

The Government's key aims for the health and social care system are to:

- improve the health and wellbeing of the population;
- improve patients' experience of care;
- reduce inequalities in both; and
- continue to deliver value for the taxpayer.

Sustained investment is already transforming the NHS, with spending due to increase to £92 billion in 2007-08, compared to just £33 billion in 1996-97. Together with a major programme of reforms, this investment is helping to deliver faster and better access to care for patients, providing more doctors, more nurses, more and better buildings, more state-of-the-art equipment and more life-saving drugs than ever before.

The challenge now for the NHS is to build on this investment and the changes already delivered to provide a health service for the 21st century, delivering shorter waits and more personalised health care to patients at a time and place of their choosing, and improving primary and preventative care to tackle the underlying causes of ill health and health inequalities. Adult social care will continue to play a crucial role both in supporting this approach and in the Government's agenda on social inclusion, by protecting and promoting independence for the elderly and the vulnerable.

Key measures in this Spending Review period to meet these objectives are:

- a new Public Service Agreement (PSA) target to deliver a maximum wait from GP referral to hospital treatment of 18 weeks by the end of 2008. NHS patients will also have the right to choose from at least four or five different healthcare providers from the end of 2005, and from 2008, from any provider that meets independently-inspected NHS standards and can do so within the NHS's national maximum price;
- a much greater priority for disease prevention, tackling health inequalities and improved chronic disease management, including challenging new targets to reduce the prevalence of smoking and child obesity, and tackle inequalities in health outcomes; and
- investment in Social Services worth £1,827 million more a year by 2007-08 than in 2004-05, representing an annual average growth of 2.7 per cent in real terms.

DELIVERING A WORLD CLASS HEALTH SERVICE

8.1 The resources and reforms announced in the 2004 Spending Review will enable further significant improvements towards the Government's key aims for the health and social care systems. These are to:

- improve the health and well being of the population – so that people live longer, healthier lives;
- improve patients' experience of services – so that the care and advice patients receive reflects their own personal needs and preferences;
- reduce inequalities in both outcomes and patient and user experience; and
- continue to deliver value for money for the taxpayer.

The NHS 8.2 In Budget 2002, the Government announced an historic increase in NHS funding, of 7.2 per cent over five years, linked to far-reaching reform. This has helped deliver significant improvements in service standards and outcomes. Compared to 1997-98, there are now for example 450,000 more NHS operations and 860,000 more elective admissions per year. Maximum waiting times for an operation have been halved from 18 months in 1997 to nine months in April 2004, and there are 264,000 fewer patients waiting for treatment.

8.3 Over the 2004 Spending Review period, the Government's key priorities on health will be to lock in the reforms set out in the NHS Plan, building on the successes already achieved in improving quality, reducing waiting times and modernising treatment facilities, whilst heralding a step change in the focus of the NHS. The aim is to turn the NHS from an organisation primarily focused on treating sickness to one emphasising precaution and health promotion – a true National Health Service.

Social Services 8.4 Adult social care plays a crucial role in delivering the Government's agenda on social inclusion and health by protecting and promoting independence for the elderly and some of the most vulnerable groups in society. The 2002 Spending Review delivered a step change in investment to drive up capacity and quality in social care. This investment has already delivered results, increasing independence and providing faster, more personalised services. In particular:

- delays in discharge from hospital are down by 60 per cent since 2001;
- since 2000, over 14,000 more older people have been supported to live independently in their own homes through intensive home care services; and
- more than 9,000 people are now receiving direct payments for social care to put them in the driving seat in choosing a care package which is right for their needs.

This Spending Review will lock in this progress and go further. Extra investment in Social Services means that spending here will be £1.8 billion higher by 2007-08 than in 2004-05, representing an annual average growth of 2.7 per cent in real terms. This money will enable Social Services to build on the progress already made, in particular by helping more older people to live independently at home, and further developing preventative social care services.

Improving Outcomes and Reducing Inequalities

Public health 8.5 The primary goal of the Government's health and social care strategy is to improve the health and well-being of the population. In order to make a real impact in this area, the NHS must shift its focus to ensuring and promoting good health amongst the whole population, rather than focusing on providing treatment and acute care for those who get sick. In his second report, *Securing Good Health for the Whole Population* (see Box 8.1), Derek Wanless argues that this requires a refocusing on the health gains that can be achieved through improved public health and primary care – turning the NHS into 'a health service, not a sickness service'.

8.6 The issues raised in the Wanless report will be addressed in the White Paper on improving health, due to be published in autumn 2004. This will outline how the Government intends to tackle the problems of smoking and high levels of obesity, as well as the public health challenges in other key areas like substance abuse, mental illness, sexually transmitted disease and accidents.

8.7 A key priority identified by the second Wanless report was to reinforce public health research and evaluation capacity, build better links between academics and public health practitioners and strengthen the evidence base through more rigorous piloting and analysis, in order to address the critical lack of evidence on effective approaches for tackling public health problems, particularly for disadvantaged groups.

Box. 8.1: Key findings of the Wanless Review – securing good health for the whole population

As set out in the first Wanless report, *Securing our Future Health (April 2002)*, achieving the goal of a population ‘fully engaged’ in improving its health is a major prize for the whole community, projected to deliver the best health outcomes at the lowest cost, and saving as much as £30 billion per year by 2022-23. The step change in activity needed to achieve this will require strong leadership and organisation in public health delivery, access to high quality, personalised information, and increased support to help individuals take vital health and lifestyle decisions, as well as more evidence on the cost-effectiveness of public health interventions.

The second Wanless report, *Securing Good Health for the Whole Population*, makes more than twenty recommendations to Government on implementing cost-effective approaches to improving population health, disease prevention and reducing health inequalities, consistent with the public health aspects of the ‘fully engaged’ scenario. The recommendations focus on improving public health policy-making, improving the evidence base, engaging people in managing their own health, and establishing the required delivery structures.

Health inequalities 8.8 The Wanless reports also argued that the Government would be unable to meet its public health goals if it failed to provide more, and more effective, help to the most deprived groups in society. The burden of disease is disproportionately borne by these groups because of the social gradient in risk factors like smoking and obesity, which contribute to a higher incidence of diseases like cancer, diabetes and heart disease. In order to tackle this concern and maximise the impact of interventions, a focus on health inequalities will be key to the Government’s public health approach. Three public health aspects of the “Health of the Population” Public Science Agreement (PSA) objective – relating to the disease areas of cancer and cardiovascular disease (CVD), and the key risk factor of smoking – will now each have a component specifically aimed at helping poorer groups and designed, along with the established health inequalities target, to channel efforts and mainstream the commitment to tackling health inequalities. In addition, the PSA includes a new joint sub-target between the Department of Health, the Department for Education and Skills, and the Department for Culture, Media and Sport to turn around the rising trend of child obesity, a problem that disproportionately affects poorer groups.

Food Standards Agency 8.9 The Food Standards Agency (FSA) will continue to make an important contribution to improving public health and reducing health inequalities by fulfilling:

- its traditional public health functions of reducing food-borne illnesses, enforcing food law, and promoting best practice in the food industry; as well as
- its newly-emphasised role in public dietary health improvement and the promotion of accurate and informative labelling in order to facilitate consumer choice.

Building on the increase in resources in the 2002 Spending Review, the Government is reaffirming its commitment to the FSA by locking in the 2005-06 levels of investment whilst focusing on priorities and efficiencies to ensure that greater resources are released to the front line.

Chronic Disease Management 8.10 As part of the shift towards primary care and prevention, improved Chronic Disease Management (CDM) will become increasingly important in keeping people healthy and out of hospital. 17 million people in the UK suffer from chronic diseases such as asthma and diabetes, many of whom know as much about their own condition as health professionals. Through enhanced support for self-care, disease management for the key chronic conditions, and case-management for the most intensive users of health services, a fully-integrated CDM strategy will produce better health outcomes, slow disease progression, reduce disability and manage the sudden deterioration often associated with underlying disease. Better management of chronic disease means a radical impact on the quality of life of those with a chronic condition and less need to be admitted to hospital. This is important because patients with chronic conditions account for around two-thirds of NHS bed days and are particularly heavy users of non-elective care services. Thus the CDM strategy – supported by a CDM PSA target (see above) – is expected to improve health outcomes, lower use of emergency care (as well as elective care) and represent an important component of the Government's strategy to reduce waiting times.

Box 8.2: Key Public Service Agreement (PSA) targets

The Department of Health's PSA set has been reconfigured, with longer-term targets being carried forward, targets that have been met being converted into established standards, and new targets being created in order to reflect the evolving priorities set by the Department of Health and the National Health Service. The PSA includes targets on:

- 'Health of the Population', which focuses on improving health outcomes by tackling key risk factors such as smoking, child obesity and teenage pregnancy, and through reductions in mortality from key diseases and in health inequalities;
- 'Chronic Care Management', which will improve health outcomes for people with chronic conditions by providing a personalised care plan for those most at risk. This will reduce emergency bed days by 5 per cent by 2008 and improve care in primary care and community settings for people with chronic long-term conditions;
- 'Access to services', which will introduce a maximum waiting time of 18 weeks from GP referral to hospital treatment by the end of 2008;
- 'Increasing participation in drug treatment programmes', which will increase the proportion of users of illegal drugs successfully sustaining or completing treatment programmes, as well as raising participation rates; and
- 'Improving the patient, user or carer's experience', which focuses on securing sustained national improvement in the patient experience of the NHS, and on increasing the number of people supported by social services to live at home.

In addition to the PSA targets, there will be a set of standards that the NHS will be expected to maintain, in the areas of A&E waiting times, access to primary care, mental health, and patient choice.

Social Services 8.11 Social services have a vital role to play in improving outcomes and the quality of life for millions of the most vulnerable people in our society. The additional investment the Government is making in social care will support a greater number of older people to live independently in their own homes and allow an expansion of preventative services increasing the health and wellbeing of older people. Building on successes in reducing the number of patients whose discharge from hospital is delayed whilst social care arrangements are put in place, the Government will be investing £60 million over two years to set up 20 joint projects between councils and their NHS partners to provide seamless integrated care for older people and encourage investment in measures such as preventing falls which avoid hospital

admissions. **In addition, a new two-year £80 million prevention fund will enable councils to install smart alarm technology in the houses of vulnerable older people**, helping to keep up to 160,000 older people healthy, safe and independent in their own homes. To drive investment in preventative services as well as continue to improve client experience, the Government is setting a new PSA target to increase further intensive home care to 34 per cent of those supported to live at home and in residential care and provide 1 per cent year-on-year increases in 2007 and 2008 in the proportion of older people helped to live at home.

Improving the Patient and User Experience

8.12 In the 21st century, the NHS needs to meet the growing expectations of patients and their families for health care delivered at a time and place, and in a manner convenient to them. Patients want to be more involved in the key decisions surrounding the how, when and where of their treatment and they want more information, advice and support on leading healthier lives, delivered in ways which are most helpful to individuals.

Reducing waiting times **8.13** Tackling waiting lists is a key component in this transformation of the NHS. In 1997, over 1 million people were waiting for NHS treatment, with maximum waits of over 18 months. The Government has already made significant progress in reducing waiting times, where maximum waits have been halved to nine months. Waits of over six months for an operation are down by nearly 70 per cent. **The Government now wants to raise the ambition of the NHS with a new, more stretching PSA target, which will deliver a maximum wait from referral to hospital treatment of 18 weeks by the end of 2008, marking a further transformation in the patient experience of the NHS.**

8.14 In addition to these further reductions in waiting times, **from the end of 2005, NHS patients will have the right to choose from at least four or five different healthcare providers. By 2008, patients will have the right to choose from any provider, as long as they meet clear NHS standards and are able to do so within the national maximum price that the NHS will pay for the treatment that patients need.** Patients are guaranteed that all care provided through the NHS will remain based on need and not ability to pay.

Personalising services **8.15** In today's world people have different needs and demand services that are tailored to fit them. Transforming the patient experience means both raising standards for all and ensuring that services are convenient, information is accessible and advice and choice of treatment are available to each individual. A great deal of progress has already been made. For example, NHS Direct offers a 24 hour information service, NHS walk-in centres offer treatment 365 days a year without requiring prior appointments, and star-ratings for Primary Care Trusts (PCT) and hospitals facilitates well-informed patient choice. The Government intends to build on this progress over the 2004 Spending Review period.

8.16 Further steps to promote a personalised service include:

- a choice of an alternative hospital for all patients who have waited over six months for an operation by the end of this year, with every patient being offered choice at the point of referral by their GP by 2005;
- the roll-out to every PCT of the successful 'expert patient' schemes for chronic disease, enabling patients to take a much more active role in managing and taking informed decisions about treatment of their own condition; and
- an electronic NHS 'healthspace' for every patient from this year, where they can record personal information about their health and preferences to share with NHS professionals, which will be linked in time to their electronic treatment record.

8.17 These efforts will be supported by a specific ‘patient experience’ PSA target, which will encourage service providers to listen to, and act upon, the views of their patients and local communities.

8.18 In social care, the development of direct payments has for social care allowed thousands of service users to design and commission their own personalised package of care. In this Spending Review, the Government is providing a £60 million increase in investment towards Extra Care housing (specialist forms of housing that offer complete security and an environment where care and support can be delivered effectively) to provide an additional alternative to residential care and help support older people to live independently in their own homes where possible. This should help more people to get the right care in the right place at the right time.

Box 8.3: The NHS Improvement Plan: Putting People at the Heart of Public Services

*The NHS Improvement Plan published in July 2004, sets out the priorities for the NHS up to 2008. It supports the Government’s ongoing commitment to the 10-year process of reform first set out in *The NHS Plan*, which has already delivered better quality and faster access to care. *The NHS Improvement Plan* aims to build on this, ensuring that NHS services are responsive, convenient and personalised for all patients.*

For hospital services, this means that there will be much greater choice for patients about how, when and where they are treated:

- by the end of 2008, waiting times will have been reduced to a maximum of 18 weeks from referral to hospital treatment;
- by the end of 2005, patients will have the right to choose from at least four or five different healthcare providers; and
- from 2008, patients will have the right to choose from any provider that meets clear NHS standards within the NHS national maximum price.

For the millions of people who have chronic illnesses, such as diabetes or asthma, it will mean much closer personal attention and support in the community and at home, and fewer unplanned admissions to hospital:

- people’s care will be improved closer to home, and they will be enabled and supported to manage their conditions in a way that suits them, helping them to live longer lives in better health;
- the Expert Patient Programme – designed to empower patients to manage their own healthcare – will be rolled out nationally; and
- the new GP contract provides cash incentives to GPs to work more effectively with other professionals to ensure that people are given the high-quality personal care they need to minimise the impact of their condition.

The NHS will also concentrate on transforming itself from a ‘sickness service’ to a health service, with the prevention of disease and tackling inequalities assuming a much greater priority, and the NHS working in partnership with others and with individuals to support people in choosing healthier approaches to their lives.

Value for Money

8.19 To help ensure that the Government's significant investment in health and social care delivers the Government's ambitions for patient and user care and offers value for money, the Department of Health is undertaking a significant programme of reforms. These include the introduction of 'payment by results', which will reward those organisations which do most for the NHS and encourage efficiency measures which benefit patients, such as more treatments being offered on a day case basis. To ensure that extra resources reach the frontline, a comprehensive efficiency plan will be implemented. One component of this plan will be to reduce the size and staffing of the Department of Health and arms-length bodies, which will ultimately mean a net reduction of 727 Department of Health posts and at least 5,000 fewer posts in the arms-length bodies. This is one part of the plan which as a whole will help free up additional resources each year for front line services, rising to around £6.5 billion by 2007-08.

Box 8.4: Efficiency

Agreed target

The Department of Health will realise total annual efficiency gains of around £6.5 billion by 2007-08, of which over half will be cashable, releasing resources for front-line activities.

Implementation plan

As part of this programme of savings, by 2007-08 the department plans to:

- **achieve a total reduction of just over 720 civil service posts, reduce the staffing of arms-length bodies by at least 5,000, and be on course to relocate 1,110 posts out of London and the South East by 2010;**
- **make better use of staff time (accounting for up to half of efficiencies), for example through the implementation of a modern ICT infrastructure for the NHS. Electronic patient records, appointment booking and prescription transfers will mean less wasted time spent checking patient information, fewer letters to type and send, and no lost prescriptions;**
- **make better use of NHS buying power at a national level to get better value for money in the procurement of healthcare, facilities management and medical supplies;**
- **ensure NHS organisations, particularly in primary care, can share and rationalise back office services, such as finance, ICT and human resources, where possible; and**
- **improve commissioning of social care to generate around 10 per cent of the efficiencies.**

Table 8.1: Key figures

	£ million			
	2004-05	2005-06	2006-07	2007-08
National Health Service (England)				
Resource Budget	66,531	72,668	79,366	86,796
Capital Budget	3,383	4,363	5,163	6,133
Total NHS (England) ¹	69,369	76,384	83,818	92,143
Personal Social Services England				
Funded by the department	1,953	1,967	2,037	2,097
Local Authority PSS FSS	8,690	9,553	9,933	10,373
Total PSS (England) ¹	10,643	11,520	11,970	12,470
Food Standards Agency				
Resource Budget	139	143	143	143
Capital Budget	1	1	1	1
Total Food Standards Agency (England) ¹	138	142	142	142
Total Department of Health and Food Standards Agency				
Total Resource Budget	68,552	74,707	81,455	88,955
Total Capital Budget	3,465	4,444	5,264	6,254
Of which administration budget	301	319	290	277
Total Departmental Expenditure Limit¹	71,460	78,492	85,996	94,381

¹ Full resource budgeting basis, net of depreciation.

Table 8.2: Total UK spending on health

	£ million			
	2004-05	2005-06	2006-07	2007-08
Total UK public sector health spending¹	81,111	88,647	97,415	107,238
Total UK public sector health spending as % of GDP	6.9	7.1	7.5	7.8
Total UK private health spending as % of GDP ²	1.4	1.4	1.4	1.4
Total UK health spending as % of GDP	8.3	8.6	8.9	9.2

¹ The public sector health spending figures are based on the UN Classification of the Functions of Government (COFOG), the international standard, as used in the Public Expenditure Statistical Analysis 2004.

² Private health spending is based on the definition used for ONS Health Accounts, and is assumed to stay at a constant share of GDP.