

# Health Select Committee, Public Expenditure Inquiry 2014: *Response to additional requests for evidence from 11 November evidence session*

## 1. Spending on private providers including primary care contractors

1.1. General Practitioners are not public employees, and GP practices are not public bodies – they are usually independent partnerships or self-employed professionals. However, interest in NHS spending on non-NHS providers has usually focused on companies and charities providing hospital, mental health and community care. GPs are often not included.

1.2. In the Committee's oral evidence session Sarah Wollaston MP, as Committee Chair, asked the Nuffield Trust, The King's Fund and the Health Foundation to provide a figure for NHS spending on non-NHS provided healthcare which included spending on services provided by GPs.

1.3. Not including GPs, NHS England gives a figure of £10.2 billion spent last year purchasing healthcare from non-NHS bodies. This represents 10.7% of its total spending.<sup>1</sup>

1.4. Adding £8.8 billion total expenditure on general practice<sup>2</sup> gives us a total of £18.9 billion. This would be equal to 20% of total NHS England spending.

1.5. Other primary care services – dentistry, community pharmacy, and general ophthalmic services – are also largely provided by private partnerships, sole professionals or private companies. NHS England spends a further £5.7 billion, or 6% of its budget, on these services.<sup>3</sup>

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<sup>1</sup> [www.england.nhs.uk/wp-content/uploads/2014/07/nhs-comm-board-ann-rep-1314.pdf](http://www.england.nhs.uk/wp-content/uploads/2014/07/nhs-comm-board-ann-rep-1314.pdf)

<sup>2</sup> [www.hscic.gov.uk/catalogue/PUB14900/inve-gene-prac-eng-wal-ni-scot-09-14-rep.pdf](http://www.hscic.gov.uk/catalogue/PUB14900/inve-gene-prac-eng-wal-ni-scot-09-14-rep.pdf)

<sup>3</sup> [www.england.nhs.uk/wp-content/uploads/2014/07/nhs-comm-board-ann-rep-1314.pdf](http://www.england.nhs.uk/wp-content/uploads/2014/07/nhs-comm-board-ann-rep-1314.pdf)

## 2. The funding gap facing social care

2.1. Members of the Committee asked the three organisations to provide a figure for the funding gap facing social care, equivalent to the £30 billion gap which NHS England believes the health service will face in 2020/21.

2.2. Earlier this year, the Local Government Association and the Association of Directors of Adult Social Services produced an analysis of expected net expenditure relative to future funding, similar to NHS England's work. They expect a funding gap of £4.3 billion in 2019/20. We believe this to be a realistic estimate.

## 3. International comparisons

3.1. Members of the Committee asked for further details of UK and English health expenditure as a proportion of Gross Domestic Product, and of how this compared to other countries.

3.2. The main source of data on international comparisons of health spending is the OECD. The OECD compares total health spending (public and private). The latest data are for 2012 – they are calculated on a calendar year basis.

3.3 The UK's total spending on healthcare as a percentage of GDP is 9.3%. This is lower than the EU-15 average (10%), and is in line with the OECD average of 9.3%. The UK spends less than nine other EU-15 countries, although that is considerably more than in 2000 when it spent less than 13 of the 15 countries. Figure 1 shows spending by country in 2000 and 2012.

3.4. The UK is notable for its high publicly funded spending on health as a share of health spending. Publicly funded spending accounts for 84% of UK health spending. This is the 3rd highest proportion in the EU15 and the joint 5th highest in the OECD as a whole. In 2012 the UK spent 7.8% of GDP on public healthcare. Figure 2 shows publicly funded health spending by country in 2000 and 2012.

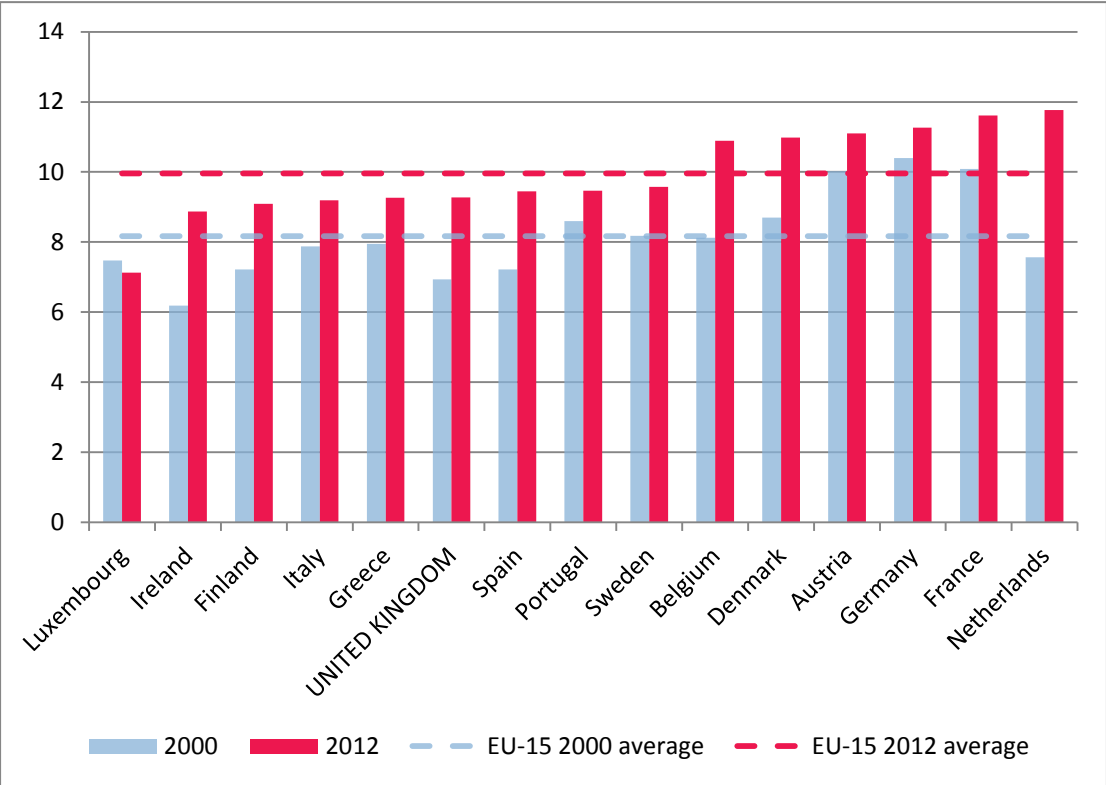
3.5. In the data the ONS submit to the OECD, public expenditure on healthcare is made up of all governmental expenditure on healthcare including expenditure in prisons and defence. Research and development and education and training in healthcare are not included.<sup>4</sup>

3.6. Figure 3 shows how total health spending per head has changed in the most recent period. All EU countries have faced the consequences of the Great Recession. Over the 2008-2012 period the average annual change in health spending per head in the UK has been marginally positive (in US\$PPP). However, by the same measure it has been outpaced by most EU-15 countries.

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<sup>4</sup> [www.ons.gov.uk/ons/dcp171766\\_361313.pdf](http://www.ons.gov.uk/ons/dcp171766_361313.pdf)

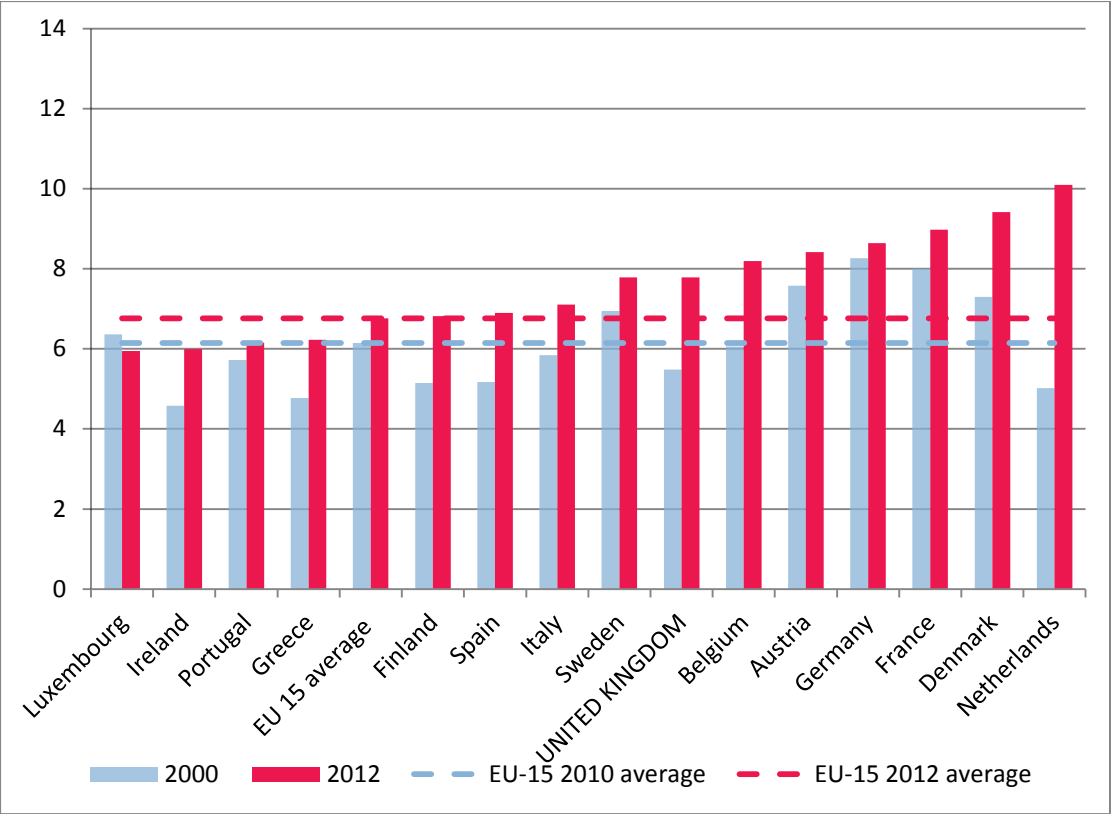
**Figure 1: Total Health Spending as a share of GDP for the EU15 countries in 2000 and 2012<sup>5</sup>**



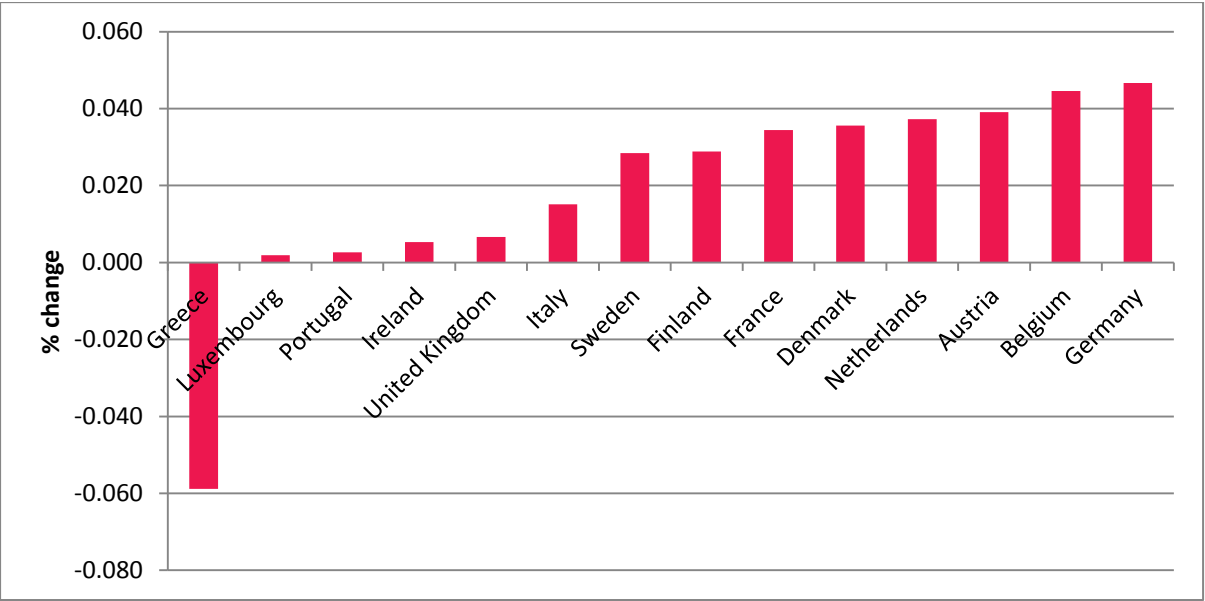
**Figure 2: Public spending on health as a share of GDP for the EU-15 countries 2000 and 2012<sup>6</sup>**

<sup>5</sup> [www.oecd.org/els/health-systems/oecd-health-statistics-2014-frequently-requested-data.htm](http://www.oecd.org/els/health-systems/oecd-health-statistics-2014-frequently-requested-data.htm) Data from 2011 used for Spain and Portugal.

<sup>6</sup> [www.oecd.org/els/health-systems/oecd-health-statistics-2014-frequently-requested-data.htm](http://www.oecd.org/els/health-systems/oecd-health-statistics-2014-frequently-requested-data.htm)



**Figure 3: Average annual percentage change in health spending per head (2008-2012), US\$ PPP<sup>7</sup>**



<sup>7</sup> [www.oecd.org/els/health-systems/oecd-health-statistics-2014-frequently-requested-data.htm](http://www.oecd.org/els/health-systems/oecd-health-statistics-2014-frequently-requested-data.htm)

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