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INTRODUCTION TO THE NHS

ACB MANAGEMENT & LEADERSHIP COURSE AUG 2024

STUART WAYMENT FCMA, CGMA

HEAD REGIONAL NHS FINANCE ACADEMY SOUTH EAST

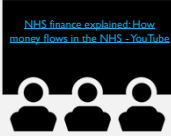


STRUCTURE & MONEY FLOW

INTRODUCTION TO NHS FINANCE



INTRODUCTION TO NHS FINANCE



<https://www.youtube.com/playlist?list=PLLI7xGVTFMMxrjyvvNQxCRhdjKk-SukH>

3

HOME NATIONS

Different arrangements apply

Closer Politics

Boards

No Purchaser/Provider split

No PBR

24 The NHS in the UK


The NHS in Scotland, Wales and Northern Ireland

The healthcare service in Scotland is completely devolved, meaning that responsibility for it rests with the Scottish Government. The Scottish Government set national objectives and priorities for the NHS that should be delivered and monitored via NHS Boards and Special NHS Boards.

Fourteen NHS Boards – these replaced trusts in 2004 and cover the whole of Scotland. They are all purpose organisations that are expected to plan, commission and deliver NHS services for their area. They take overall responsibility for the health of their populations and commission all services including GP, dental, community care and hospital care. These boards are expected to work together regionally and nationally on that specialist healthcare – for example, oncology – is currently commissioned. As a result, the boards have representation or partnerships with community health and social care teams and there is close involvement of local authorities, academia and public.

Seven Special Boards and a Health Improvement Board provide national services and scrutiny as well as public assurance of healthcare.

www.nhs.uk



NI 1.6bn
£ 4.0bn
W 2.2bn
£ 4.0bn
NI 1.6bn
£ 4.0bn
W 2.2bn
£ 4.0bn

25 The NHS in the UK

Understanding The New NHS

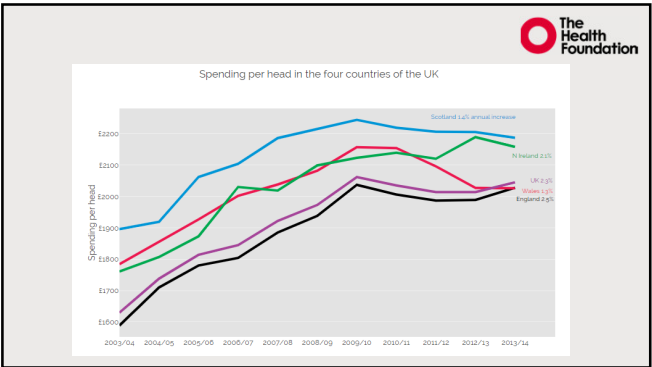
The NHS in Wales is devolved, and is the responsibility of the Welsh Government.

Seven Local Health Boards plan, secure and deliver healthcare services for their populations.

There are three National Boards: the Welsh Ambulance Service, Mental Health Trusts (providing specialist services in mental health and other national support) and the new Public Health Wales for Wales.

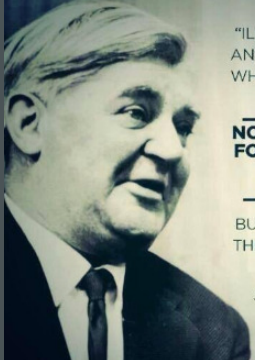
Seven Community Health Councils represent the health and wellbeing interests of the public in their districts.

www.wales.nhs.uk



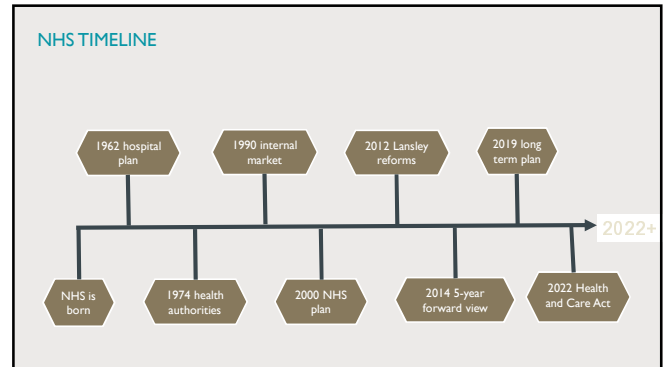
THE NHS IS BORN

"No society can legitimately call itself civilised if a sick person is denied medical aid because of lack of means"



"ILLNESS IS NEITHER AN INDULGENCE FOR WHICH PEOPLE HAVE TO PAY, NOR AN OFFENCE FOR WHICH THEY SHOULD BE PENALISED, BUT A MISFORTUNE, THE COST OF WHICH SHOULD BE SHARED BY THE COMMUNITY."

ANEURIN BEVAN



- Medicines & Healthcare products Regulatory Agency
- UK Health Security Agency



Department of Health & Social Care

- NHS Blood and Transplant
- NHS Business Services Authority
- NHS Resolution
- NHS Counter Fraud Authority

Commissioners

- NHS England

Central Support and Improvement

- National Institute of Health and Care Excellence
- Health Education England
- NHS Digital

Regulators

- Care Quality Commission
- NHS England
- Human Fertilisation and Embryology Authority
- Human Tissue Authority
- Health Research Authority



WHO DOES WHAT?

From the budget, the DHSC has to pay its internal costs and fund 14 other partner organisations, including amongst others:

The Care Quality Commission who monitor, inspect, and regulate health and social care services to ensure they meet quality and safety standards.

Health Education England who are responsible for the education and training of the Healthcare Workforce.

National Institute for Health Protection who are replacing Public Health England. This new organisation will contain NHS Test and Trace and the Joint Biosecurity Centre, alongside absorbing Public Health England's current functions which include responding to threats from environmental hazards and infectious diseases, preventing poor health and reducing health inequalities.

And NHS England who support the NHS to deliver improved care for patients through 7 regional teams.

Health Education England and NHS Digital are set to merge with NHS England in 2023.

COMMISSIONING

Majority of NHS England budget is allocated to Integrated Care Boards (ICBs). £107.8bn

ICBs replaced Clinical Commissioning Groups in July 2022.

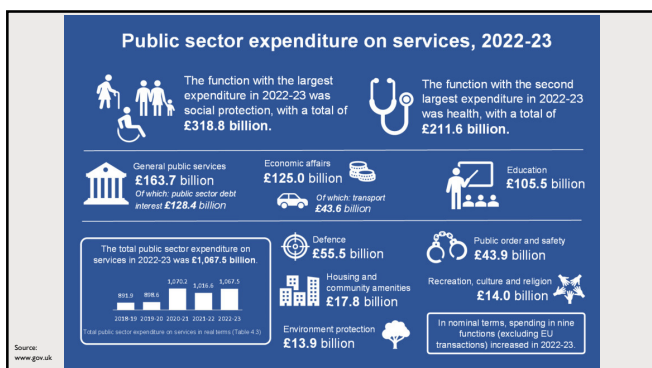
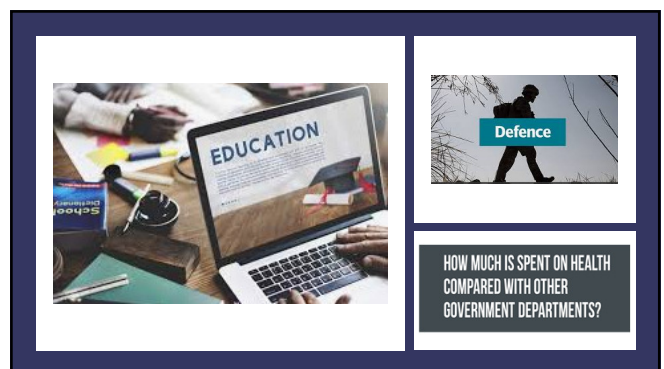
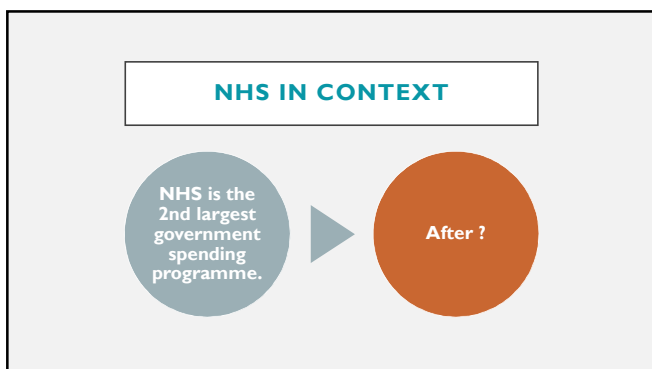
42 ICBs. Each Integrated Care System (ICS) has an ICB.

ICBs plan and commission services for their patients, including:

- Planned hospital care
- Rehabilitative care
- Urgent and emergency care including out-of-hours and NHS 111
- Most community health services and
- Mental Health and Learning Disability services

The intention is that ICBs could be responsible for the commissioning and arranging of primary medical services, dentistry (primary, community and secondary services), community pharmacy and general ophthalmology in the future.

ICBs are accountable for NHS spend and performance within the system



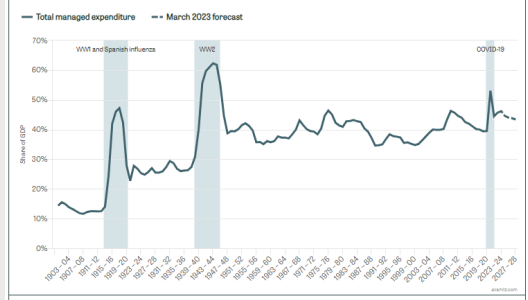
HOW IS THE NHS FUNDED?

Public funding for health services in England comes from the Department of Health and Social Care's budget. The Department's spending in 2022/23 was **£181.7 billion**. The vast majority of this spending (**94.6%**, or £171.8 billion) was on day-to-day items such as staff salaries and medicines. The remainder was largely capital expenditure on long-term fixed assets such as new buildings or equipment.

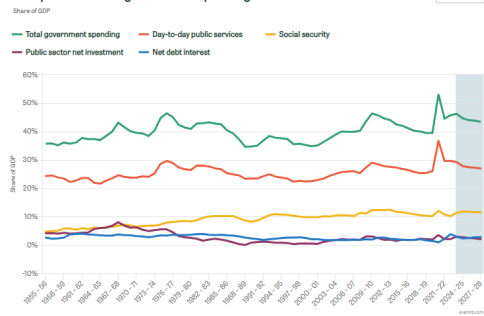
Of the day-to-day spending, most (£155.1 billion in 2022/23) was allocated to NHS England for spending on health services. The remainder was allocated to central budgets of the Department of Health and Social Care and its other arms-length bodies such as the UK Health Security Agency and the Office for Health Improvement and Disparities.

Source: www.kingsfund.org.uk

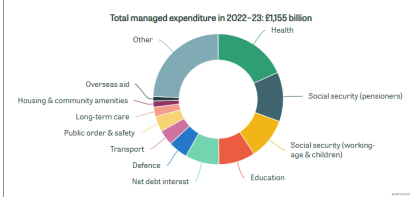
UK government spending over time



Components of UK government spending since 1955-56



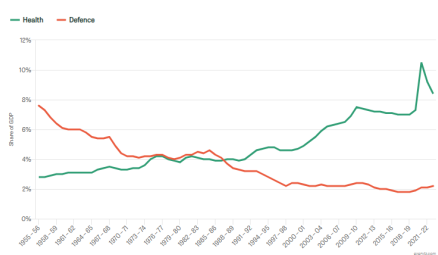
Components of UK government spending in 2022-23



PUBLIC FUNDING

HEALTH SPENDING

Health and defence spending as shares of GDP, between 1955-56 and 2022-23



		1978-79	1996-97	2007-08	2022-23
Health	% of TME	9.4	13.0	16.0	18.3
	£ billion	44.4	74.7	141.6	211.6
Education	% of TME	11.9	11.5	12.5	9.1
	£ billion	55.9	66.0	110.2	105.5
Defence	% of TME	9.6	6.7	5.3	4.9
	£ billion	45.4	38.6	47.2	55.5
Social security (pensioners)	% of TME	12.0	14.7	14.9	12.2
	£ billion	56.7	84.5	131.8	141.2
Social security (working-age and children)	% of TME	8.5	14.2	13.1	10.2
	£ billion	40.3	81.6	115.5	117.5
Public order and safety	% of TME	3.3	5.0	5.0	3.8
	£ billion	15.4	28.6	44.4	43.9
Transport	% of TME	3.6	2.9	3.3	3.8
	£ billion	16.9	16.6	28.9	43.6
Housing and community amenities	% of TME	6.3	1.7	2.1	1.5
	£ billion	29.9	10.0	18.2	17.8
Overseas aid	% of TME	1.0	0.6	0.8	1.1
	£ billion	4.9	3.6	7.4	12.6
Long-term care	% of TME	-	2.3	2.9	2.4
	£ billion	-	13.2	25.7	28.1
Net debt interest	% of TME	8.4	7.4	6.5	8.4
	£ billion	39.4	42.3	40.1	97.2

SPENDING BY FUNCTION, AS A % OF TOTAL MANAGED EXPENDITURE AND IN £BILLION (2022-23 PRICES)

HEALTH EXPENDITURE AS % OF GDP BY COUNTRY



www.health.org.uk/fundingbriefing

© The Health Foundation 2015

HEALTH EXPENDITURE AS % OF GDP BY COUNTRY

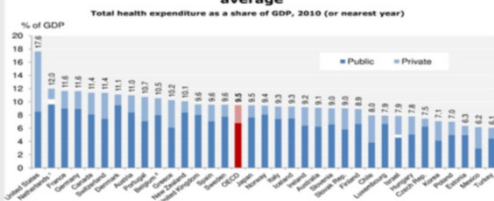


www.health.org.uk/fundingbriefing

© The Health Foundation 2015

HEALTH EXPENDITURE AS % OF GDP BY COUNTRY

At 17.6% of GDP in 2010, US health spending is one and a half as much as any other country, and nearly twice the OECD average

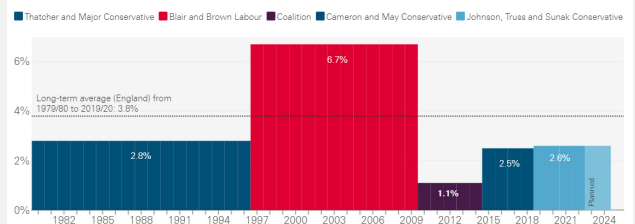


1. In the Netherlands, it is not possible to clearly distinguish the public and private share related to investments.
2. Total expenditure excluding investments.
3. Information on data for Israel: <http://data.oecd.org/15.1797989932335602>.

Source: OECD Health Data 2012.

Under current plans the growth in health funding would fall below the long-term historical average

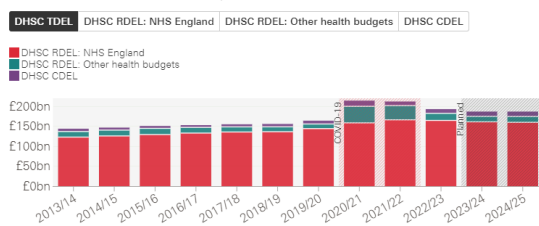
Average real-terms growth in total health spending (DHSC TDEL) by government



Department of Health and Social Care funding levels

DHSC total departmental expenditure limit (TDEL) sets the limit on health care funding in England. It is made up of revenue (RDEL) and capital (CDEL) funding. Most revenue funding is for NHS England.

2013/14–2024/25, real terms (2023/24 prices)



WHY DOES FUNDING GO UP ?

Politics – main issue at elections

Population increase & life expectancy

Demand – emergency admissions up by 50% in 10 years

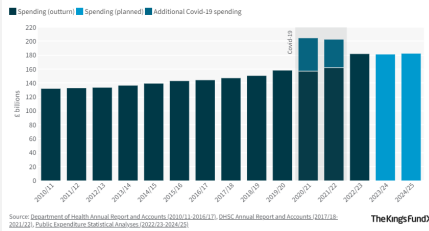
Improving access to care – waiting times & 7 day

Improvements in technology & drugs

DHSC BUDGET

Total Department of Health and Social Care spending is projected to be stable for the next two years

Real-terms spending (in 2022/23 prices)



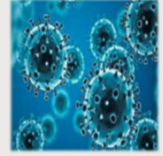
TheKingsFund

COVID-19

Additional funding of around £50 billion was received in 2020/21 to fund amongst other things NHS Test and Trace and procurement of PPE (Personal protective equipment).

Additional funding for 2021/22 for cost of pandemic of over £20 billion including amongst others:

- the rollout of the vaccination programme
- Enhanced testing capacity
- Increase supply of key medicines
- Elective backlog
- Waiting times for mental health services



THE LONG TERM PLAN

- June 2018- PM announces new 5-year settlement
- £20.5b increase over this time
- Mental health spending to increase by £2.3b by 2023/24
- Money for NHS England only



— Cancer, cardiovascular disease, maternity and neonatal health, and mental health, are just some of the clinical priorities outlined in the plan.

THE LONG TERM PLAN

- Priorities for this money explained in the NHS Long term plan that was published in January 2019.
- The plan builds on the policy platform laid out in the NHS five year forward view (Forward View) which articulated the need to integrate care to meet the needs of a changing population.

NEW WAYS OF WORKING...

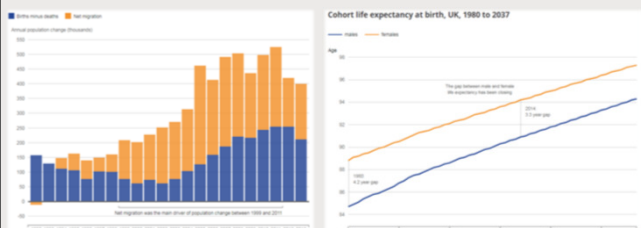


NHS CHALLENGES



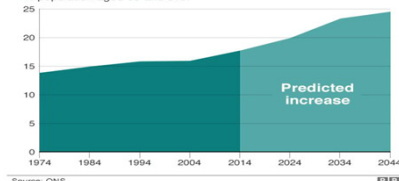
FINANCIAL PRESSURES FACING THE NHS IN ENGLAND

Population & Demographics



The UK's ageing population

% population aged 65 and over



But this progress has come at a cost. People are living with a growing number of long-term chronic conditions - diabetes, heart disease and dementia. These are more about care than cure - what patients usually need is support. By the age of 65, most people will have at least one of these illnesses. By 75 they will have two.

NHS CHALLENGES: POPULATION HEALTH

- About 15 million people in England have a long-term condition.
- Treatment and care for people with long-term conditions is estimated to take up around £7 in every £10 of total health and social care expenditure.

FINANCIAL PRESSURES FACING THE NHS IN ENGLAND

Population Health

- Healthy life expectancy (HLE) at birth in the UK showed no significant change between 2015 to 2017 and 2018 to 2020.
- In Scotland, there was a statistically significant decrease of more than a year in male HLE at birth between 2015 to 2017 and 2018 to 2020; other constituent countries of the UK saw no significant change.
- For females at age 65 years, HLE in the UK and England increased significantly by 4.8 months between 2015 to 2017 and 2018 to 2020.
- Disability-free life expectancy (DFLE) at birth in the UK decreased significantly for both males and females between 2015 to 2017 and 2018 to 2020; this change was driven by decreases in England and Scotland.
- DFLE at age 65 years showed no significant change in the UK and its constituent countries between 2015 to 2017 and 2018 to 2020.

Table 1: Healthy life expectancy (HLE) at birth estimates, UK, constituent countries and English regions, 2018 to 2020

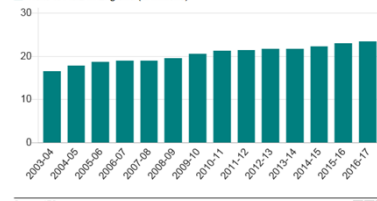
	Males				Females			
	HLE at birth in 2018 to 2020 (years)		Change since 2015 to 2017		HLE at birth in 2018 to 2020 (years)		Change since 2015 to 2017	
	Years	Months	Years	Months	Years	Months	Years	Months
UK	62.8	-0.3	-3.6	63.6	0.0	0.0		
England	63.1	-0.2	-2.4	63.9	0.1	1.2		
North East	59.1	-0.4	-4.0	59.7	-0.7	-6.4		
North West	61.5	0.3	3.6	62.4	0.2	2.4		
Yorkshire and the Humber	61.1	-0.6	-7.2	62.1	0.5	6.0		
East Midlands	62.0	-0.8	-9.6	61.8	-0.3	-3.6		
West Midlands	61.9	-0.2	-2.4	62.6	-0.2	-2.4		
East of England	64.6	0.5	6.0	65.0	0.4	4.8		
London	63.8	-0.1	-1.2	65.0	0.4	4.8		
South East	65.5	-0.6	-7.2	65.9	-0.2	-2.4		
South West	64.7	0	0.0	65.5	0.4	4.8		
Wales	61.5	0	0.0	62.4	0.3	3.6		
Scotland	60.9	-1.4	-16.8	61.8	-0.9	-10.8		
Northern Ireland	61.5	0.3	3.6	62.7	-0.1	-1.2		

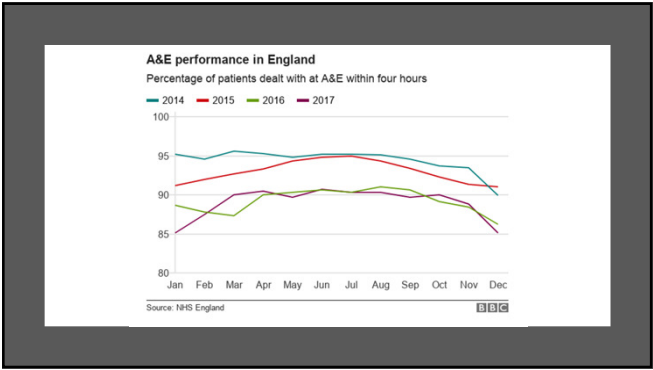
Source: Office for National Statistics

Research by the Nuffield Trust has found that NHS spend per person rises sharply after age 50, with the '85 and above' bracket needing NHS spending of £7,000 a year on average. In particular, medical care for men in that age group costs about seven times more than for the late-30s cohort.

Increasing demand for urgent treatment

Visits to A&E in England (in millions)





SUMMARY

Money flows from Parliament via the Department of Health and NHS England and in the most part Integrated Care Boards to the organisations that provide patient care.

Have a watch of our [introduction and videos here](#).

Look on the One NHS Finance website for any introduction to NHS Finance courses.

The King's Fund also has a range of useful resources explaining how funding in the NHS works.

The King's Fund

