

# **Health Committee**

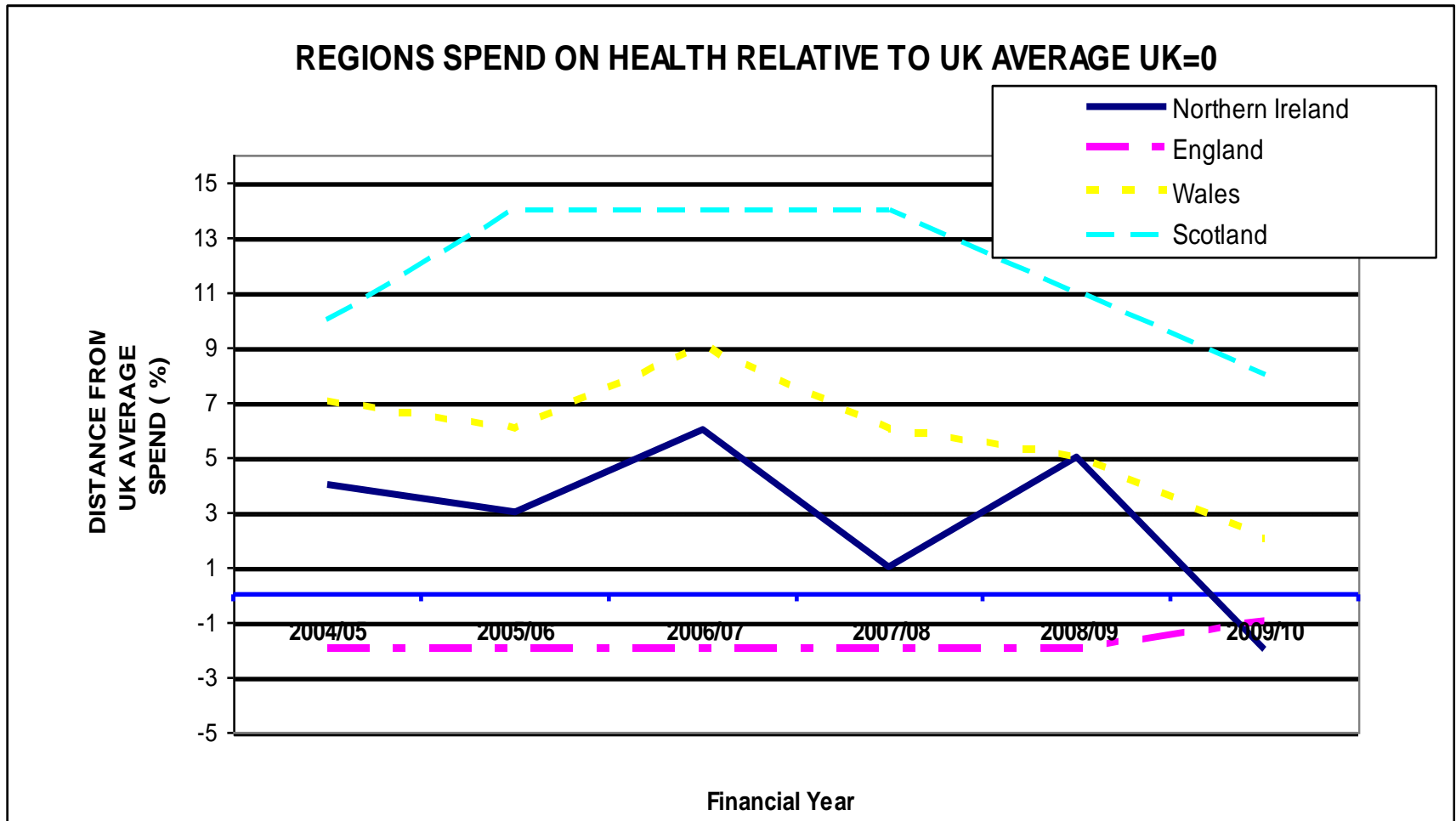
## **Budget 2010 Financial Context**

**DHSSPS**  
**9 September 2010**

# NI Block Context

- NI Draft Budget due end October.
  - Consultation period follows
- Expect no growth in funding over 4 years
- 18.1% (£1.47bn) savings required from all Departments to re-distribute.
- DHSSPS savings requirement per DFP is £758m (assuming no protection for health)

# PESA spend per head 2010 comparison



# Latest data on comparative spend

(Source HM Treasury, Public Expenditure Survey Analysis, July 2010)

<b>Health spend only (Health is 78% of DHSSPS revenue DEL)</b>					
	<b>Northern Ireland</b>	<b>England</b>	<b>Wales</b>	<b>Scotland</b>	<b>UK</b>
	<b>Index</b>	<b>Index</b>	<b>Index</b>	<b>Index</b>	<b>Index</b>
2004/05	104	98	107	110	100
2005/06	103	98	106	114	100
2006/07	106	98	109	114	100
2007/08	101	98	106	114	100
2008/09	105	98	105	111	100
2009/10	98	99	102	108	100

# Appleby Steering Group

- The conclusion was our need was 14% - 17% higher than in England –
  - **10% greater need for health funds**
  - **35% greater need for Personal Social Services funds**
- These comparisons matter - all the factors that affect the costs of health and social care are consistent across the UK

# Need: NI v England

- NI has higher need for health and social care than England

	2010/11 DHSSPS Budget £bn	2010/11 Forecast Differential £bn
Health	3.37 (78%)	0.436
PSS	0.85 (20%)	0.201
Fire	0.08 (2%)	n/k
Total	4.30 (100%)	0.637

(source: DHSSPS comparative assessment of need following Appleby report)  
**NB: subject to quality assurance by DFP**

# Health & Social Care cost increases are higher than 'general' inflation Forecast – 2011-15

English Health Authority	24%
Northern Ireland - Health and Social Care	23.2%
DFP planning assumptions – N. Ireland block (£870m)	9.6%

# Components of Forecast Annual Growth Percentages

	Demographic Growth	Unit Price Inflation	Residual Demand	Total
Northern Ireland- Health and Social Care	1.3%	1.9%	2.4%	5.7%
English Health Authority 1	0.9%	2.5%	2.7%	6.2%
English Health Authority 2	1.9%	2.2%	1.8%	6.0%



- Demography

- Changes in the size of the population
- Changes in the age profile of the population

- Residual Demand

- Changes in disease profile
- Changes to clinical practice
- Changes in healthcare technology
- Improving access to care and
- Increasing expectations and demand

# Demography and Demand for Health & Social Care (1)

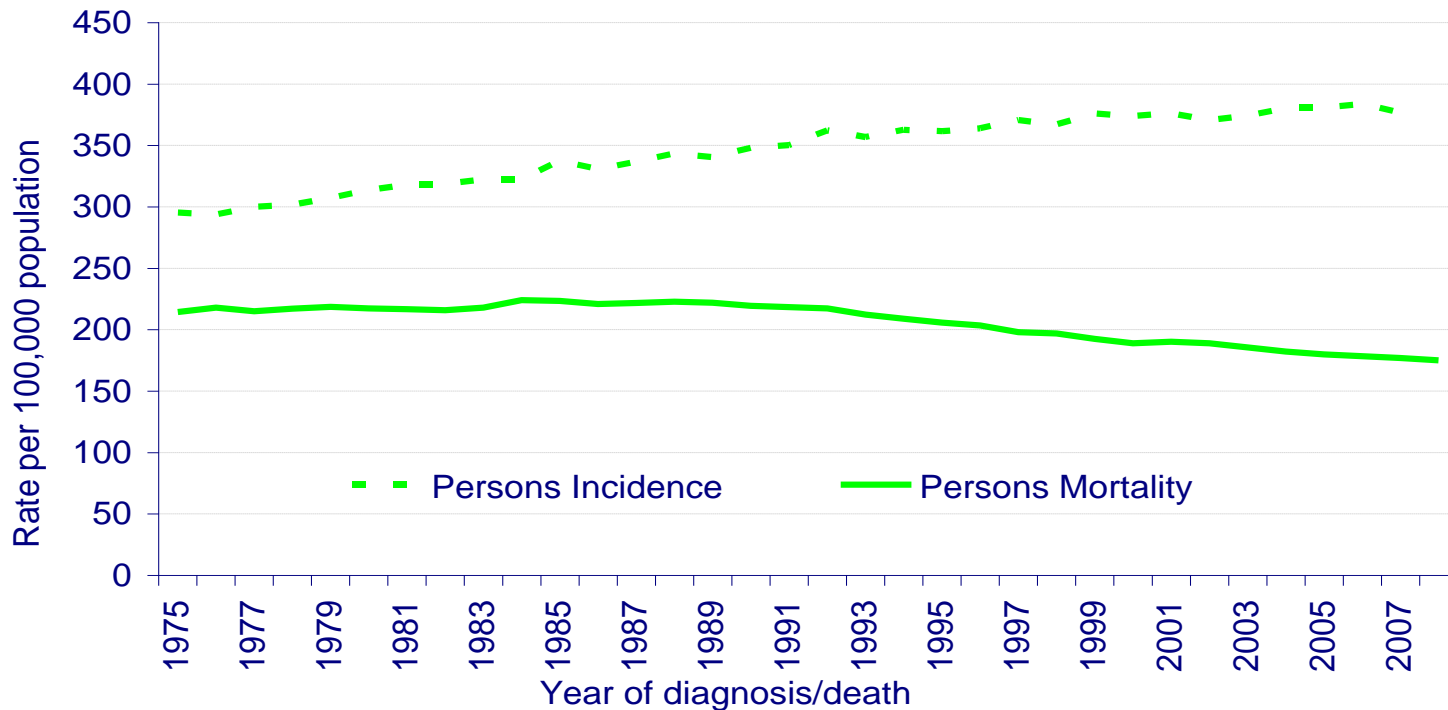
- Increasing population size, and fastest growing elderly population in the UK
- from start 2008/09 to end 2009/10
  - 13,000 more elective operations performed
  - 19,000 more new A&E attendances
  - 70,000 more first outpatient attendances /86,000 more referrals to outpatients
  - 6,000 more emergency admissions
- From start 1996/97 to quarter one 2007/08, the number of persons aged 65 & over receiving a domiciliary care package increased by 62%, from 4,135 to 6,681
- Between 2005/06 and 2007/08, the number of meals delivered to client's homes increased by 29%, from 1,260,501 to 1,627,969.

# Demography and Demand for Health & Social Care (2)

- Between 2005/06 and 2007/08, the average active caseload of social workers in Northern Ireland for:
  - aftercare services increased by 4%, from 1,295 to 1,351;
  - family placements increased by 30%, from 2,134 to 3,014;
  - family support increased by 14%, from 16,101 to 18,405.
- Continuing increases in demand will bring additional pressure on Health & Social Care over the years 2011 - 2015

# Changes in clinical practice

Age-standardised (European) incidence and mortality rates,  
all cancers excluding non-melanoma skin cancer,  
Great Britain 1975-2008



# Social Care Demand

- Baby P/Omagh
- RQIA Inspection
- Interagency cooperation
- UNOCINI
- Domestic Violence/Sexual Violence Strategies
- Vulnerable Adults

# Residual Demand future projections

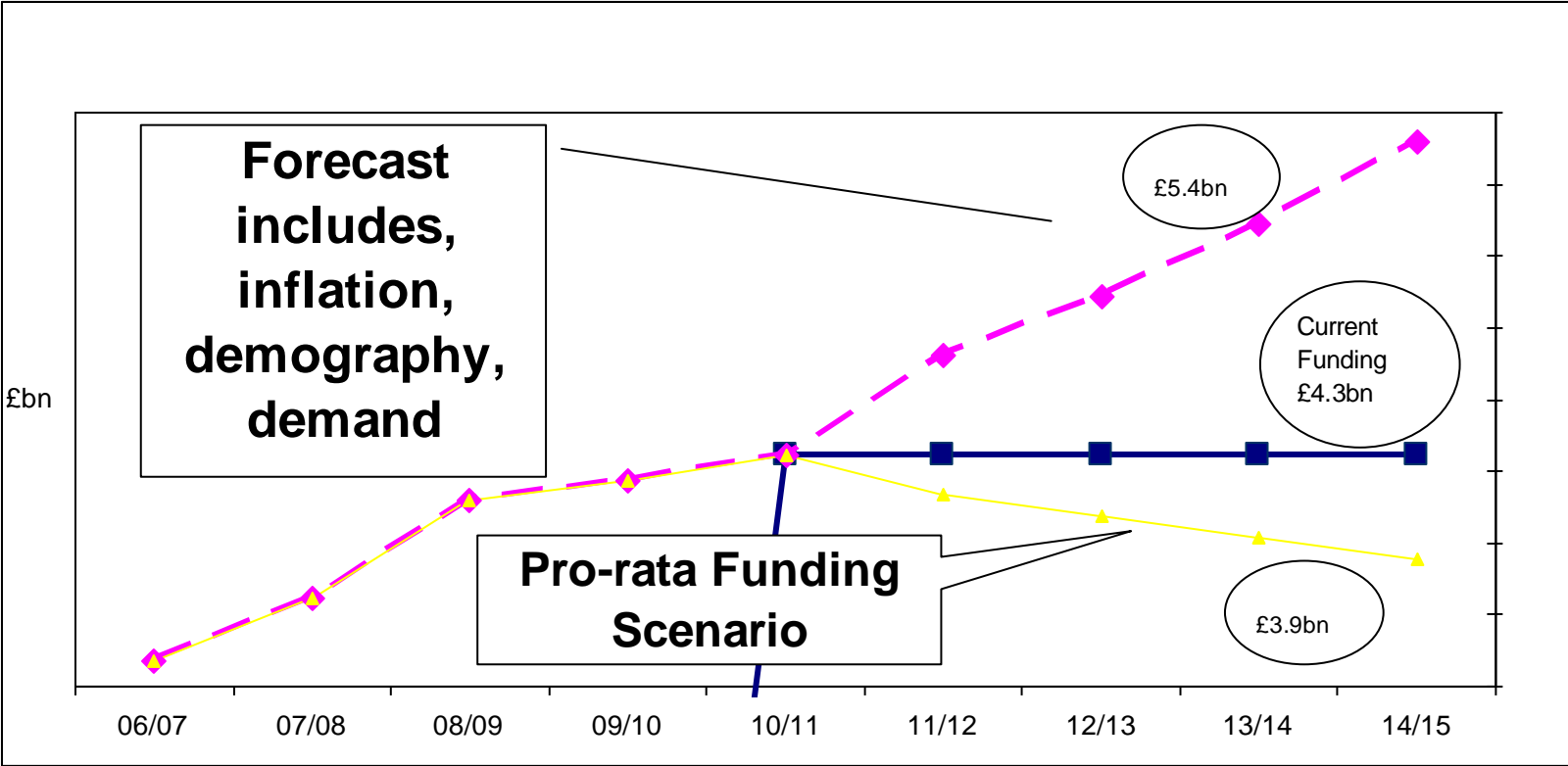
Based on past experience, by 2015,  
additional activity each year:

- 23,000 extra hospital admissions
- 48,000 extra outpatient attendances
- 550,000 extra domiciliary care hours
- 57,000 more meals on wheels
- 8,000 extra nursing home weeks

# Overall Expenditure and Funding Projections

- Spending will grow as a result of
  - Inflation
  - Demand
  - Demography
- Increased spending forecast totals £1.1bn
- Funding reduced by £0.75bn, with a share of £0.87bn pressures funding returned (£376m), net funding reduction of £0.4bn

# DHSSPS Expenditure Forecast



Pro rata scenario – Departments cut equally and get equal shares of DFP inescapables pot



# Protection for Health & Social Care

- Indications are that Health is to be protected in England, with funding for inflation and 'real terms growth' added. Administrative savings will be reinvested in the front line.
- We are part of National pay structures.
- We are already over £600m behind given our need.

# Scale of Potential Cuts

- Without protection, and funding for inflation and other pressures, Health would need to find cuts of up to £1.5bn
- Total Hospitals running costs, - £1.6bn
- Total cost Personal Social Services - £0.9bn
- Total cost of Fire & Rescue Services - £0.08bn

# Savings Achievable?

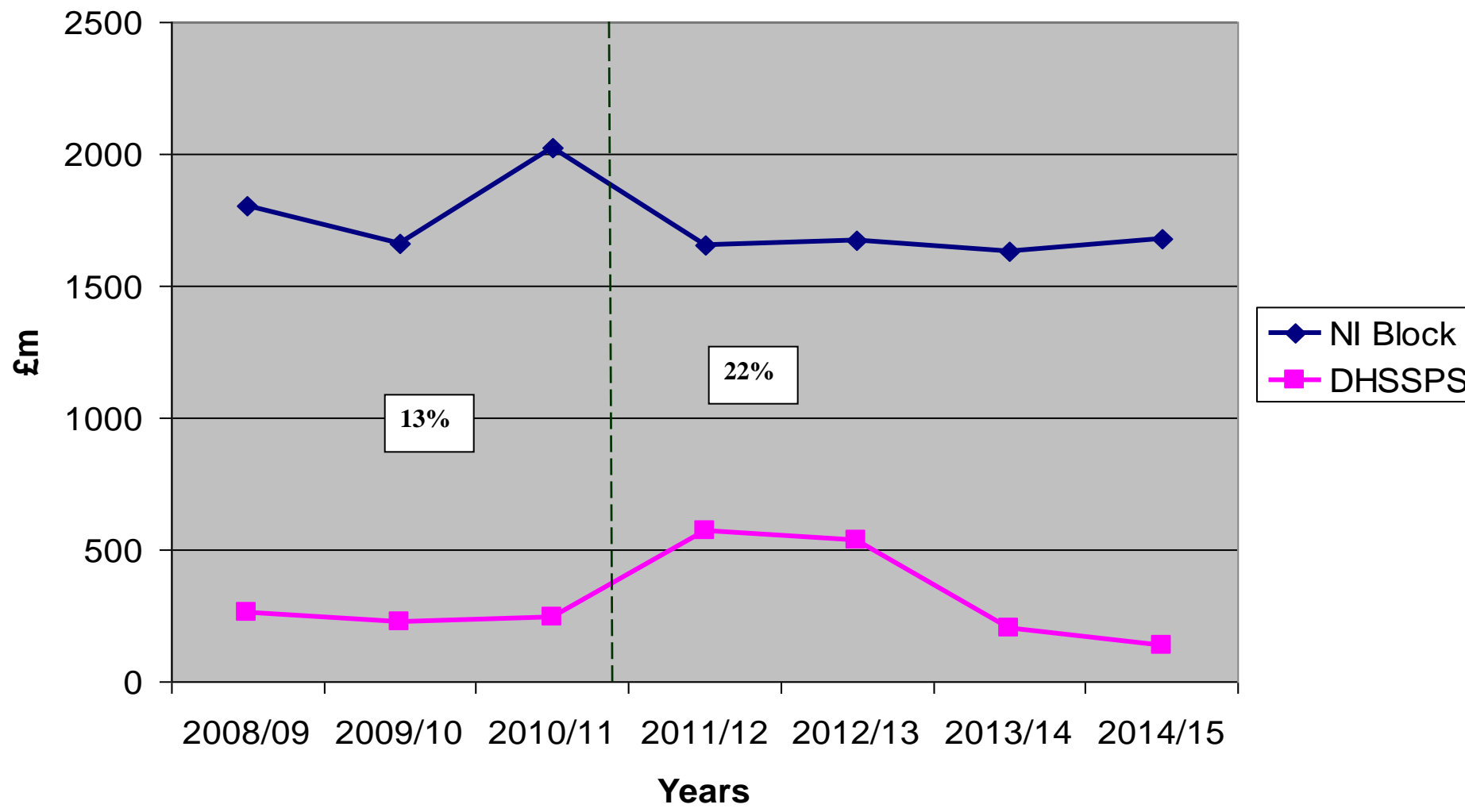
- The Executive has commissioned PEDU to review the potential for cost savings in the HSC.
- Tasked with validating Departmental savings delivery opportunities
- Expected to report in October

# Capital Investment in the HSC

- The 'ISNI' for NI from 2008-2018 responded to the assessment of infrastructure investment needs across all public services
- The planned pattern of investment was relatively low for Health from 2008-2011 at 13% of the total, rising to 22% of the total from 2011-2015
- It is vital that this planned increase in proportionate allocation is sustained, especially in a more constrained funding environment

# DHSSPS as % of NI Capital DEL

## DHSSPS Allocation as % of NI Capital DEL



# CONDITION OF THE HEALTH ESTATE

- Majority of acute hospitals approaching 40 - 50 years old
- Majority of acute psychiatric accommodation even older
- Historical lack of investment - Almost two thirds of the estate requires investment to improve its physical condition and make it suitable for a modern health service;
- Significant infrastructural risks leading to safety issues and possibility of service delivery failure
- Backlog maintenance approx. £500m

# PROJECTED FUNDING

Capital bids submitted for four years of Budget 2010 = £1.8 billion

Allocation if we receive 22% as planned = £880m

Fixed costs at £100m per annum =£400m

Allocation to meet all new developments = £440m

# Next ?

- What Health & Social Care service is NI is prepared to accept?
- Without protection and inflation funding, NI will have a different service to the rest of the UK
- Even with protection and inflation funding for Health and Social Care, the challenges are enormous