

Press Release

26 July 2016: immediate

Stories of NHS cash meltdown hugely exaggerated

Department of Health Accounts revealed for 2015-16: overspent by just 0.1bn or 0.18%¹

Surely some mistake? Haven't we been regaled with stories about NHS provider deficits with figures quoted of up to £3bn – implying that unless drastic action is taken then services would start to break down as hospitals became bankrupt?

It turns out we were only being told about one side of the NHS. While the media played up the trust deficits, the other parts of The Department of Health had money available to cover provider deficits². Some people may have preferred to spend monies in other ways than meeting deficits but what is the bigger priority – funding frontline services struggling to meet demand or the other things that go on in NHS Commissioning or in Whitehall?.

There's an even bigger shock when you look at the accounts in more detail. It turns out that the NHS has always met its targets – and even left almost £4bn of surpluses to go back to the Treasury in the previous five years³.

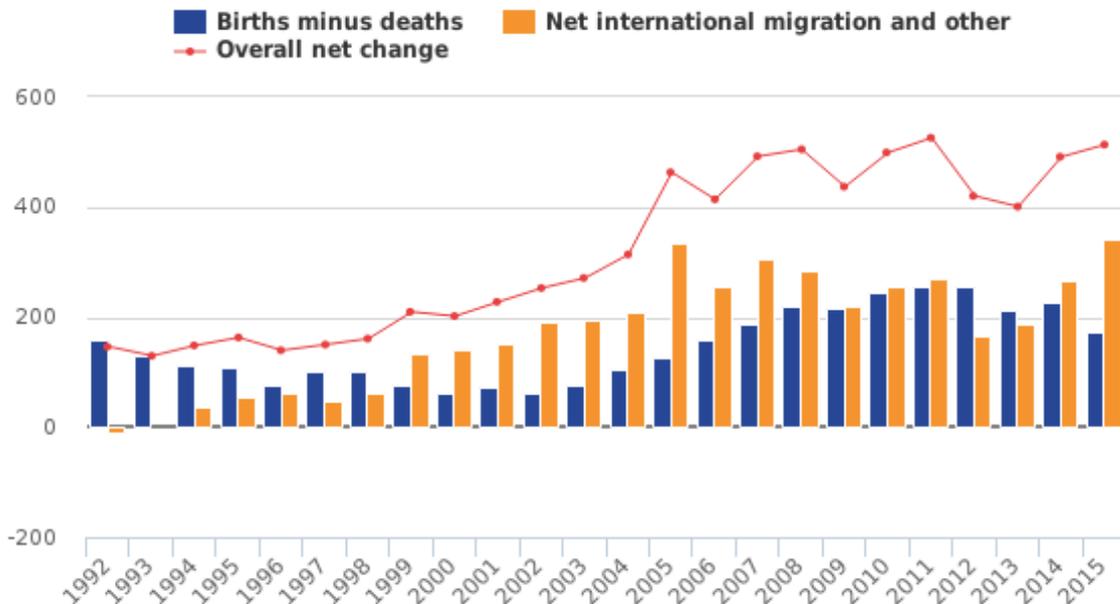
And these stark figures, not included in the Annual report (why?), showing rapidly rising demand for hospital services help explain why the pressure on NHS budgets has been growing year by year. There are now 23% more hospital admissions than in 2010, almost 20% more GP referrals to hospital and 15% more outpatient visits.

England Level Data

Year	Period	Admissions	GP Referrals Made	Other Referrals Made	First Attendances Seen	Subsequent Attendances Seen
2015/16	Total	5,765,617	13,685,641	8,085,047	19,025,757	40,543,451
in year	% inc	103.3%	104.8%	106.4%	103.8%	102.9%
% inc since	2009/10	123.4%	119.2%	120.0%	115.2%	117.6%

Source : <https://www.england.nhs.uk/statistics/statistical-work-areas/hospital-activity/quarterly-hospital-activity/qar-data/>

And you do not have to be a member of UKIP to appreciate that demographic factors lie behind that, with population growing by over 400,000 a year for the past ten years.



Source: Office for Government Statistics Annual Population growth.

More figures in the Department of Health Accounts show that NHS expenditure has risen by 16.7% in cash terms since 2010/11 but NHS inflation grew by 12.4%, leaving just 4.3% over 5 years – which has had to pay for a 15% increase in inpatient activity. So claiming as the DH does that the NHS grew by 9.2% in real terms is a little misleading.

In fact the performance is astonishing, and the NHS has managed to come through an unprecedented cash squeeze, cuts in social care that have drastically increased delayed discharge of patients from hospital, a huge growth in demand for primary care and mental health services – and still almost balanced the books for another year.

Health Care Audit’s Roger Steer, a former NHS finance director, said:

“There is as yet no crisis that justifies panic moves to cut services, close hospitals, lay off staff or open pointless debates over “new” ways of funding the NHS.

“So can we please lay off our hospitals, keep their finances in proportion, congratulate them on managing within departmental limits and show some understanding and relief rather than blame and threats for the future”.

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¹ <https://www.gov.uk/government/publications/department-of-health-annual-report-and-accounts-2015-to-2016>

² See page 34 of the DH accounts. RDEL stands for Revenue Departmental Expenditure Limits.

³ See page 32 Table 5