a service business that does not charge at the point of supply does.

They cannot, I suspect, comprehend a business which is as efficient as the NHS and they do not understand that the way to value the quality of the service supplied is not by calculating an economic rate of return on the investment put into any particular person.

As a result, why is Rachel Reeves asking the bankers to advise her on the NHS? It can only suggest that she is, herself, completely unable to comprehend what the NHS, its management, its services, and the people to whom it supplies them are all about. And that suggests that the forthcoming spending review by the Labour government is going to be a complete disaster for it, for the country, for the people in this country, and for the quality of the services that we might enjoy.

Happy days, then.