

The People's Inquiry into Healthcare – the financial challenge

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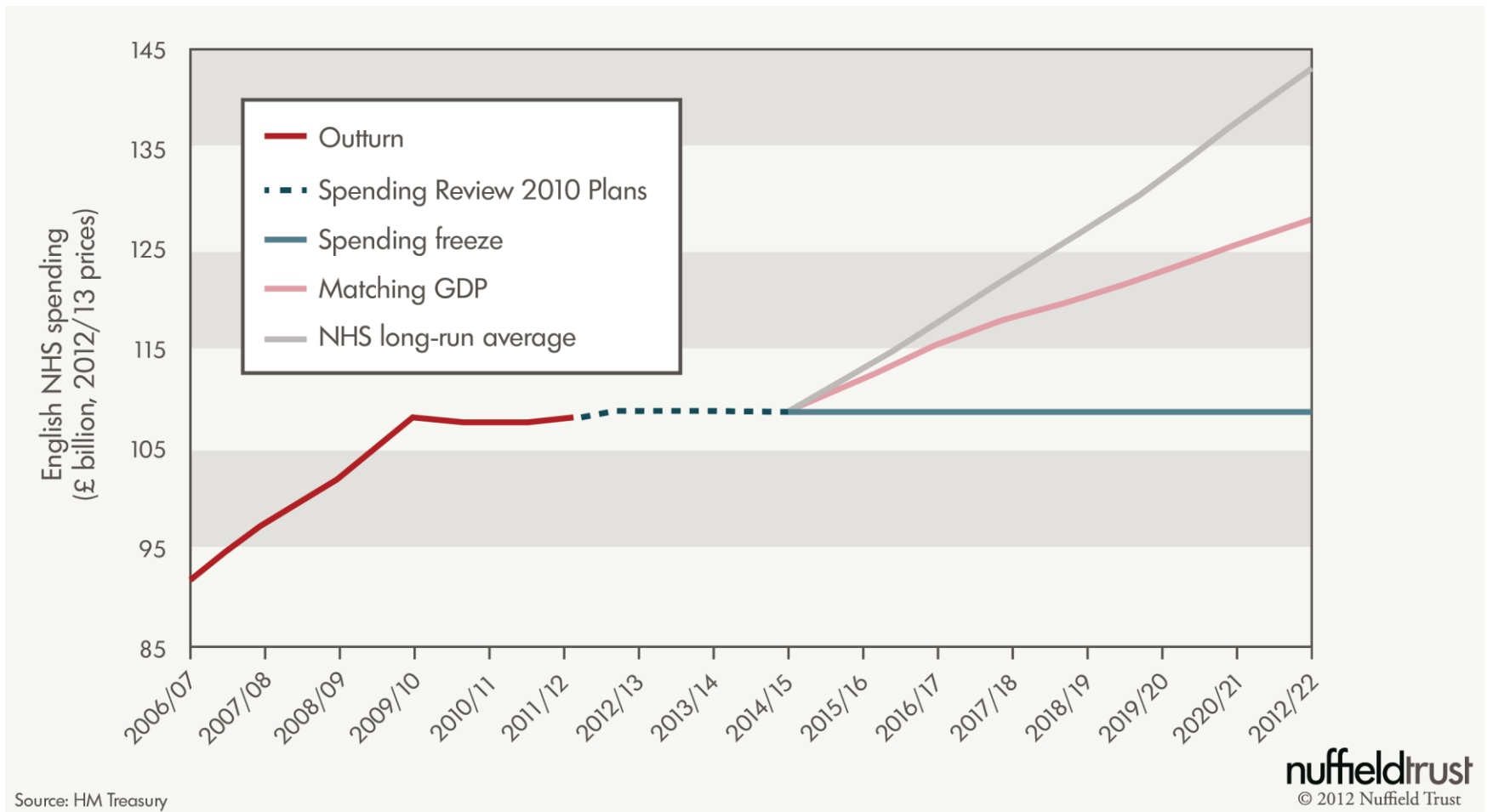
www.nuffieldtrust.org.uk/nhs-financial-challenge

20th December 2013

The magic circle: health spending increases rapidly, overall public spending and tax falls

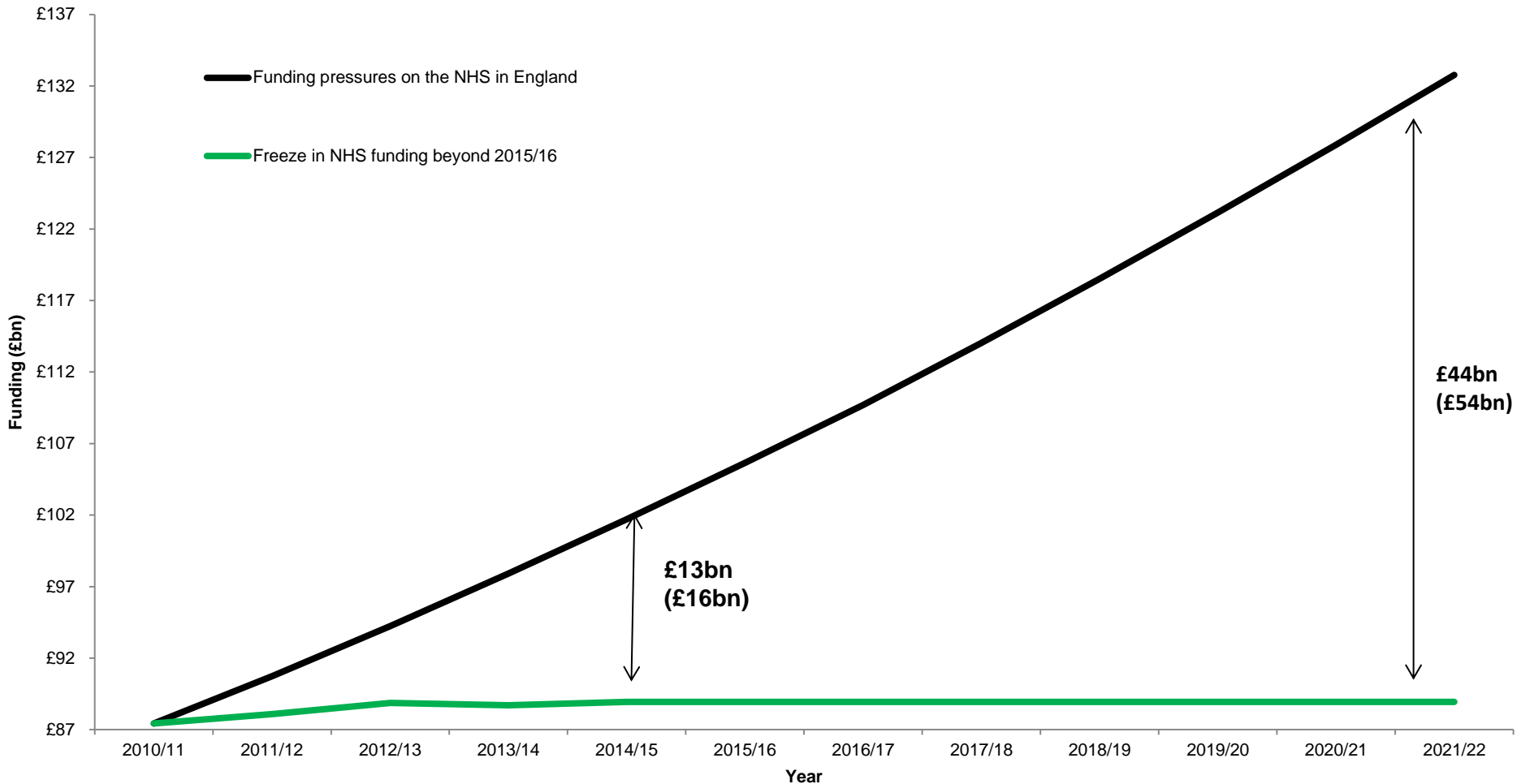
Share of GDP	TME	Health spending	Other public services	Welfare and debt interest	Receipts
1978-79	45.1%	4.4%	25.9%	14.7%	40.1%
2007-08	40.7%	7.1%	20.3%	13.2%	38.6%
Difference	- 4.4	+2.7	-5.6	-1.5	-1.5

Three NHS funding scenarios (real terms)

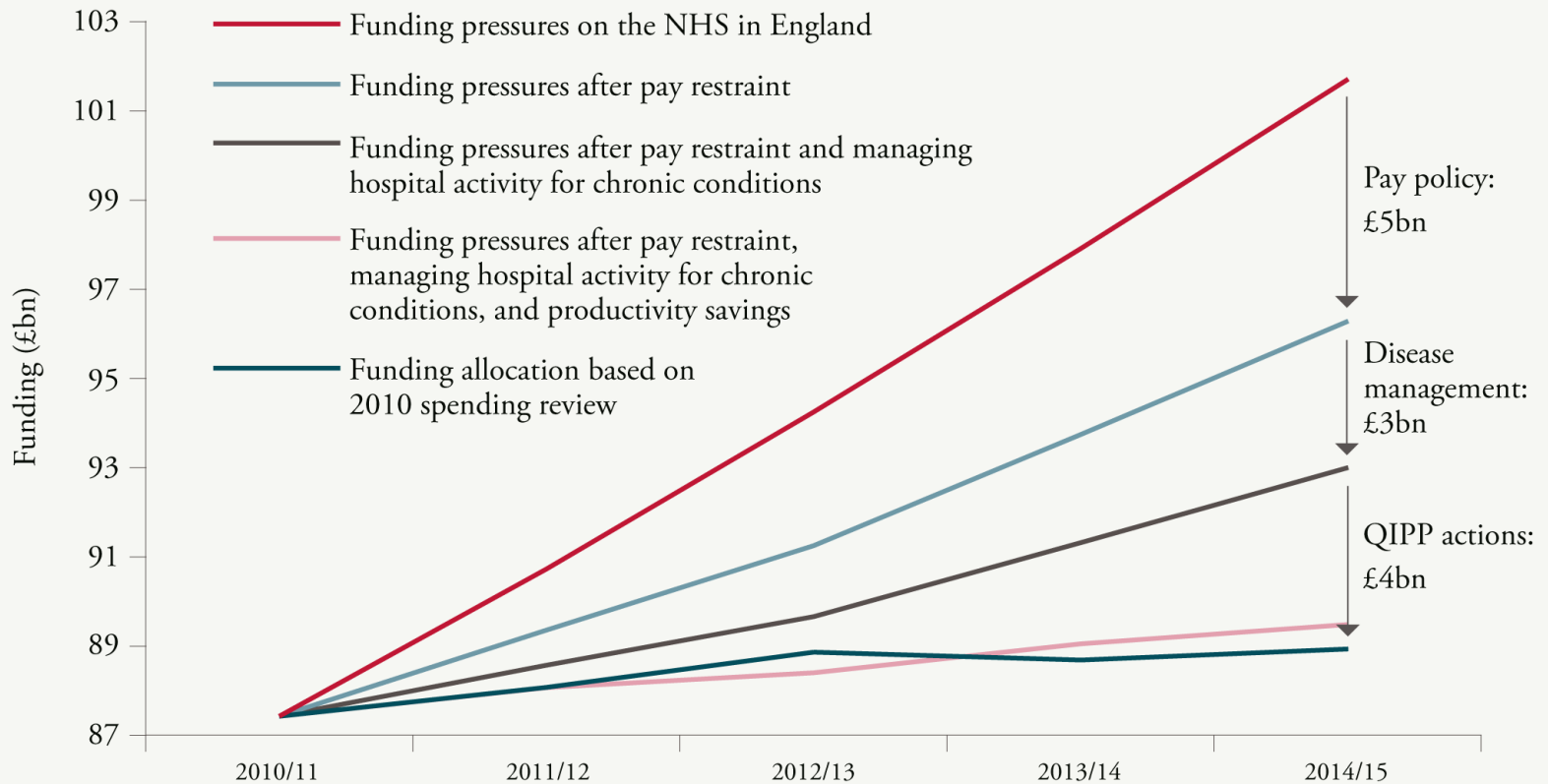


Source: HM Treasury

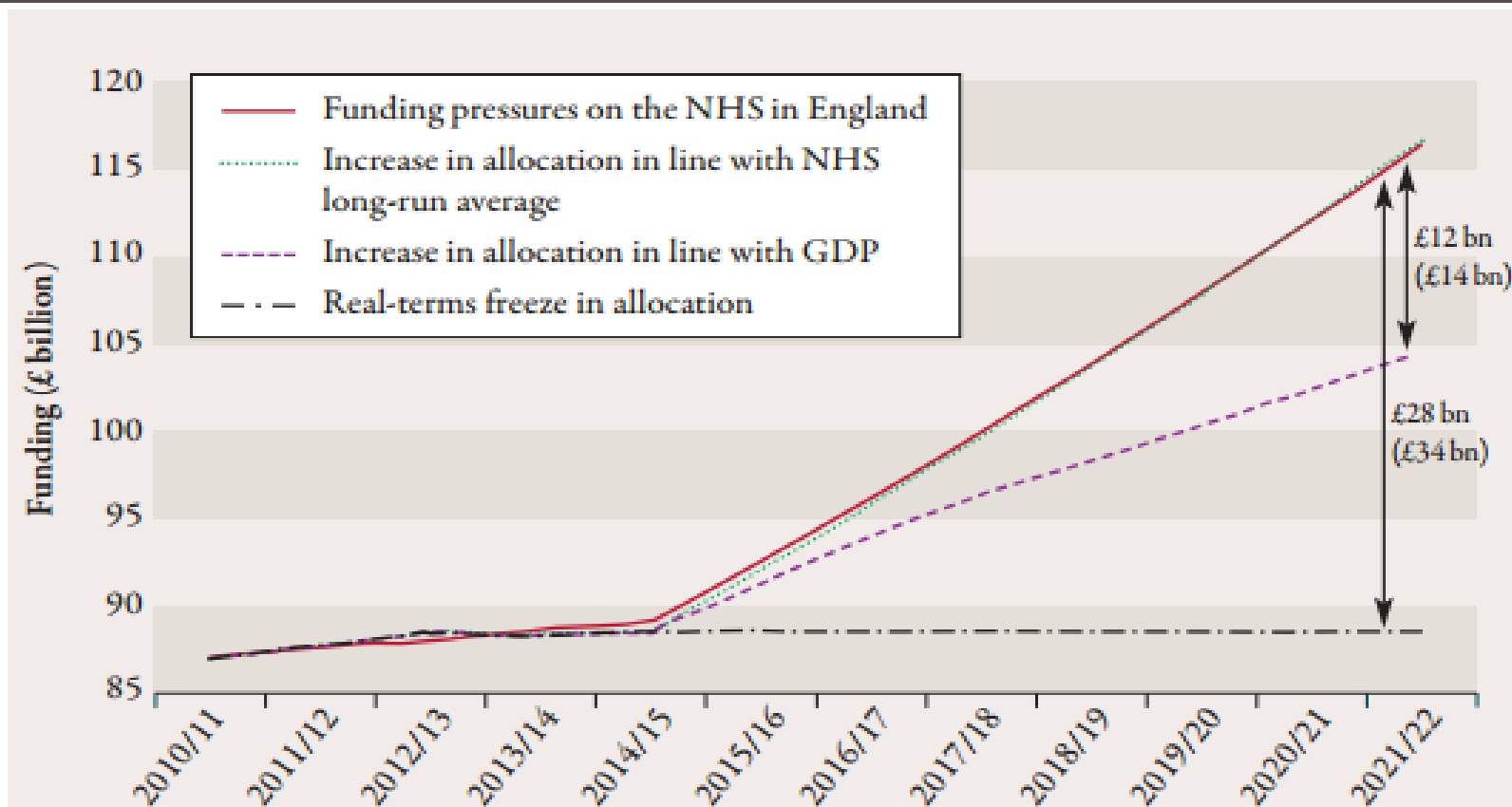
Projected funding gap in 2021/22 – Base Case



Closing the gap in 2014/15

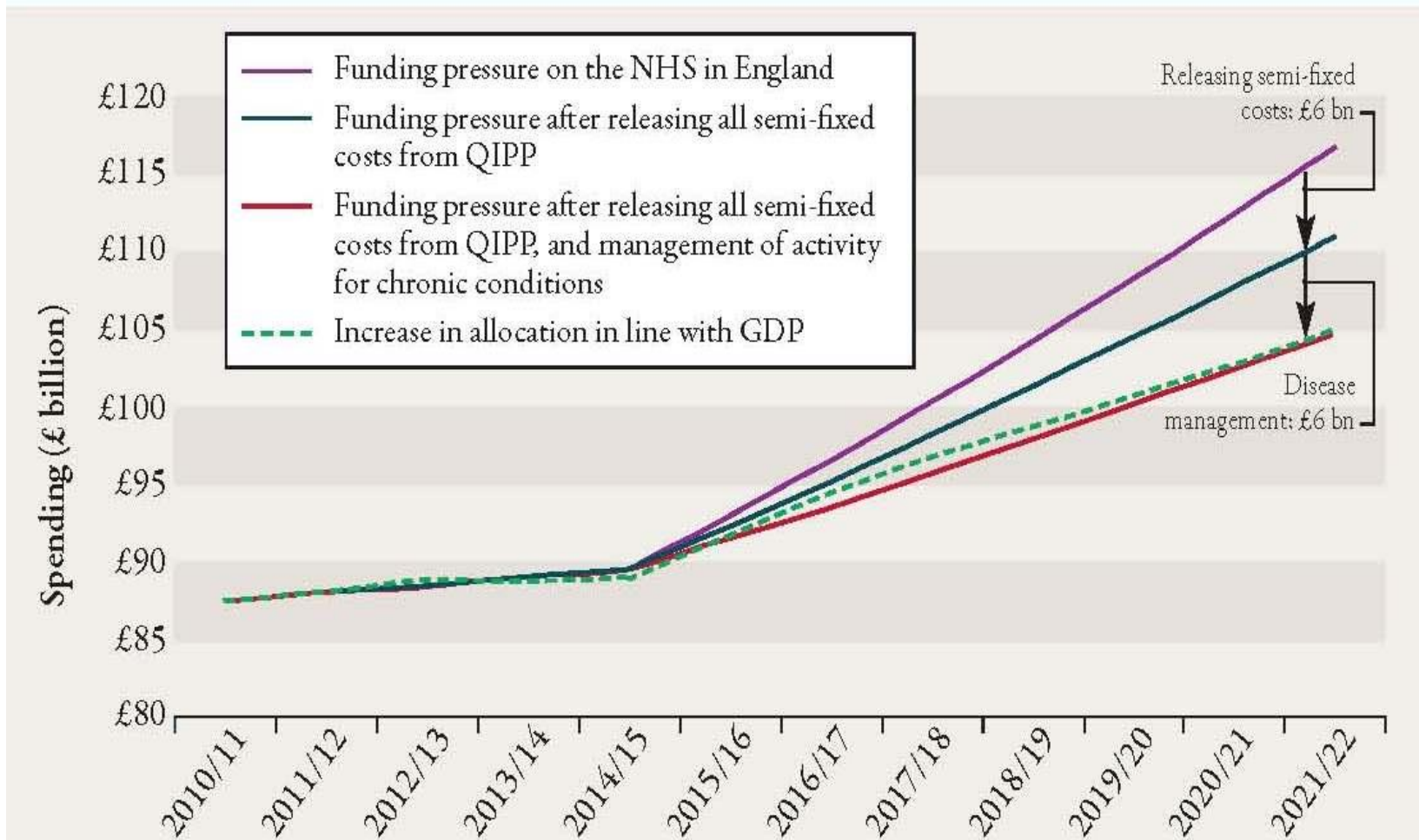


Funding gap in 2021/22 under three scenarios from the IFS

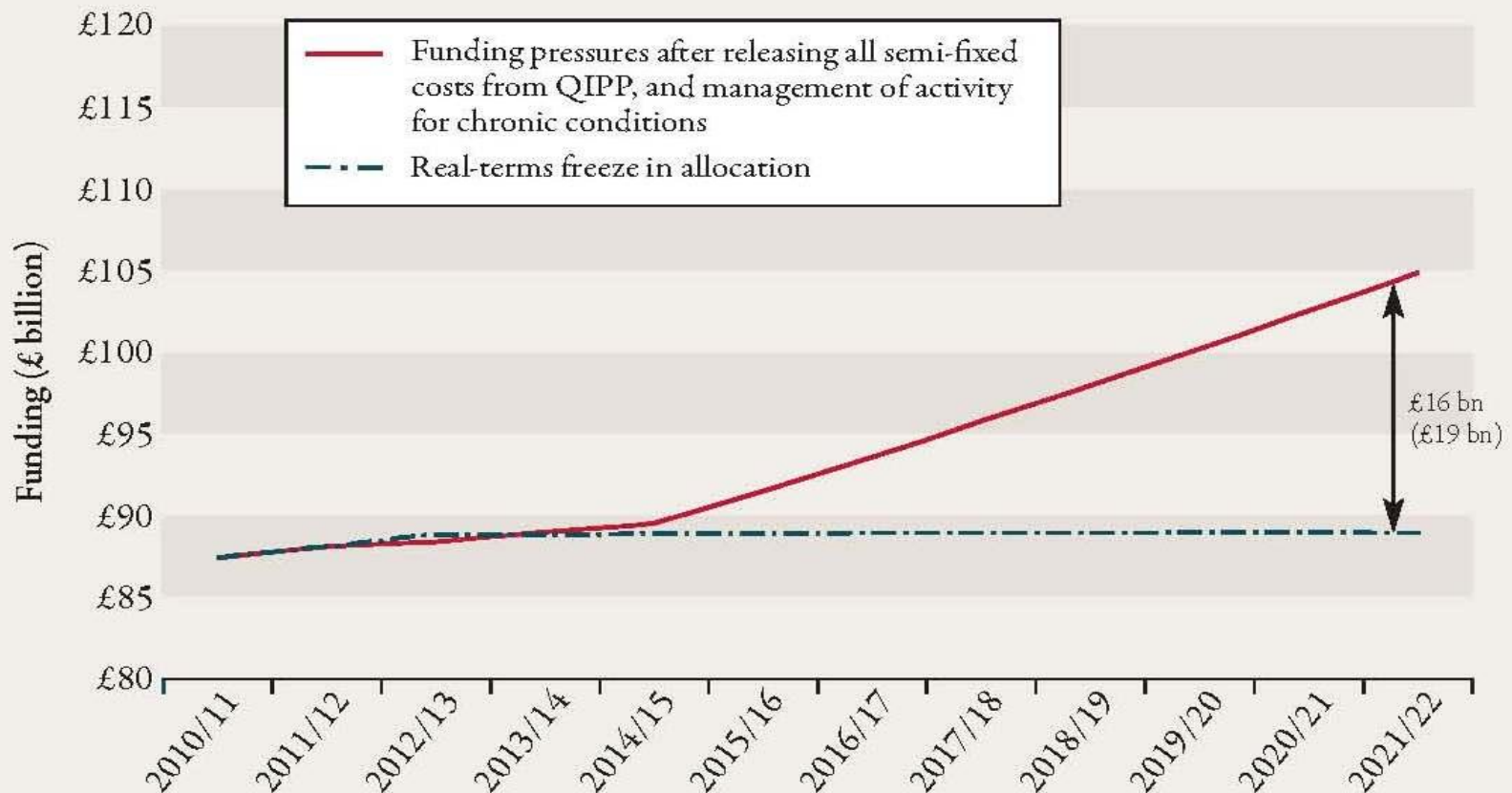


Note: The funding gap for PCT-commissioned NHS services in England is displayed together with the estimate for the departmental expenditure limit, in brackets.

Closing the funding gap result from funding growth in line with economic –wide inflation: 2015/16 – 2021/22

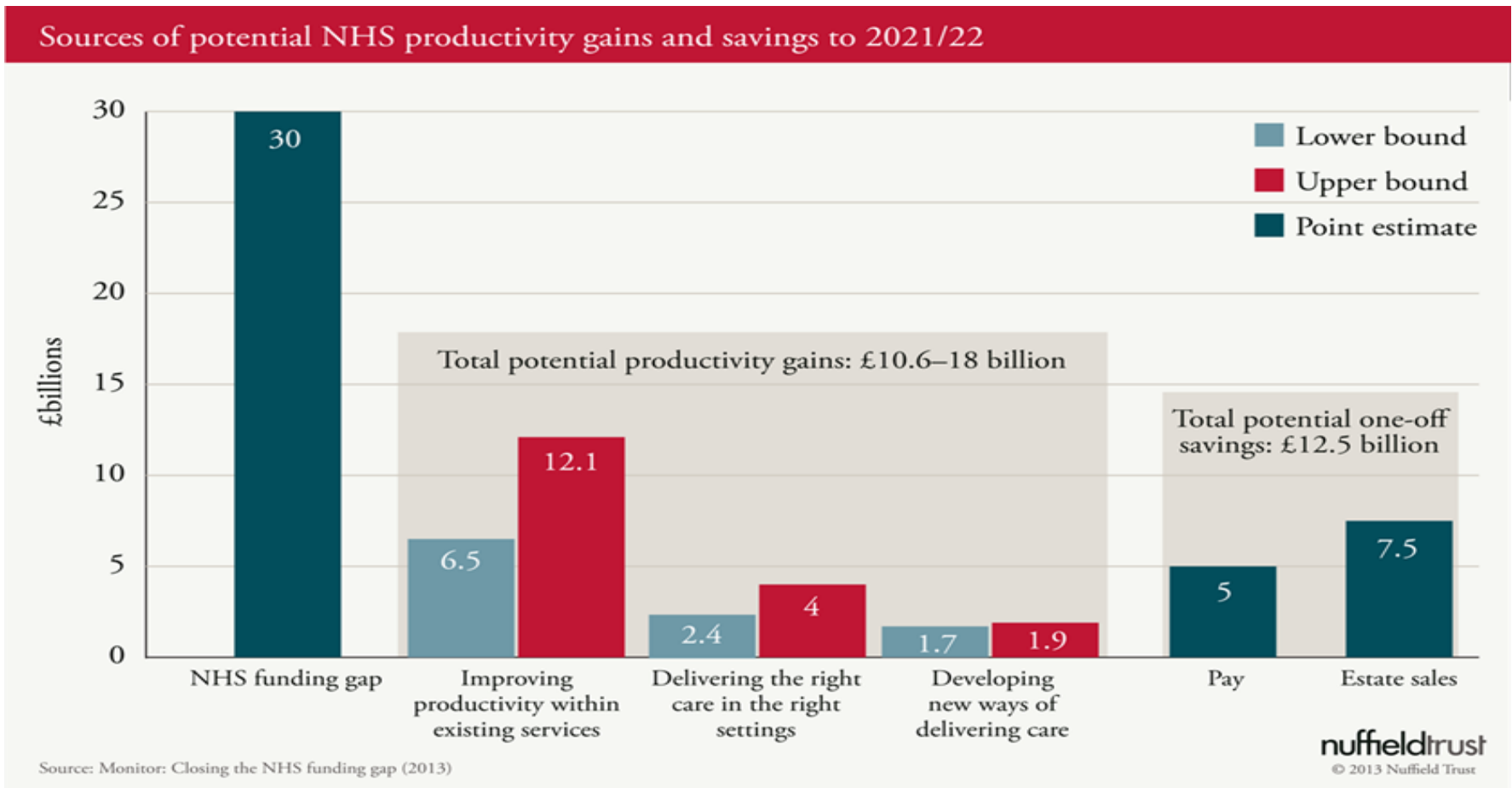


The remaining financial challenge if funding for the NHS is frozen between 2015/16 – 2021/22

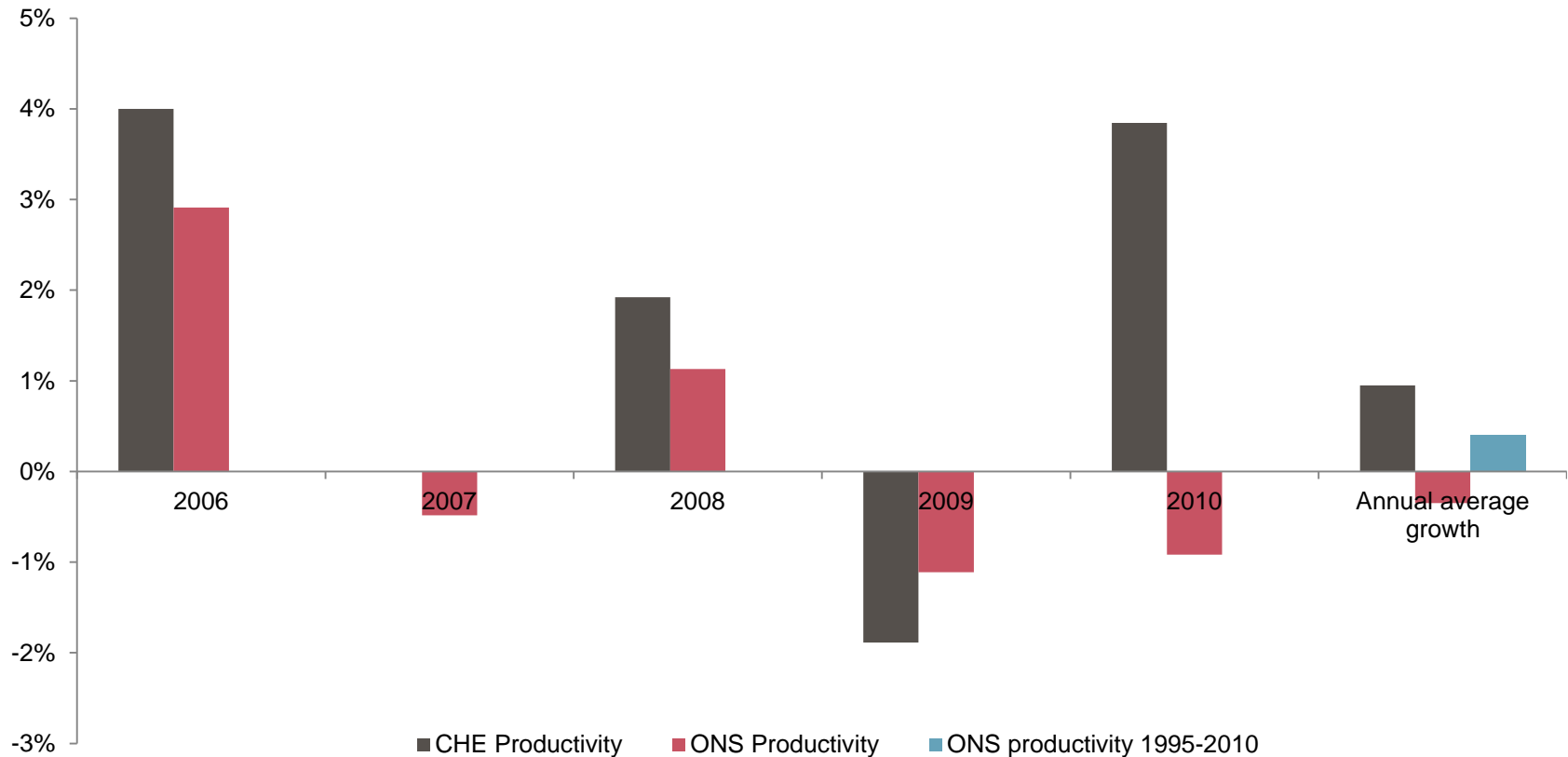


Note: The funding gap for PCT-commissioned NHS services in England is displayed together with the estimate for the departmental expenditure limit, in brackets.

Monitor estimates of productivity potential



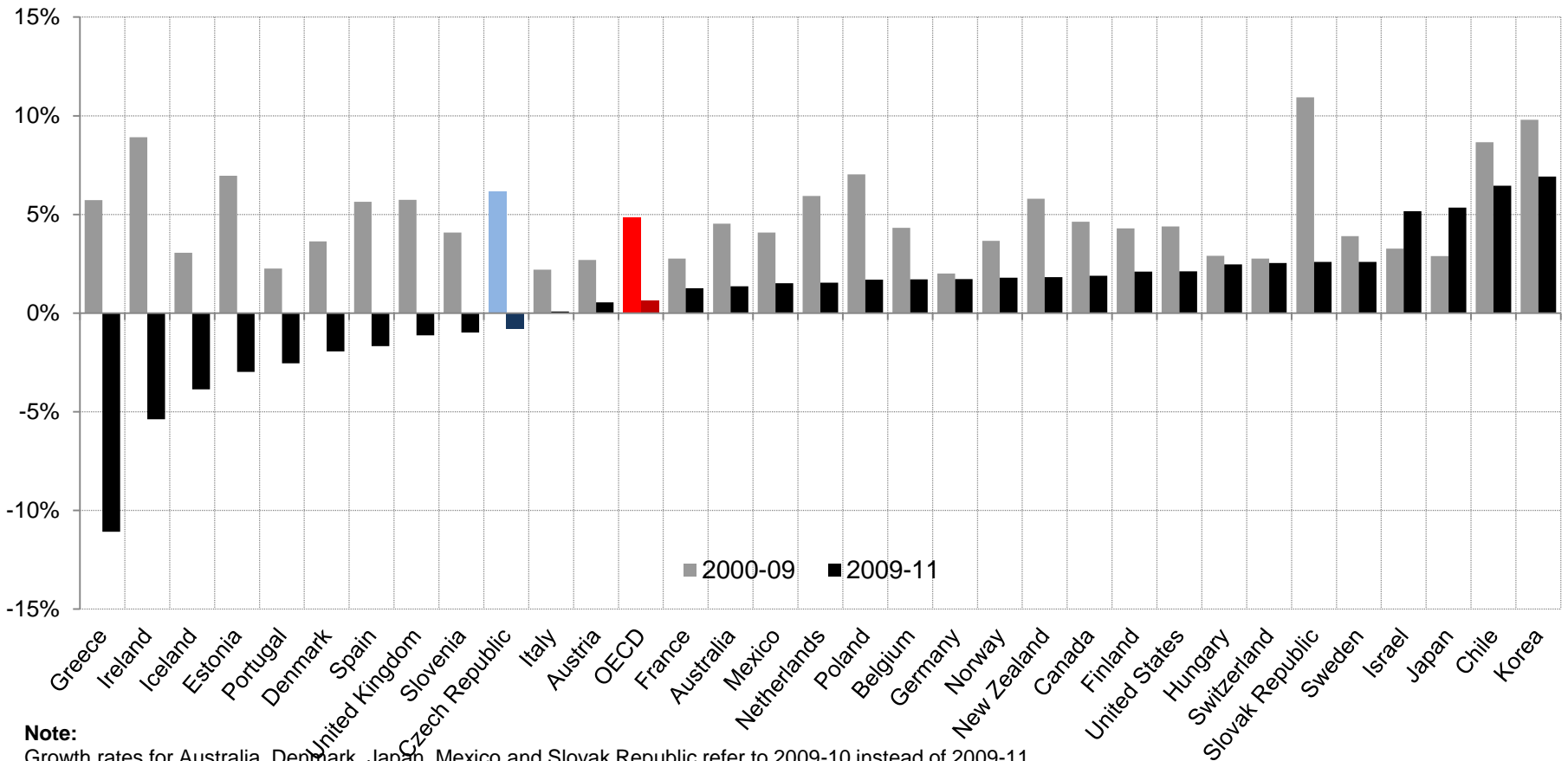
Healthcare productivity growth rates: Comparison of ONS UK estimates and York University England estimates



London – the financial position is getting more challenging

- London PCT and SHA surplus was £333 million in 2012/13.
- Although 9/12 PCTs that received additional financial support were in Greater London. They received support totalling £142 million.
- Provider surplus was much lower at £58 million – but position is uneven 4 London NHS Trusts had a combined deficit of £117 million (South London, Barking, Havering and Redbridge, North West London, Epsom and St Helier).
- 2013/14 at least 8 NHS Trusts in London forecasting a deficit in 2013/14 – additional 4 are Barnet and Chase Farm, Barts, Croydon and Lewisham. (July data)
- London has a small number of Foundation Trusts (19) but these are performing well financially – EBITDA 5.9% at Q” 2013/14 (they are mainly teaching hospitals and mental health trusts)

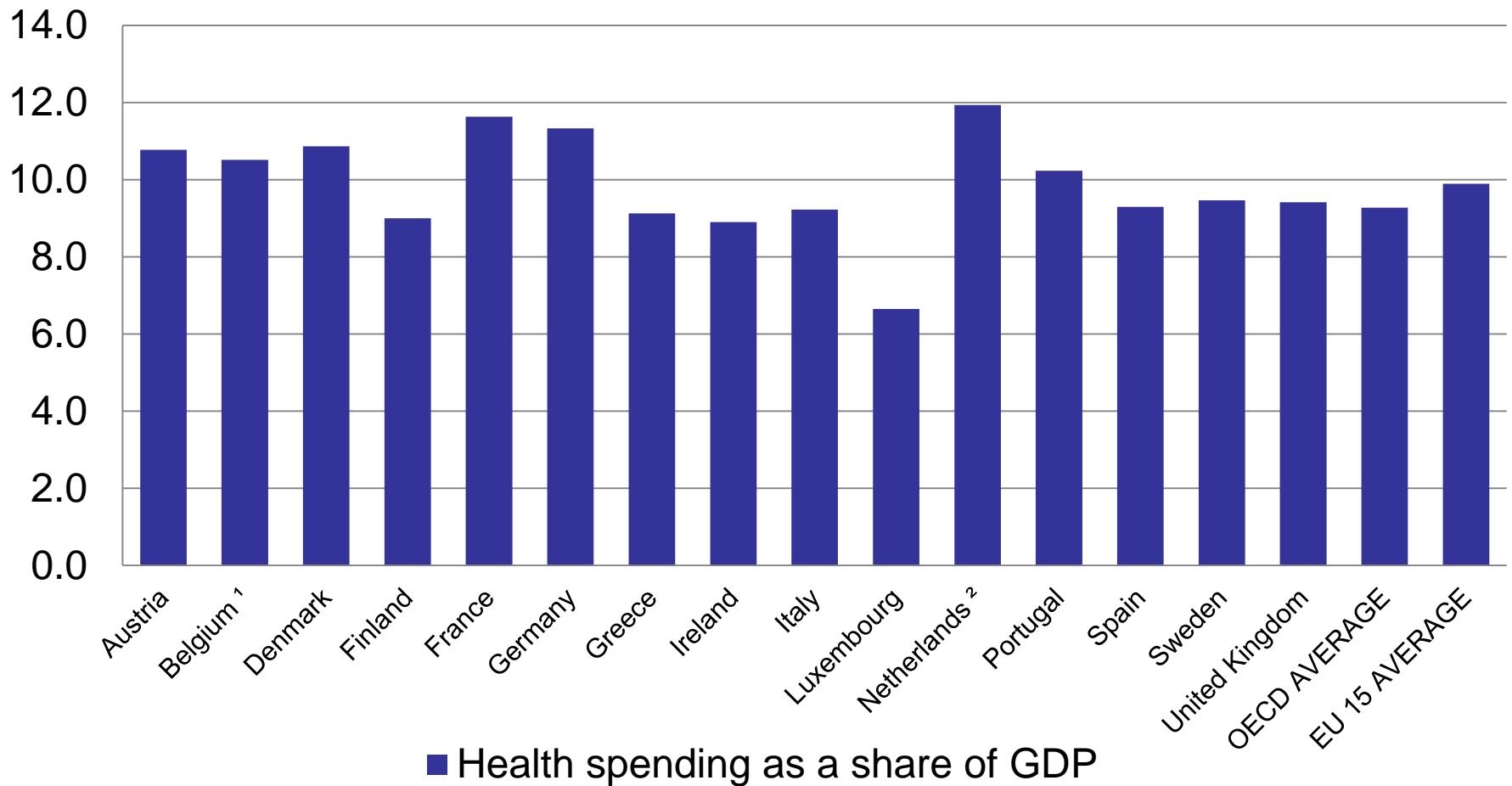
Average annual growth in health spending across OECD countries in real terms, 2000-2011



Note:

Growth rates for Australia, Denmark, Japan, Czech, Mexico and Slovak Republic refer to 2009-10 instead of 2009-11
Growth rates for 2009-11 are not available for Luxembourg, and Turkey.

Total health spending (public and private) as a share of GDP EU15 2011



EU 15 health spending

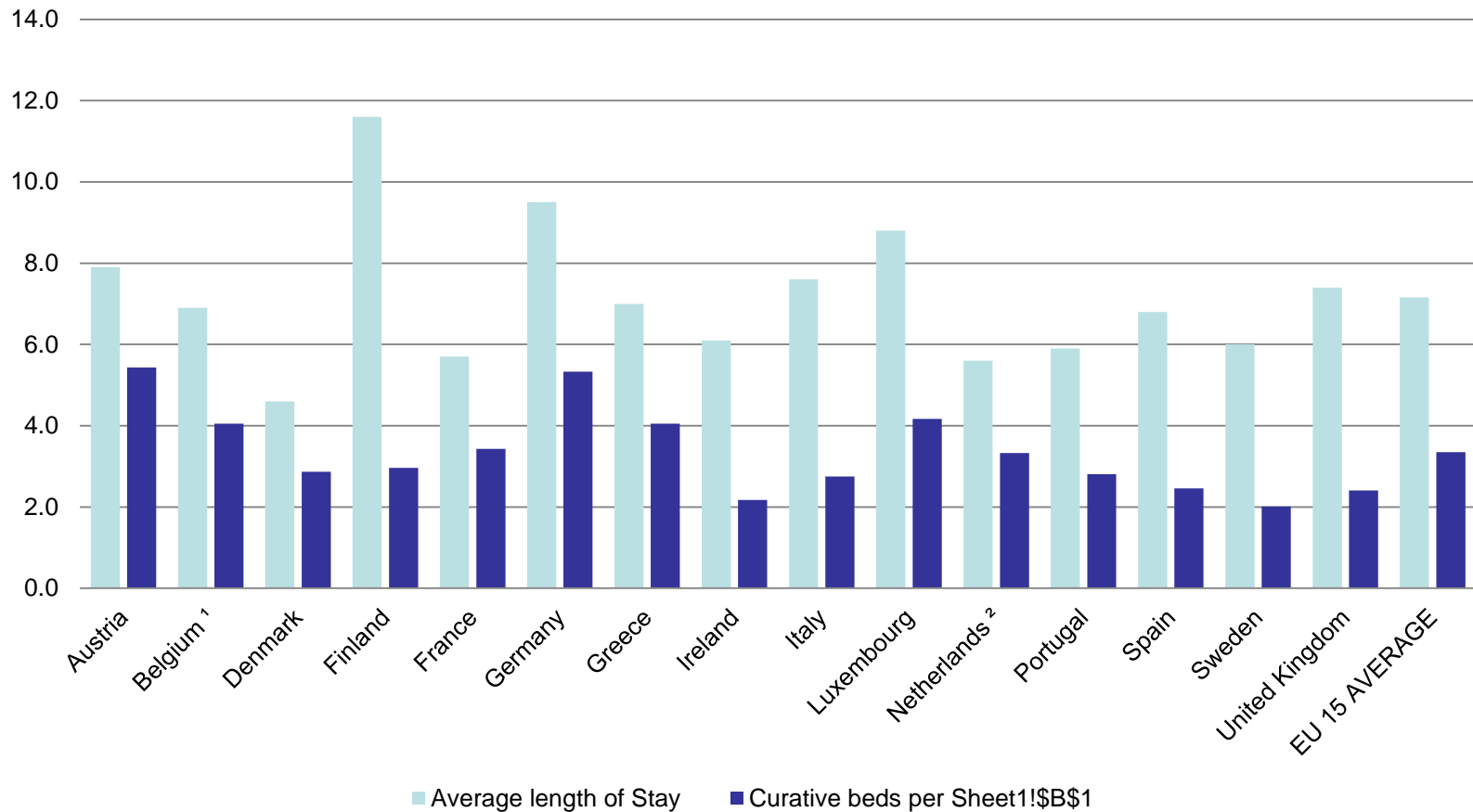
		Total expenditure				Public expenditure			
		2000-2009	2009-2010	2010-2011	2011-2012	2000-2009	2009-2010	2010-2011	2011-2012
Austria		2.7%	0.8%	0.3%	..	2.8%	0.2%	0.9%	..
Belgium	(1)	4.3%	1.5%	1.9%	..	4.6%	0.3%	3.0%	..
Denmark		3.6%	-1.9%	..	..	3.8%	-1.8%	..	..
Finland		4.3%	7.5%	-3.0%	1.4%	4.9%	7.8%	-3.0%	1.4%
France		2.8%	1.2%	1.3%	..	2.4%	1.1%	1.1%	..
Germany		2.0%	2.4%	1.1%	..	1.6%	2.3%	0.7%	..
Greece		5.7%	-11.2%	-11.0%	..	7.3%	-13.2%	-13.3%	..
Ireland		8.9%	-7.7%	-3.0%	..	8.5%	-11.5%	-6.6%	..
Italy		2.2%	1.8%	-1.6%	-3.0%	2.9%	1.3%	-2.4%	-2.6%
Luxembourg		3.8%	..	..	..	3.6%	..	..	..
Netherlands		5.9%	3.2%	-0.1%	..	8.7%	3.3%	-0.2%	3.6%
Portugal		2.3%	1.8%	-6.7%	..	2.2%	0.9%	-8.0%	..
Spain		5.6%	-0.5%	-2.8%	..	6.1%	-1.2%	-4.3%	..
Sweden		3.9%	1.5%	3.7%	..	3.4%	1.5%	3.8%	..
United Kingdom		5.7%	-1.9%	-0.4%	..	6.2%	-0.7%	-1.2%	..
OECD average		4.3%	-0.1%	-1.6%		4.6%	-0.7%	-2.3%	

1. Excluding investments.

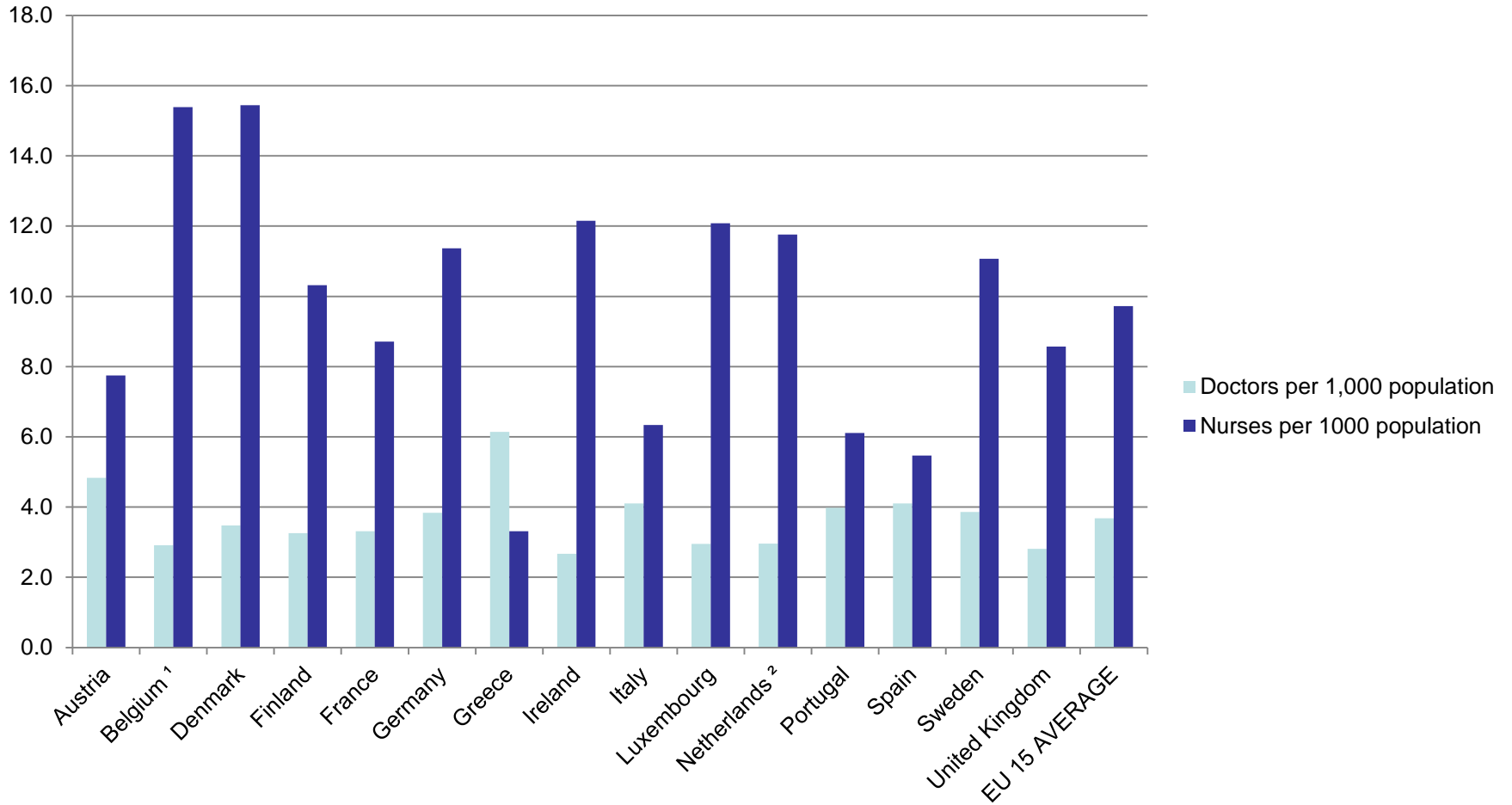
2. Growth rates for Chile calculated using the Consumer Price Index (CPI).

3. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Average Length of Stay and Acute Care beds Across the EU15 in 2011



Doctor and Nurses per head





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