

RECENTRALISATION WITHIN DECENTRALISATION?

Improving the functioning of Kenyan hospitals through increased hospital autonomy



Introduction

Kenya's transition to a devolved system of government, whereby county governments are now the mainstay of local government, has had far reaching impacts on the delivery of public health services. The autonomy that hospitals have over key functions can have several benefits including improved efficiency, better quality of services and increased accountability (see box 1 overleaf). The design and implementation of decentralisation reforms could either result in increased or reduced hospital autonomy. The manner in which decentralisation reforms impact on hospital autonomy is therefore one pathway through which these reforms influence the functioning of hospitals.

The KEMRI Wellcome Trust Research programme conducted research to understand how devolution impacted on the autonomy of public county hospitals in Kenya, and how this has affected the functioning of these hospitals. This was a qualitative study in three hospitals in one of the 47 counties in Kenya. This brief presents key findings from this study, and makes recommendations to national and county level decision makers to improve hospital functioning through increased hospital autonomy.

KEY MESSAGES

- Hospital autonomy has the potential to improve the efficiency and quality of health service delivery, as well as hospital management capacity and accountability. In Kenya, however, devolution of health services to county level has reduced hospital autonomy over key management functions.
- Reduced autonomy has compromised hospital functioning by weakening management and leadership capacity, reducing staff motivation, and limiting community participation in hospital affairs. It has also created inefficiencies in service delivery due to delays and increased bureaucracy, compromising the quality of care.
- National and county decision makers should amend devolution laws to give hospitals autonomy over key functions, and clarify and realign the roles of hospital management and leadership structures to the current institutional and organisational framework in the devolved system.

Box 1: How can hospital autonomy improve the delivery of services? (Harding & Preker, 2003)

- **Increased efficiency:** Decisions are made faster, are better informed, and are adapted to local needs
- **Greater local accountability:** Autonomous hospitals typically have boards with community representation. If well constituted and empowered, these boards can strengthen the accountability of hospitals to local communities
- **Improved staff motivation and performance:** Staff and managers have greater ownership of decisions, provide solutions to their own problems and are less constrained by bureaucracy
- **Increase resource mobilisation:** Hospital autonomy typically results in hospitals retaining control of resources. This incentivises increased resource mobilisation by hospitals
- **Strengthened hospital management capacity:** The transfer of key functions to hospitals necessitates the strengthening of the hospital management capacity to manage these functions
- **Improved quality of care:** The combination of improved efficiency, local accountability, staff motivation and resource mobilisation can result in improved quality of services offered by hospitals

Key findings

1. Contrary to expectations, devolution has led to a significant reduction in the flexibility and autonomy of county hospitals

The table below shows how hospital autonomy has changed in relation to several key management functions.

	Before devolution	After devolution
Financial management	Hospitals had some control and flexibility over revenues from all sources (National government budget support, National hospital Insurance Fund payments, donor support and user-fee revenues) and how they were spent. Hospitals operated bank accounts	Hospitals do not have control and flexibility over all sources of revenues (County government budget support, National hospital Insurance Fund payments, donor support and user-fee revenues) and are prohibited from spending user fee revenues. Funds are pooled into a county fund and re-distributed
Procurement management	Hospitals could directly purchase medical and non-medical resources from suppliers	Hospitals place procurement requests with the county department of health
Administration	Hospital managers and management committees had significant decision-making powers in hospital management	Hospital managers feel powerless. Significant management committees roles transferred to county health department
Human resource	Hospitals could hire, remunerate, manage non-professional staff (casuals)	Hiring, remunerating, management of non-professional staff (casuals) now handled by the county health department
Strategic management	Hospitals developed long term and short term plans	County health departments develop long term and short term plans with hospital inputs

2. Hospitals are experiencing 'recentralisation within decentralisation'. This reduced autonomy has created substantial challenges to hospitals

Weakened management and leadership

Under devolution, the authority and responsibilities of the medical superintendent - the chief executive of the hospital, are significantly reduced due to loss of autonomy over key hospital functions. It has become difficult for the county health departments to hire and retain medical superintendents and some hospitals have had long spells of operating without one.

Further, the two main hospital decision making committees (Executive Expenditures Committee and the Hospital Management Team) have become dysfunctional because they no longer have budgeting and planning roles or responsibilities related to other key hospital functions such as procurement. Hospital staff are less enthusiastic about taking on leadership and management roles that have reduced power or control over resources.

Reduced community participation in hospital affairs

Pre-devolution, hospitals had a hospital management committee (HMC) comprising community members. The HMC provided oversight to the hospital and was an avenue for community participation and input. Under devolution, hospitals do not have HMCs because there is no legal framework for the appointment of HMC members. A potentially important avenue for community participation has therefore been weakened. This compromises the legitimacy and responsiveness of the management decisions of the hospitals.

Compromised quality of services

Reduced autonomy over finances and procurement has resulted in delays in procurement of essential supplies, creating challenges for the hospital in dealing with day-to-day operational requirements. For example, since hospitals have no access to user fee revenues, they cannot purchase fuel for ambulances and respond adequately to emergencies. Delays in procurement of essential supplies such as medicines resulted in stock-outs that compromised patient care. Hospitals also reported an inability to maintain and repair infrastructure and equipment because this is now a county function.

Reduced motivation among hospital staff

The inability of hospitals to procure essential supplies in time, and the lack of access to user fee revenues, has decreased motivation among hospital staff who complain that they cannot effectively carry out their duties. Staff are also unhappy about the fact that they work to collect user fee revenues but do not have control over how these revenues are spent.

Non-alignment of county and hospital priorities

Because hospitals have limited input into their own long- and short-term planning, county priorities are not always aligned to hospital priorities. Hospital managers feel that county plans do not always reflect the unique needs of each hospital, thus limiting the responsiveness of the hospital to local health needs.

Insubordination of non-professional staff and political interference in their recruitment

Hospital managers felt that their lack of control over non-professional staff (commonly referred to as casual workers) has resulted in insubordination among this cadre of staff. Further, political interests influence the hiring and deployment of non-professional staff at county level and unqualified staff are often recruited and deployed to hospitals.



Conclusion and policy recommendations

Despite the potential for increased hospital autonomy with devolution, in practice, political changes have reduced hospital autonomy over key management functions with wide-ranging consequences. The following recommendations set out how hospitals can regain autonomy so that they can be more resilient and responsive to the communities they serve.

Recommendations for national level policy makers

Review the public finance management law to give hospitals financial autonomy

The Public Finance Management Act should be revised to make provision for sub-county units, such as hospitals, to have residual rights over the revenues that they generate. Hospitals should be allowed to retain revenue and have greater control over how it is spent.

Develop and implement a hospital governance policy that gives county referral hospitals greater autonomy

The national ministry of health should take the lead in developing a hospital governance policy that strengthens the accountability of hospitals to the county governments and to the community. Such a policy should ensure that hospitals have adequate autonomy over key functions and that the institutional arrangements incentivise hospitals to operate efficiently and equitably.

Recommendations for county governments

Develop and implement local laws that will give hospitals greater control over resources and key management functions

County governments should develop laws and other institutional frameworks that give hospitals greater control over key management functions. Specifically, hospitals should have greater control over financial resources, the procurement of medical and non-medical supplies, the recruitment and management of non-professional staff, long-term and short term planning, and general administration.

Strengthen the leadership and management of hospitals

County governments should strengthen the leadership and management of hospitals by creating role clarity of leadership and management structures, and aligning this to the county health system institutional and organisational structures. The leadership and management structures should be empowered and given greater control over management functions. Managers need flexibility to effectively discharge their roles and to remain motivated in these roles.

Increase the involvement of hospital managers in county health system planning

County governments should improve the inclusivity of their planning processes and ensure greater involvement of hospital managers. This will improve the alignment of county and hospital priorities, and in turn improve the responsiveness of hospitals to local health needs.

About the research

Related publications

Barasa, W. E., Manyara, A. M., Molyneux, S., Tsofa, B. **Recentralisation within decentralisation: County hospital autonomy under devolution in Kenya**, *Submitted*.

Barasa, W. E., Molyneux, S., English, M., Cleary S. **Hospitals as Complex Adaptive Systems: A Case Study of Priority Setting at the Hospital Level in Kenya**, *Submitted*.

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Harding, A. & Preker, A. S. 2003. A conceptual framework for the organisational reforms of hospitals. *Innovations in Health Service Delivery*. Washington, DC: World Bank, 23 - 7



This brief has been produced by RESYST and funded by UKAid from the UK Department for International Development.

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