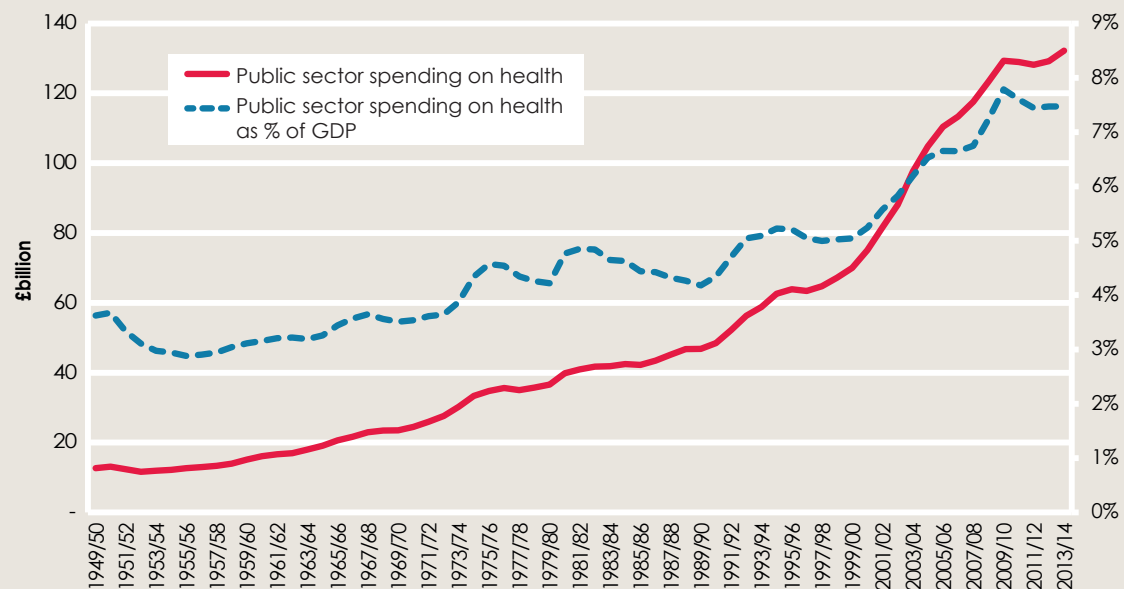


NHS Finances –  
The challenge all  
political parties  
need to face

# Charts and tables

# Briefing: NHS Finances – The challenge all political parties need to face

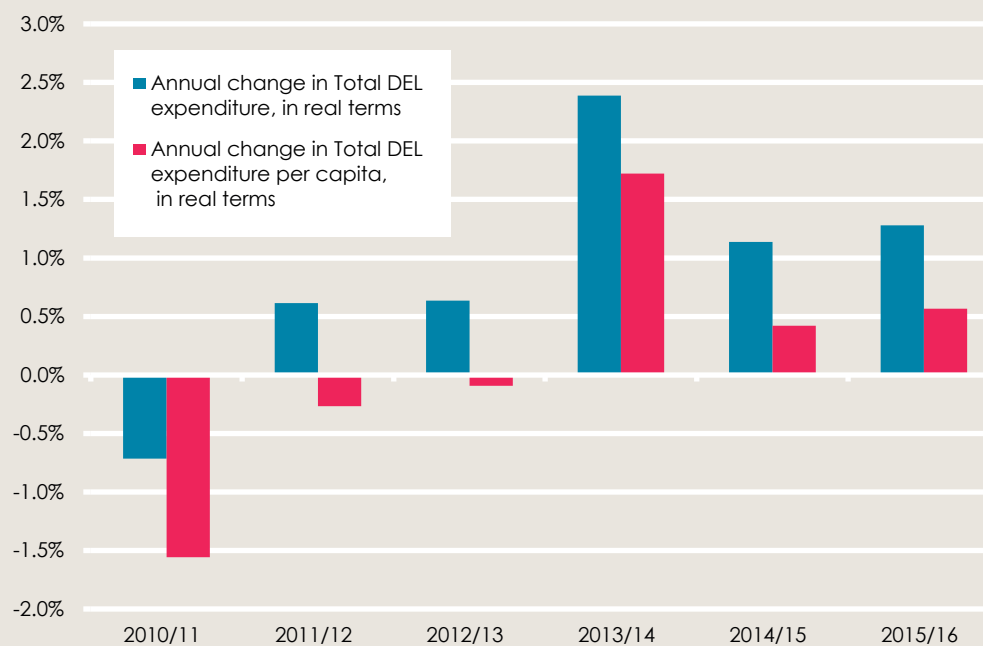
**Figure 1: Public spending on health in the UK, in real terms and as a percentage of gross domestic product (GDP) (2014/15 prices)**



**Source:** Author's calculations, using data from: *Public Sector Statistical Analyses 2014* (HM Treasury), *Fiscal Facts: Spending by function* (Institute of Fiscal Studies), *OHE Guide to UK Health and Health Care Statistics 2013* (Hawe E and Cockcroft L), *UK National Accounts – The Blue Book* (Office for National Statistics), *Quarterly National Accounts* (Office for National Statistics), *GDP deflators at market prices, and money GDP* (HM Treasury).

**Note:** GDP deflators for 1949/50 to 1954/55 were estimated by using the GDP deflators available for the calendar years 1949 to 1954, calculating the yearly change in GDP deflator for these years and applying them to the fiscal years.

Figure 2: The annual change in English NHS spending since 2009/10



Source: Public Sector Statistical Analyses 2014 (HM Treasury); Autumn Statement 2014 (HM Treasury); ONS population estimates.

**Table 1: NHS England estimates of funding pressures facing the NHS in England by the end of the decade**

Annual productivity growth assumption	Funding requirement in 2020/21 above inflation
0.8%	£21bn
1.5%	£16bn
2-3%	£8bn

**Note:** NHS England's projections of total spending are in cash terms, allowing them to explore the impact of cost pressures (such as pay) separately to assumptions for GDP deflators. The budget for NHS England is then assumed to rise with inflation

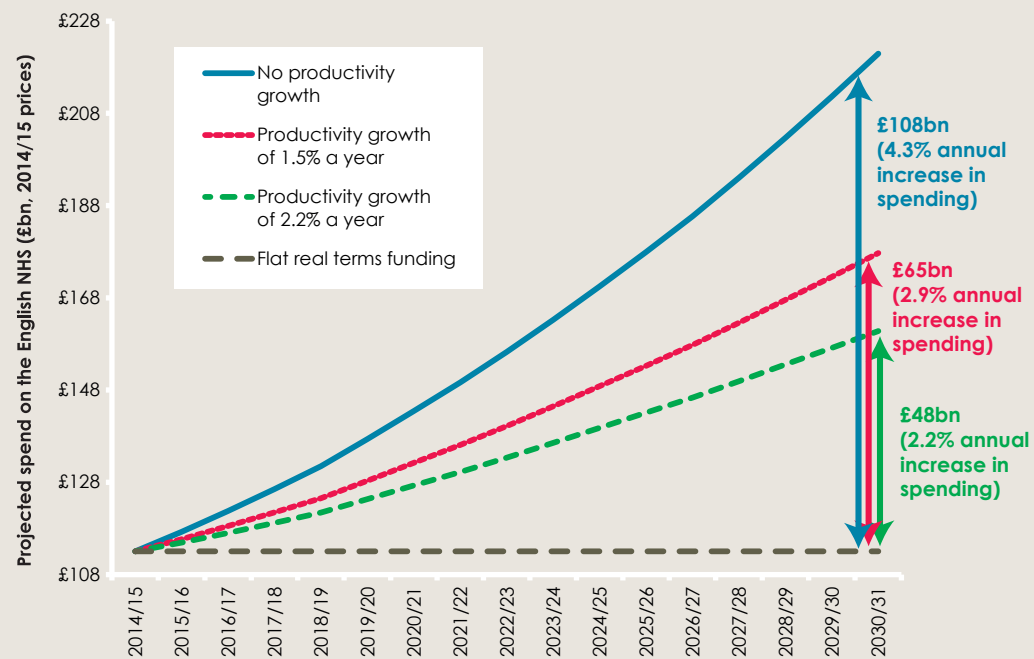
**Table 2: Health Foundation projected funding gap for English NHS in 2030/31 under three assumptions for productivity**

Annual rate of productivity growth	Average annual increase in English NHS spending pressures	NHS England estimate of funding gap in 2020/21	Health Foundation estimated funding gap in 2030/31 (2014/15 prices):		
			Budget stays flat in real terms	Budget rises by 1.5% a year in real terms	Budget rises by 2.3% a year in real terms
0.0%	4.3%	£30bn	£108bn	£78bn	£58bn
<b>1.5%</b>	<b>2.9%</b>	<b>£16bn</b>	<b>£65bn</b>	<b>£34bn</b>	<b>£15bn</b>
2.2%	2.2%	—*	£48bn	£17bn	£2bn surplus

**Source:** Roberts A. *Funding overview: NHS funding projections*. London: The Health Foundation, 2015.

\* The Five Year Forward View does not include a for figure for 2.2% productivity growth, the closest comparable figure is £8bn which assumes productivity growth of 2%, rising to 3% by the end of the five years.

Figure 3: Funding pressures on English NHS in 2030/31 (2014/15 prices)

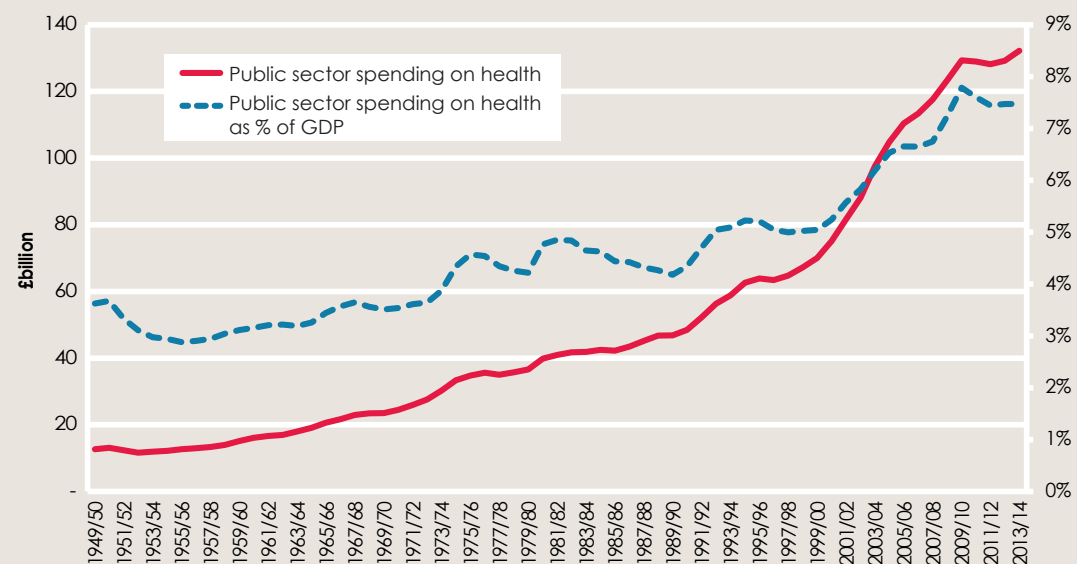


Source: Roberts A. *Funding overview: NHS funding projections*. London: The Health Foundation, 2015.

# Funding overview: Historical trends in the UK



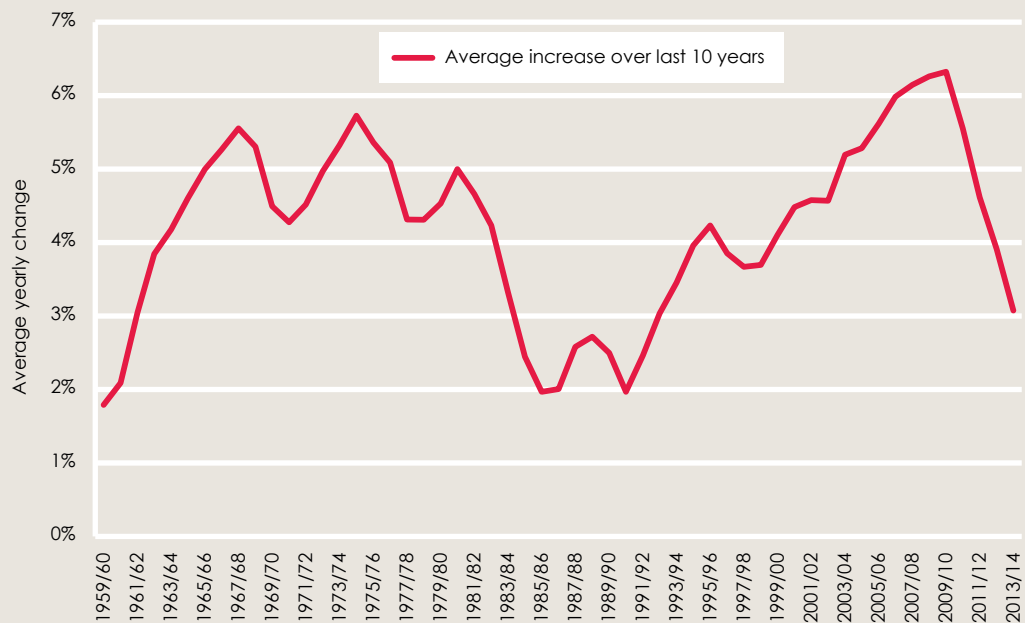
**Figure 1: Public spending on health in the UK, in real terms and as a percentage of gross domestic product (2014/15 prices)**



Source: Author's calculations, using data from: Public Sector Statistical Analyses 2014 (HM Treasury), Fiscal Facts: Spending by function (Institute of Fiscal Studies), OHE Guide to UK Health and Health Care Statistics 2013 (Office of Health Economics, Hawe E and Cockcroft L), UK National Accounts – The Blue Book (Office for National Statistics), GDP deflators at market prices, and money GDP (HM Treasury).

Note: GDP deflators for 1949/50 to 1954/55 are estimated.

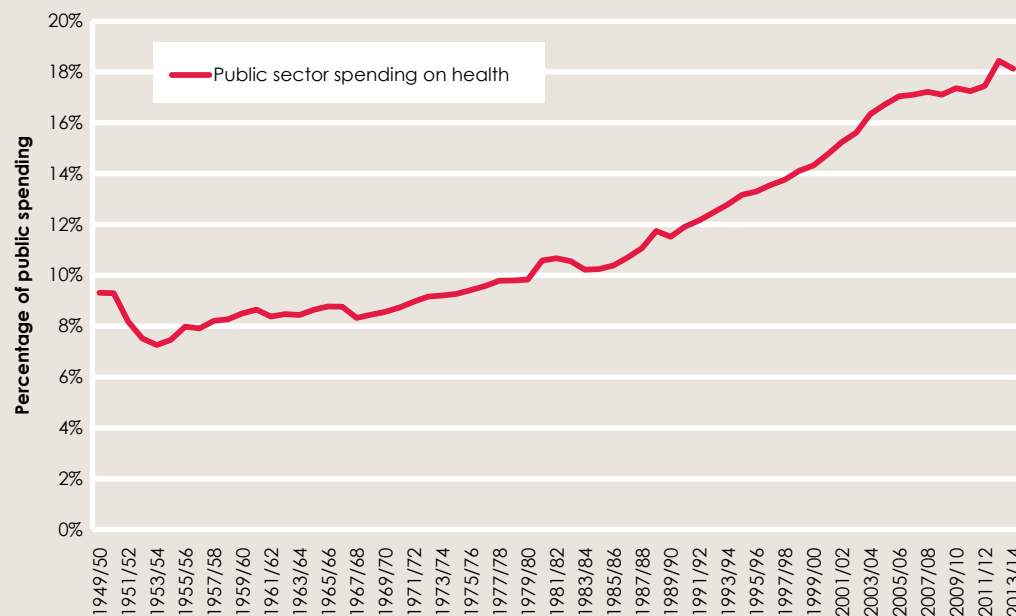
**Figure 2: Rolling 10-year average yearly change in UK health spending (2014/15 prices)**



Sources: Author's calculations, using data from: Public Sector Statistical Analyses 2014 (HM Treasury), Fiscal Facts: Spending by function (Institute of Fiscal Studies), OHE Guide to UK Health and Health Care Statistics 2013 (Office of Health Economics, Hawe E and Cockcroft L), UK National Accounts – The Blue Book (Office for National Statistics), GDP deflators at market prices, and money GDP (HM Treasury).

Note: GDP deflators for 1949/50 to 1954/55 are estimated

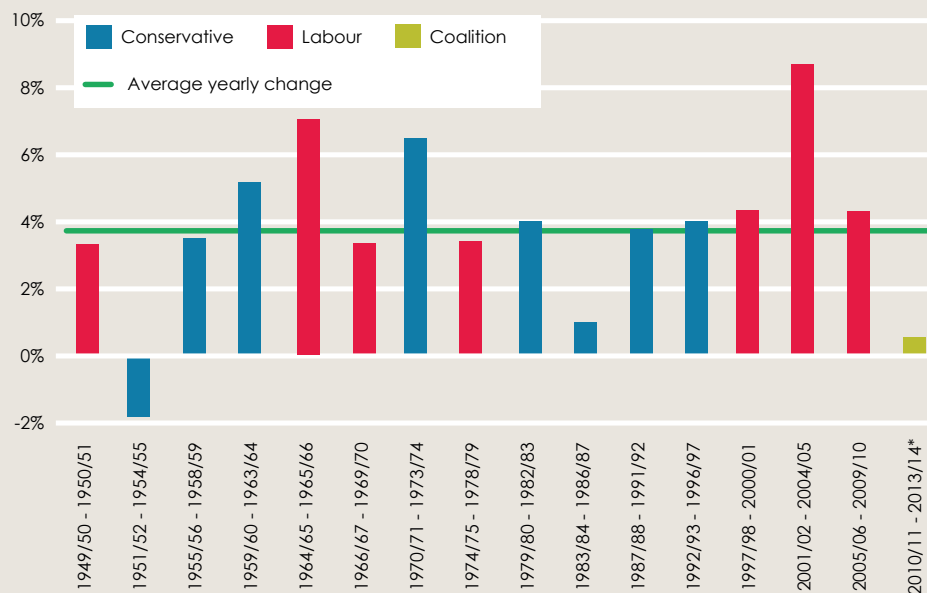
**Figure 3: Public spending on health in the UK, as a percentage of total public spending**



**Source:** Author's calculations, using data from: Public Sector Statistical Analyses 2014 (HM Treasury), Fiscal Facts: Spending by function (Institute of Fiscal Studies), OHE Guide to UK Health and Health Care Statistics 2013 (Office of Health Economics, Hawe E and Cockcroft L), UK National Accounts – The Blue Book (Office for National Statistics), GDP deflators at market prices, and money GDP (HM Treasury).

**Note:** GDP deflators for 1949/50 to 1954/55 are estimated

Figure 4: Average yearly change in UK health spending over different parliaments (2014/15 prices)



**Source:** Author's calculations, using data from: Public Sector Statistical Analyses 2014 (HM Treasury), Fiscal Facts: Spending by function (Institute of Fiscal Studies), OHE Guide to UK Health and Health Care Statistics 2013 (Office for Health Economics, Hawe E and Cockcroft L), UK National Accounts – The Blue Book (Office for National Statistics), GDP deflators at market prices, and money GDP (HM Treasury).

**Notes:**

- Date ranges shown are the years of each parliament. Average yearly change is calculated starting from the previous year.
- GDP deflators for 1949/50 to 1954/55 are estimated.
- Elections held between 1 January and 5 April of any year are counted as starting in the following fiscal year.
- Parliaments shorter than two years have been merged with a preceding or subsequent parliament with the same party in office.
- For the Labour government of 1945/46 to 1950/51, data on health spending are only available for the fiscal years 1949/50 and 1950/51.

\* UK health spending only includes outturn data (to the end of 2013/14), so does not cover the whole of the current parliament.

**Table 1: UK public spending on health – comparison between different parliaments (2014/15 prices)**

Period	Years	Average annual growth in UK NHS spending in real terms
Average over time	1949/50 – 2013/14	3.7%
Current parliament*	2010/11 – 2013/14	0.6%
Highest parliament	2001/02 – 2004/05	8.7%
Lowest parliament	1951/52 – 1954/55	-1.8%

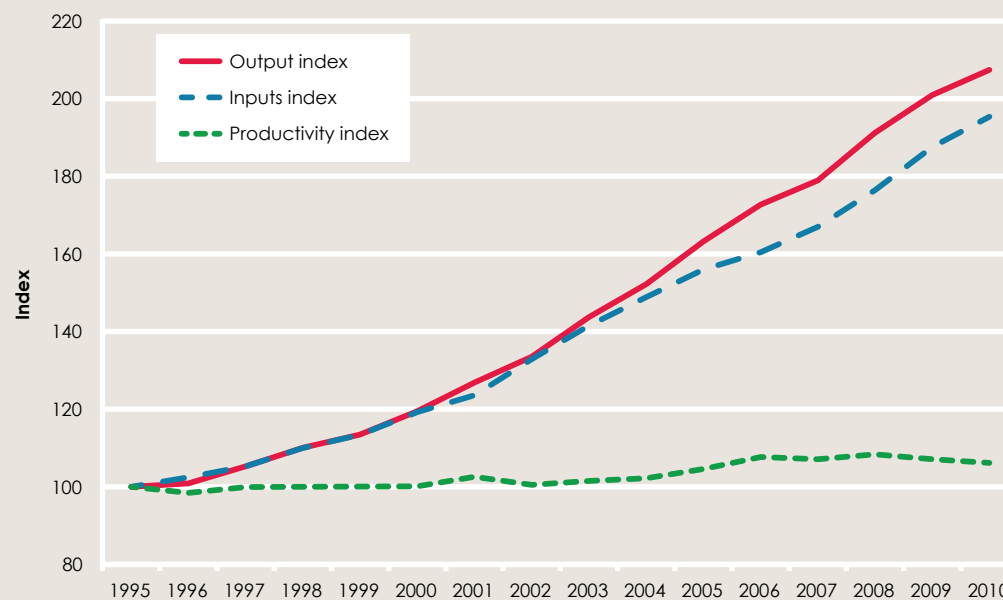
**Source:** *Public Sector Statistical Analyses 2014* (HM Treasury), *Fiscal Facts: Spending by function* (Institute of Fiscal Studies), *OHE Guide to UK Health and Health Care Statistics 2013* (Hawe E and Cockcroft L), *UK National Accounts – The Blue Book* (Office for National Statistics), *GDP deflators at market prices, and money GDP* (HM Treasury).

**Notes:**

- Date ranges shown are the years of each parliament. Average yearly change during a parliament is calculated starting from the previous year.
- The estimate for the parliament 1951/52 to 1954/55 relies on our estimate of the GDP deflator.

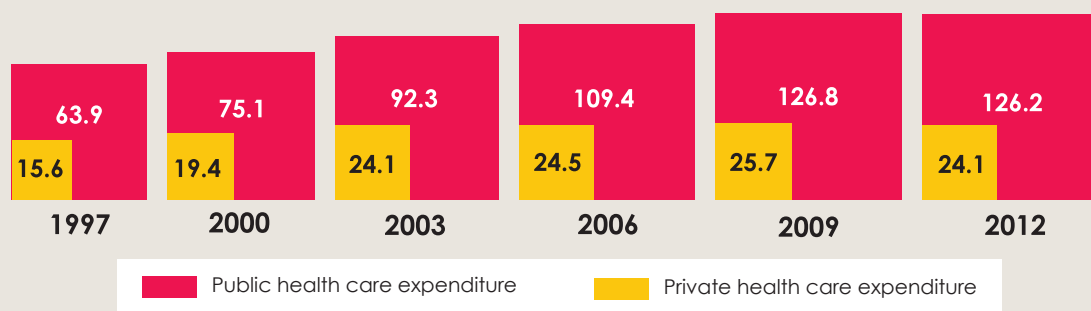
\* UK health spending only includes outturn data (to the end of 2013/14), so does not cover the whole current parliament.

Figure 5: Health care output, inputs and productivity estimates for the UK, 1995-2010 (index numbers 1995=100)



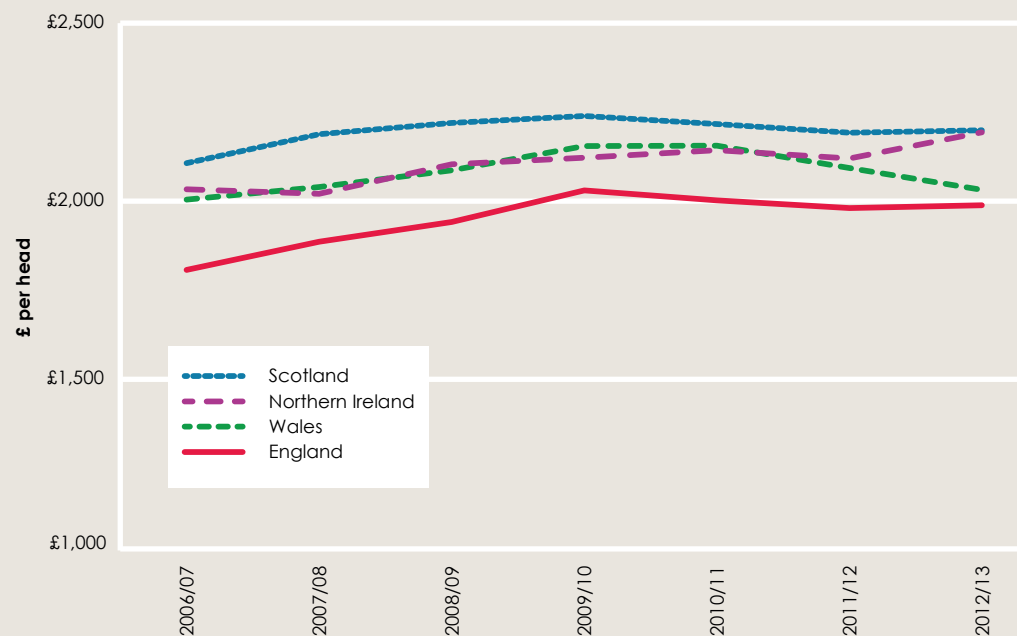
Source: Public Sector Productivity Estimates: Healthcare, 2010: Healthcare output and inputs have risen strongly over past 15 years (Office for National Statistics).

Figure 6: Public and private health care spending in the UK (£bn), 1997-2012 (2014/15 prices)



Sources: *Expenditure on healthcare in the UK: 2012* (Office for National Statistics), *GDP deflators at market prices, and money GDP* (HM Treasury).

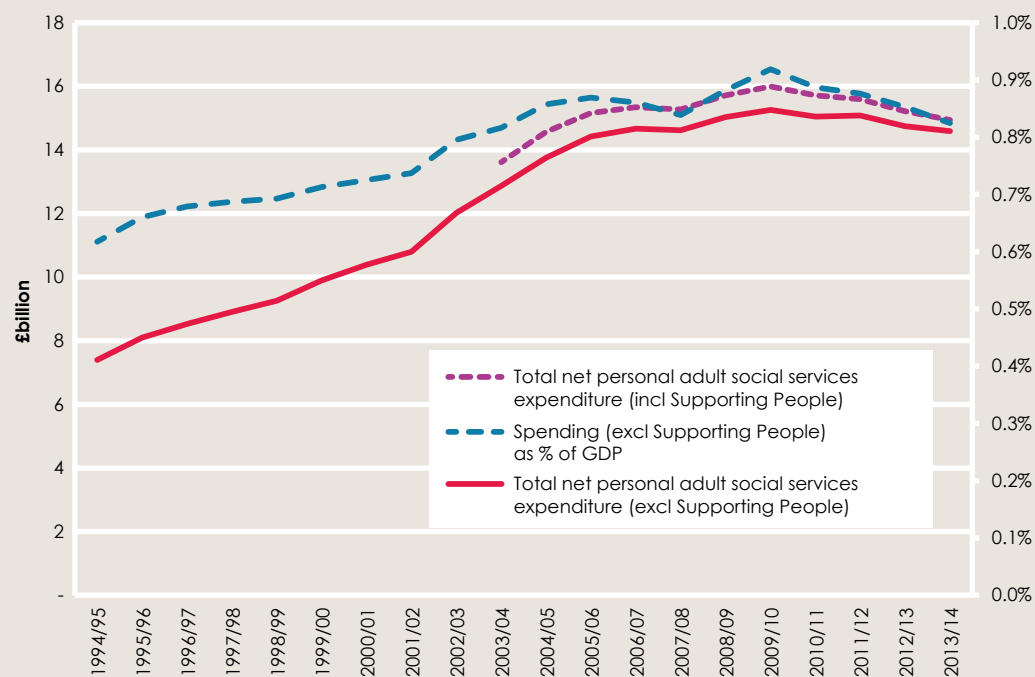
Figure 7: Identifiable spending on health in the four countries of the UK, per head (2014/15 prices)



Source: Public Sector Statistical Analyses 2012, 2013 and 2014 (HM Treasury), GDP deflators at market prices, and money GDP (HM Treasury).



Figure 8: Total net public spending on personal adult social services in England\* (2014/15 prices)

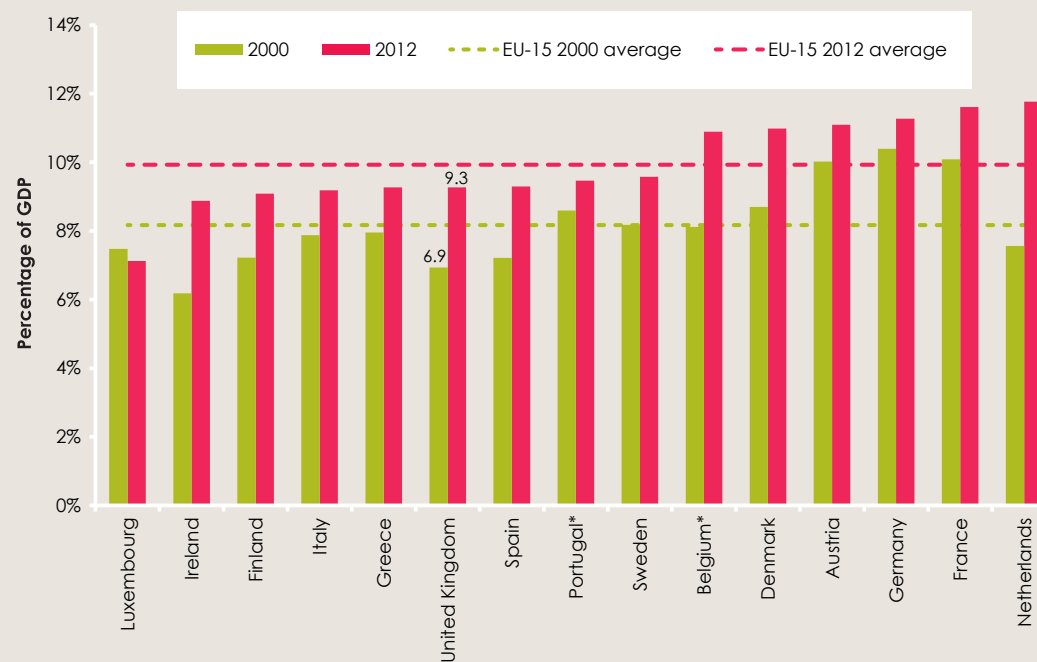


Sources: Personal Social Services: Expenditure and Unit Costs (The Health and Social Care Information Centre), GDP deflators at market prices, and money GDP (HM Treasury).

Note: Data on Supporting People costs are only available from 2003/04 onwards.

## Funding overview: International comparisons

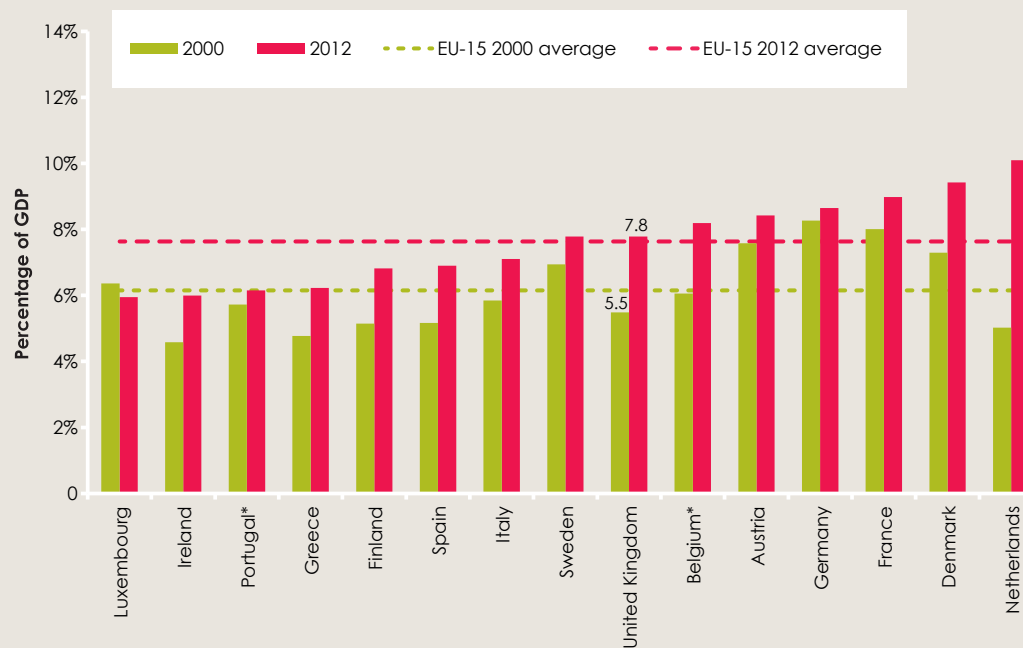
Figure 1: Total health spending as a percentage of GDP for the EU-15 countries, 2000 and 2012



Source: Organisation for Economic Co-operation and Development, *OECD Health Statistics 2014 - Frequently Requested Data*.

\* Data for Portugal are current rather than total spending. Data for Belgium exclude investments.

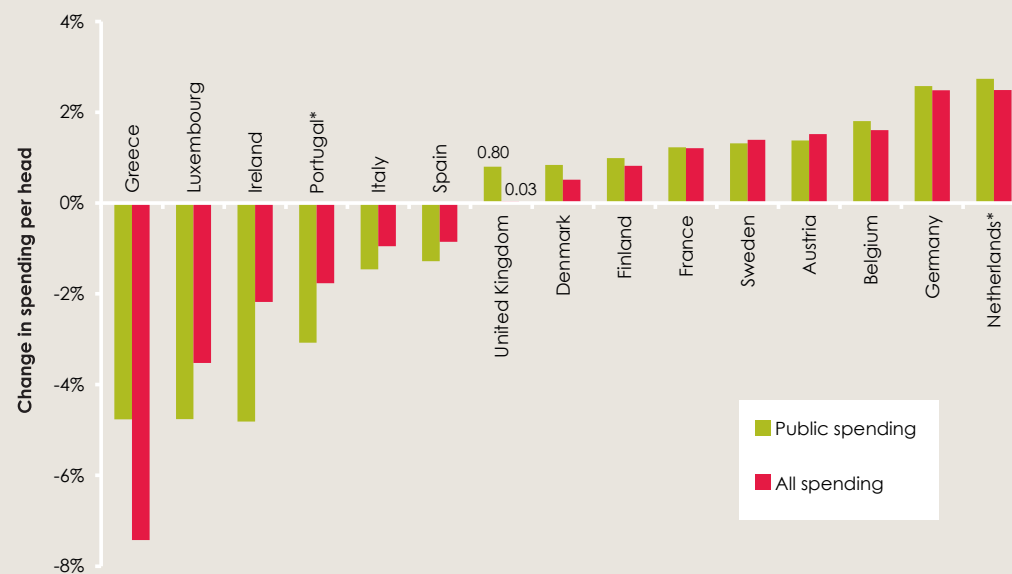
Figure 2: Public spending on health as a percentage of GDP for the EU-15 countries, 2000 and 2012



**Source:** Author's calculations using data from: Organisation for Economic Co-operation and Development, *OECD Health Statistics 2014 - Frequently Requested Data*.

\* Data for Portugal are current rather than total spending. Data for Belgium exclude investments.

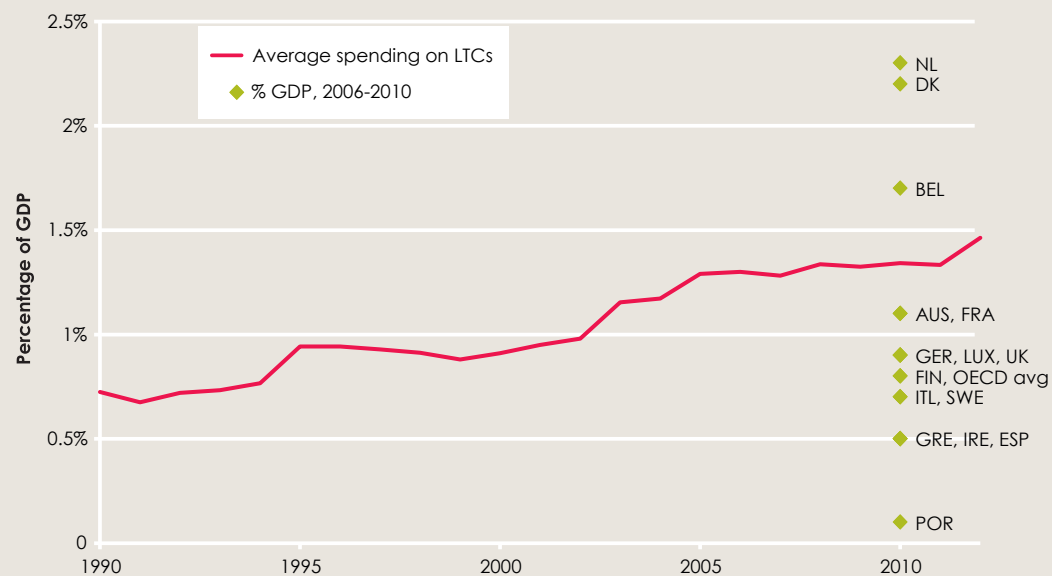
Figure 3: Average annual percentage change in health spending per head in real terms, 2008–2012



Source: Organisation for Economic Co-operation and Development, *OECD Health Statistics 2014 - Frequently Requested Data*.

\* Data for the Netherlands and Portugal are current spending.

Figure 4: OECD average spending on long-term conditions as a percentage of GDP



**Source:** Organisation for Economic Co-operation and Development. *OECD Health Data: Health expenditure and financing: Health expenditure indicators*. OECD Health Statistics (database). OECD, 2014; de la Maisonneuve C, Oliveira Martins J. A Projection Method for Public Health and Long-Term Care Expenditures. *OECD Economics Department Working Papers*. OECD, 2013;1048.

**Please note:** different sources mean trend data and country data are not directly comparable.

# Funding overview: Current NHS spending in England

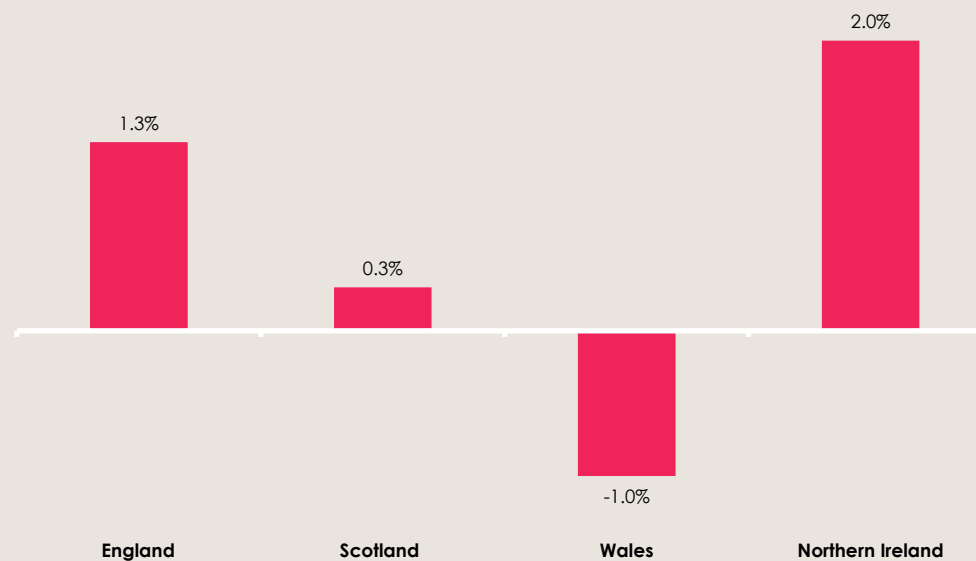
**Table 1: English NHS spending from 2009/10 to 2015/16, real terms in 2014/15 prices (£bn)**

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total DEL, in cash terms (£bn)	98.42	100.42	102.84	105.22	109.72	113.30	116.36
Total DEL, excluding depreciation, in real terms (£bn)	108.84	108.06	108.72	109.41	112.03	113.30	114.75
Annual change in Total DEL spending, excluding depreciation, in real terms		-0.7%	0.6%	0.6%	2.4%	1.1%	1.3%
Total DEL, excluding depreciation, per head, in real terms (£)	2,085	2,053	2,047	2,045	2,081	2,089	2,101
Annual change in Total DEL expenditure per head, in real terms		-1.6%	-0.3%	-0.1%	1.7%	0.4%	0.6%

**Source:** *Public Sector Expenditure Analyses 2014* (HM Treasury); *2014 Autumn Statement* (HM Treasury). Spending per head based on author's calculation using Office for National Statistics population estimates and correspondence with HM Treasury as of 13/01/2014.



Figure 1: Annual change in health funding in the UK between 2014/15 and 2015/16, in real terms



**Source:** 2014 Autumn Statement (HM Treasury); Correspondence with HM Treasury as of 13/01/2015; *Scottish Budget draft budget 2015-16* (Scottish Government); *Northern Ireland draft budget 2015-16* (Northern Ireland Executive); *Welsh government draft budget 2015-16* (Welsh Government).

**Notes:**

- Definition of what is included under 'health spending' may vary across the four countries.
- Figures for Scotland, Wales and Northern Ireland do not include extra funding announced during the Autumn Statement and is based on each country's Spending Review.
- Northern Ireland expenditure includes spending for public safety, which covers policy and legislation for fire and rescue services.

Figure 2: Additional funding outlined in the Autumn Statement 2014

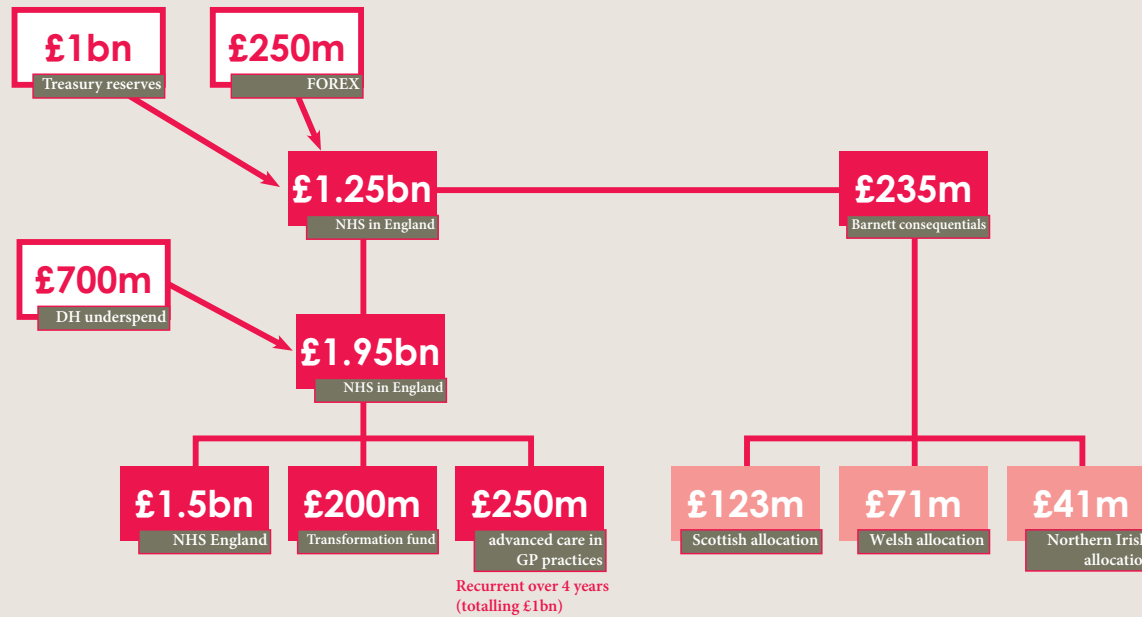
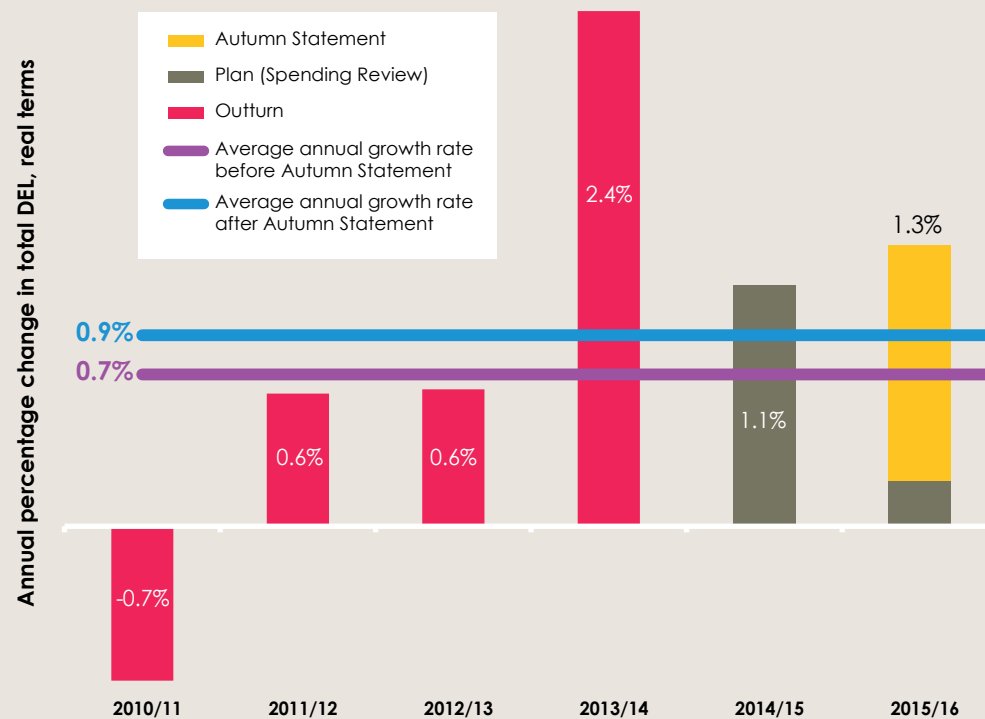


Figure 3: Annual change in health spending following the Autumn Statement 2014



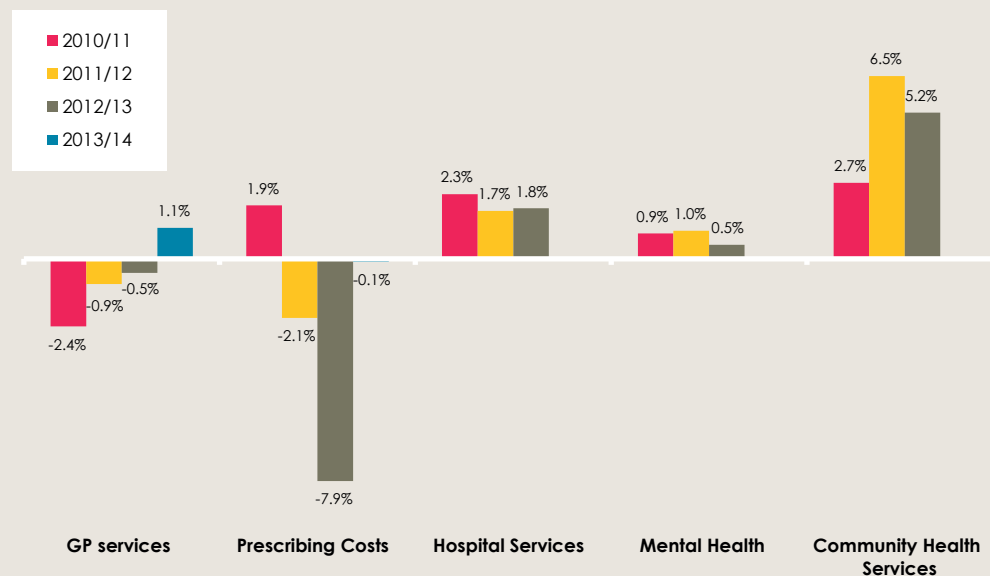
Source: Public Sector Expenditure Analyses 2014 (HM Treasury); 2014 Autumn Statement (HM Treasury).

**Table 2: NHS administration cost from 2009/10 to 2015/16, real terms**

	NHS Administration cost £bn	Total spend £bn	Admin cost as a percentage of total spend	Annual change
2009/10	5.57	108.83	5.1%	-
2010/11	5.84	108.06	5.4%	4.9%
2011/12	3.74	108.72	3.4%	-35.9%
2012/13	3.82	109.41	3.5%	1.9%
2013/14	3.12	112.03	2.8%	-18.4%
2014/15	4.13	113.30	3.6%	32.6%
2015/16	3.08	114.75	2.7%	-25.5%

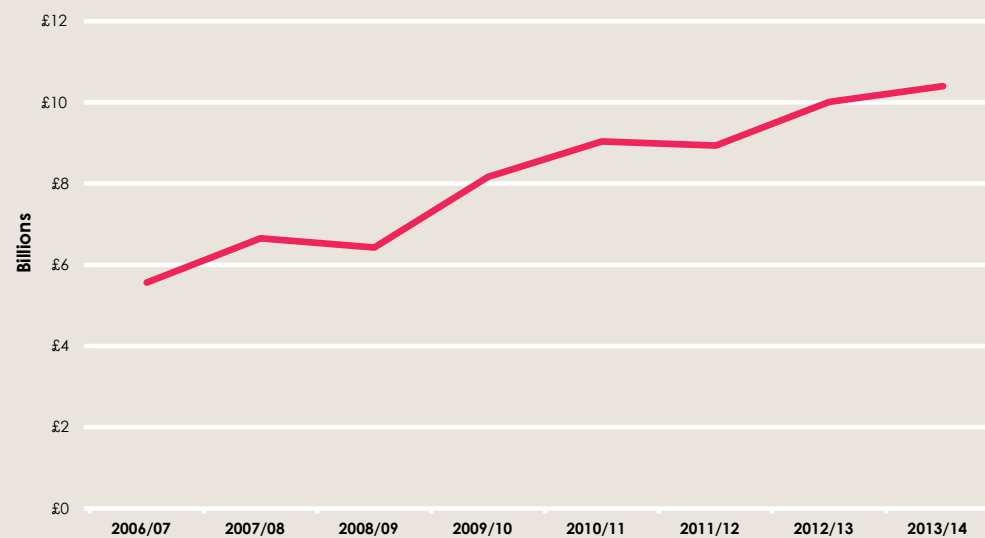
**Source:** *Public Sector Expenditure Analyses 2014* (HM Treasury); Correspondence with HM Treasury as on 13/01/2015.

Figure 4: Percentage change from previous year in funding for a range of service areas



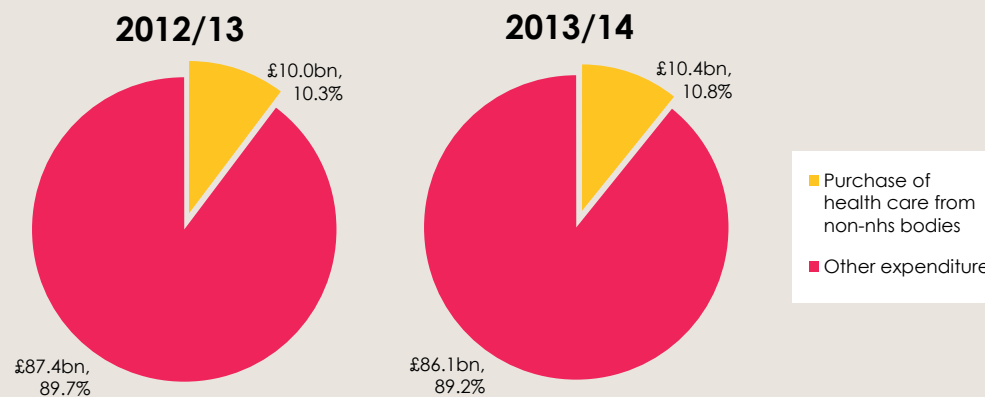
Source: Investment in General Practice; 2009/10 to 2013/14 England, Wales, Northern Ireland and Scotland (HSCIC, 2014); Department of Health annual report and accounts 2013 to 2014 (Department of Health); PCT annual accounts 2010/11 to 2012/13.

Figure 5: Purchase of health care from non-NHS providers from 2006/07 to 2013/14, (2014/15 prices)



Source: National Health Service Commissioning Board annual report and accounts 2013/14 (NHS England); Primary care trusts' financial accounts from 2006/07 to 2012/13.

Figure 6: Purchase of health care from non-NHS providers as a percentage of total spending



Source: National Health Service Commissioning Board annual report and accounts 2013/14 (NHS England); Primary care trusts' financial accounts from 2006/07 to 2012/13.

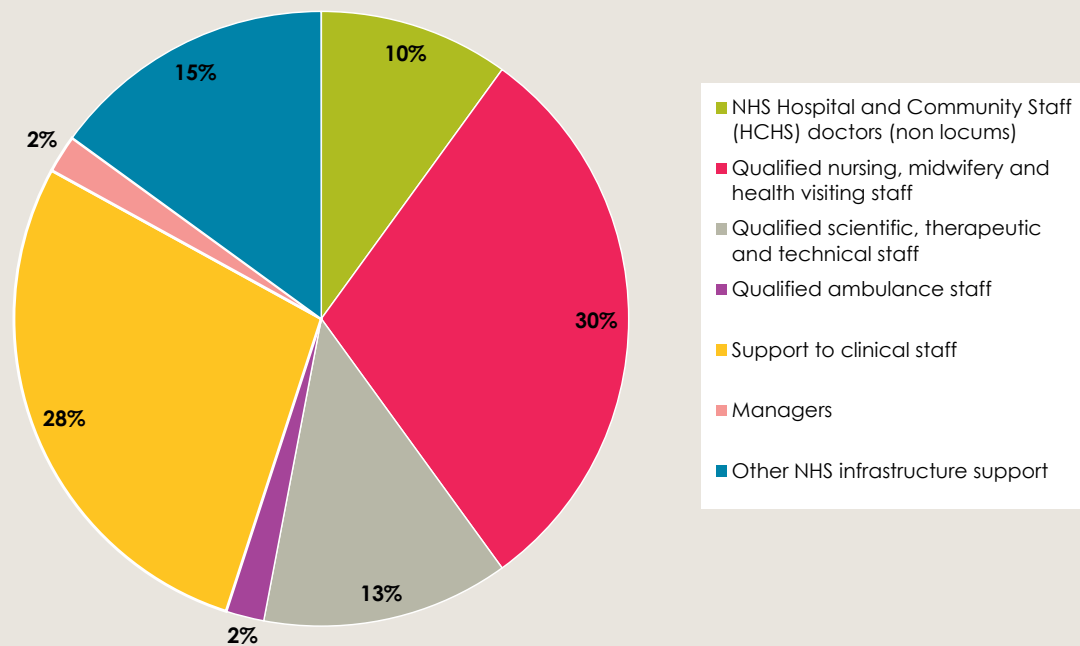
**Table 3: Primary care trust (PCT) spending on community health services provided by the NHS and non-NHS providers from 2009/10 to 2012/13 (2014/15 prices)**

	PCT spending on NHS bodies (£bn, % total share)	PCT spending on independent service providers (ISP) (£bn, % total share)	PCT spending on voluntary and other (£bn, % total share)	Total PCT spending for community health services (£bn)
2009/10	7.24 (82%)	0.92 (10%)	0.65 (7%)	8.81
2010/11	7.26 (80%)	1.04 (11%)	0.74 (8%)	9.04
2011/12	7.09 (74%)	1.38 (14%)	1.12 (12%)	9.59
2012/13	6.99 (69%)	1.84 (18%)	1.31 (13%)	10.14

**Source:** Lafond S and others. *Into the red*. London: Nuffield Trust, 2014.

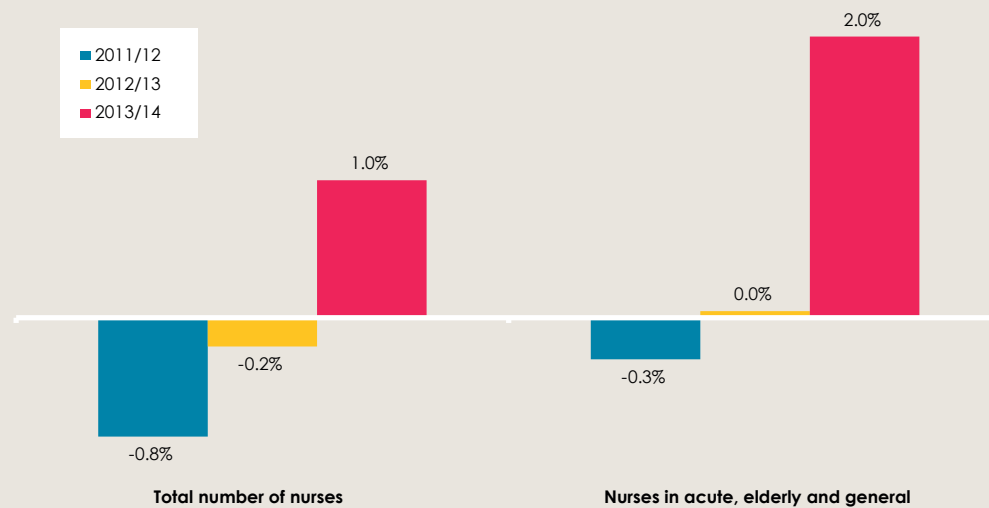


Figure 7: Skill mix in NHS workforce, 2013/14



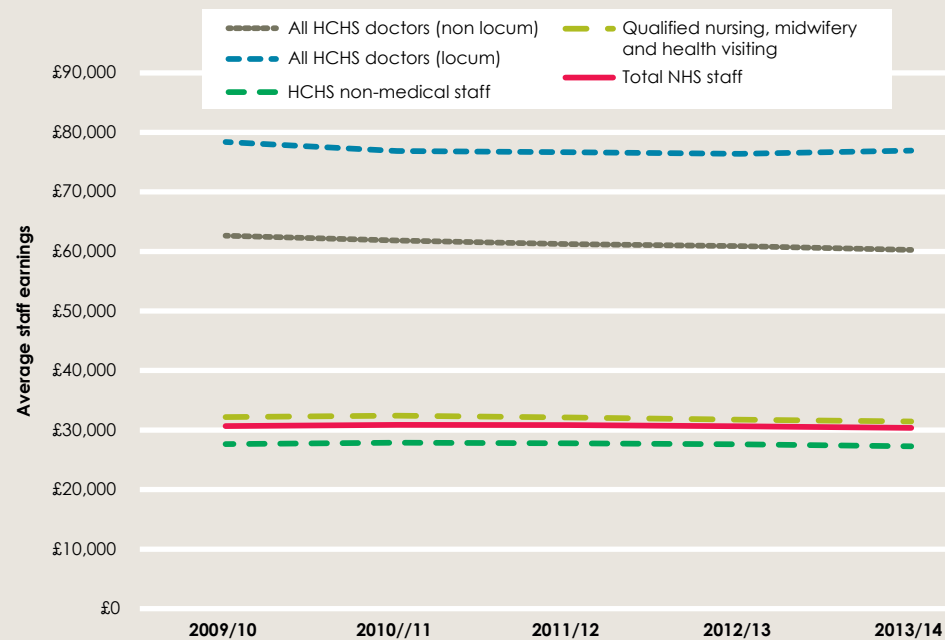
Source: 2014 NHS Workforce Statistics - August 2014 (Health and Social Care Information Centre).

Figure 8: Annual change in the number of nurses from 2011/12 to 2013/14



Source: 2014 NHS Workforce Statistics - August 2014 (Health and Social Care Information Centre)

Figure 9: Average NHS staff earnings from 2009/10 to 2013/14



Source: NHS Staff Earnings Estimates to July 2014 - Provisional statistics (Health and Social Care Information Centre)

**Table 4: Net reported year-to-date surplus/deficit by sector, 2014/15 Q2**

	Net reported surplus/deficit (£m)	Number of trusts in deficit	Total number of trusts	Proportion of trusts in deficit (%)
Acute	-714	115	142	81%
Ambulance	2	5	10	50%
Community	3	3	19	16%
Mental Health	49	12	56	21%
Specialist	30	6	18	11%
<b>TOTAL</b>	<b>-630</b>	<b>141</b>	<b>245</b>	<b>58%</b>

*Source: Paper D: Service and Financial Performance Report for September 2014 (NHS Trust Development Authority); Performance of the foundation trust sector, 6 months ended 30 September 2014 (Monitor).*

**Table 5: Quality, Innovation and Productivity (QIPP) savings, 2011/12 to 2014/15**

Year	Outturn/forecast	Saving (£bn), cash terms	Saving (£bn), (2014/15 prices)
2011/12	Outturn	5.8	6.1
2012/13	Outturn	5.0	5.2
2013/14	Outturn	4.3	4.4
2014/15	Forecast	4.8	4.8
<b>Total</b>		19.9	20.5

**Source:** Correspondence with NHS England, 2014.

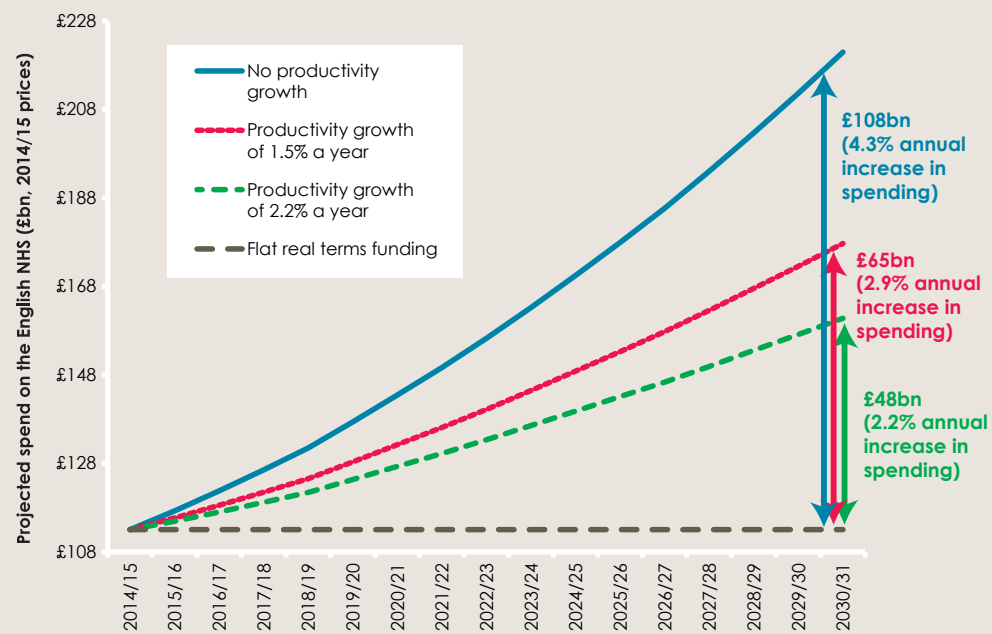
## Funding overview: NHS funding projections

**Table 1: Funding gap for the English NHS in 2020/21 under scenarios from NHS England's *Five year forward view***

Productivity	Funding gap in 2020/21
0.0%	£30bn
0.8%	£21bn
1.5%	£16bn
2.0% - 3.0%	£8bn

**Note:** NHS England's projections of total spending are in cash terms, allowing them to explore the impact of cost pressures (such as pay) separately to assumptions for GDP deflators. The budget for NHS England is then assumed to rise with inflation

Figure 1: Funding pressures on the English NHS in 2030/31 (in 2014/15 prices)

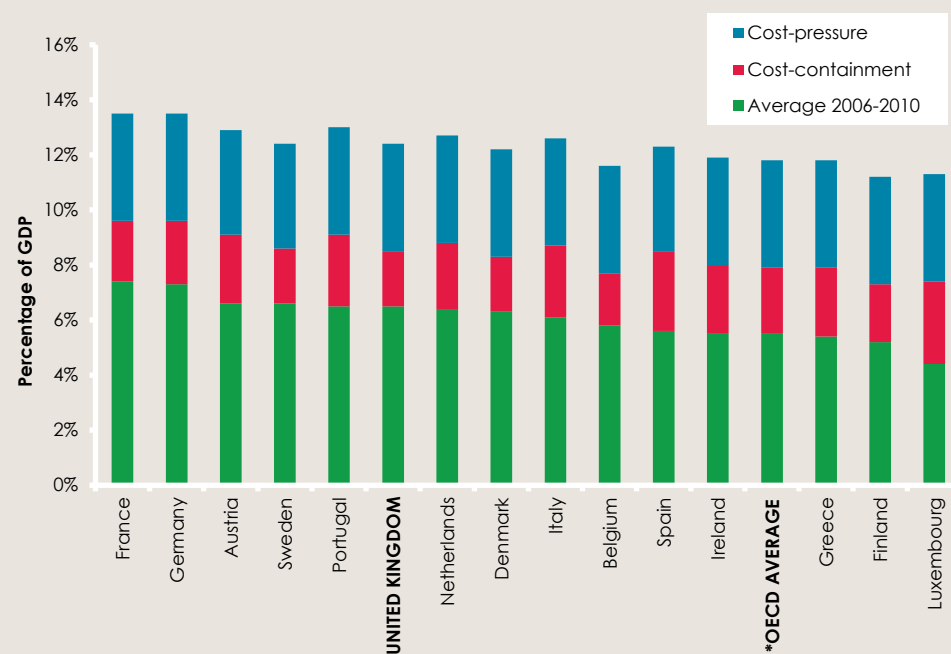




**Table 2: Health Foundation projected funding gap for English NHS in 2030/31 under three assumptions for productivity**

Annual rate of productivity	Average annual real-terms increase in NHS spending pressures	Funding gap in 2030/31 (2014/15 prices):		
		Budget stays flat in real terms	Budget rises by 1.5% a year in real terms	Budget rises by 2.3% a year in real terms
0.0%	4.3%	£108bn	£78bn	£58bn
1.5%	2.9%	£65bn	£34bn	£15bn
2.2%	2.2%	£48bn	£17bn	£2bn surplus

Figure 2: OECD projection for average public spending on health for EU-15 countries, as a percentage of GDP between 2006 and 2010, with projected spend in 2060 under both cost-containment and cost-pressure assumptions



Source: OECD, Public spending on health and long-term care: a new set of projections.