Expenditure on Healthcare in the UK, 1997-2010

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Abstract

This article presents estimates of healthcare expenditure in the UK for the period 1997 to 2010. These estimates are consistent with international definitions specified by the Organisation for Economic Co-operation and Development (OECD) in A System of Health Accounts (SHA). OECD (2000, 2011a). These data are provided to OECD annually for inclusion in OECD Health Data. This enables OECD to publish international comparisons on a consistent basis.

Summary

Expenditure on healthcare in the UK (in current prices) totalled £140.8 billion in 2010. This increased by 3.1 per cent, from £136.6 billion in 2009. This was considerably lower than the growth rate in 2009 of 8.8 per cent.

Figure 1 shows current price healthcare expenditure between 1997 and 2010. For the entire period, the average annual growth in healthcare expenditure was 7.5 per cent. These data, along with the annual percentage growth rates are shown in Table 1.
Figure 1: Total current price healthcare expenditure in the UK 1997–2010

United Kingdom
£ billion

Source: Office for National Statistics

Download chart

XLS  XLS format
(60 Kb)
## Table 1: Current price healthcare expenditure and growth rates

### United Kingdom

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (£ billion)</th>
<th>Annual growth rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>55.0</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>58.7</td>
<td>6.7</td>
</tr>
<tr>
<td>1999</td>
<td>64.2</td>
<td>9.4</td>
</tr>
<tr>
<td>2000</td>
<td>68.7</td>
<td>7.0</td>
</tr>
<tr>
<td>2001</td>
<td>74.2</td>
<td>8.0</td>
</tr>
<tr>
<td>2002</td>
<td>81.4</td>
<td>9.8</td>
</tr>
<tr>
<td>2003</td>
<td>88.6</td>
<td>8.8</td>
</tr>
<tr>
<td>2004</td>
<td>96.2</td>
<td>8.5</td>
</tr>
<tr>
<td>2005</td>
<td>103.4</td>
<td>7.5</td>
</tr>
<tr>
<td>2006</td>
<td>112.4</td>
<td>8.7</td>
</tr>
<tr>
<td>2007</td>
<td>119.2</td>
<td>6.0</td>
</tr>
<tr>
<td>2008</td>
<td>125.6</td>
<td>5.4</td>
</tr>
<tr>
<td>2009</td>
<td>136.6</td>
<td>8.8</td>
</tr>
<tr>
<td>2010</td>
<td>140.8</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Mean annual growth: 7.5

**Table source:** Office for National Statistics

**Download table**

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### Background

The OECD definition of total expenditure on healthcare covers any current final consumption expenditure of resident units and capital expenditure on healthcare, irrespective of who pays for or provides it. This includes the government, households, non-profit institutions serving households (NPISH) and the private sector.

The last figures estimated on this basis were published in May 2011 for the period 1997 to 2009. See Expenditure on healthcare in the UK (ONS, 2011a).
The data contained in this paper for the UK will be published in the 2012 edition of OECD Health Data, replacing data previously provided. The Department for Health will also use the updated figures in future publications.

**Total, current and capital healthcare expenditure**

Reference table 1 (40 Kb Excel sheet) provides details of total healthcare expenditure broken down into current and capital expenditure.

An alternative way of comparing healthcare expenditure is to present the data as a percentage of gross domestic product (GDP). Figure 2 shows total healthcare expenditure in the UK as a percentage of GDP, split into current and capital expenditure shares.

**Figure 2 : Current and capital healthcare expenditure, percentage of GDP 1997–2010**

Source: Office for National Statistics

**Notes:**
1. Figures may not sum due to rounding

**Download chart**

[XLS](XLS format)

(60 Kb)

**Total healthcare expenditure**
In 2010, healthcare expenditure accounted for 9.7 per cent of (current price) GDP, falling from 9.8 per cent in 2009. This is a fall of 0.1 percentage point, compared with an increase of 1 percentage point in 2009. At the beginning of the series, healthcare expenditure was 6.6 per cent of GDP.

Healthcare expenditure as a percentage of GDP fell in 2010 due to an increase in GDP of 4.6 per cent, coupled with a more modest increase in healthcare expenditure of 3.1 per cent.

Although healthcare expenditure fell as a percentage of GDP in 2010, this may be considered rather misleading due to the abnormally high increase in the healthcare expenditure share in GDP in the previous year. This was caused by GDP falling by 2.8 per cent and healthcare expenditure rising by 8.8 per cent in 2009. Since 2008, healthcare expenditure as a percentage of GDP in 2010 has still increased substantially.

**Capital expenditure**

Total healthcare capital expenditure in the UK consists of government healthcare capital transfers, government gross fixed capital formation (GFCF) and capital expenditure from private sector providers.

In 2010, healthcare capital expenditure was £7.4 billion, or 5.3 per cent of total healthcare expenditure. This had grown from £6.9 billion in 2009, an increase of 7 per cent.

Over the entire period, capital expenditure increased by £4.6 billion, up from the initial value of £2.8 billion in 1997. However, as a percentage of total healthcare expenditure, the share was close to the 1997 figure (see reference table 2).

Capital expenditure as a share of GDP has increased over the period. It accounted for 0.3 per cent of GDP in 1997, increasing to 0.5 per cent in 2010.

**Current expenditure**

Current healthcare expenditure in the UK was £133.4 billion in 2010, accounting for 94.7 per cent of total healthcare expenditure and 9.1 per cent of GDP. This increased by £3.7 billion from the 2009 level of £129.7 billion.

Over the period 1997 to 2010, the percentage share of current expenditure in total healthcare expenditure remained stable. However, the share of current healthcare expenditure in GDP increased 2.9 percentage points, from 6.3 per cent in 1997 to 9.1 per cent in 2010\(^1\).

**Notes**

1. Figures do not sum due to rounding
Public and private healthcare expenditure

Figure 3 shows expenditure on healthcare in the UK, expressed as a percentage of GDP. It is broken down into public and privately funded elements.

**Figure 3 : Public and private healthcare expenditure, percentage of GDP 1997–2010**

![Chart showing public and private healthcare expenditure as a percentage of GDP from 1997 to 2010.]

Source: Office for National Statistics

**Notes:**
1. Figures may not sum due to rounding

**Download chart**

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**Private expenditure**

Private expenditure includes final consumption expenditure on health by households, NPISH (also known as the ‘third sector’), and capital expenditure by private healthcare service providers.

In 2010, private expenditure on healthcare was £23.6 billion, or 1.6 per cent of GDP. This was virtually unchanged from the share of GDP in 2009, but was higher than the 1997 share of GDP, which was 1.3 per cent. Over the whole period, private expenditure as a percentage of GDP increased by 0.3 percentage points.

Private healthcare expenditure increased by £1 billion (4.3 per cent) in 2010. In 2009, it increased by £0.7 billion (3 per cent).
Public expenditure

Public expenditure on healthcare includes government current and capital expenditure on healthcare, plus any expenditure on healthcare in prisons and the armed forces.

Public healthcare expenditure was £117.2 billion in 2010; as a share of GDP it was 8 per cent\(^1\). This was marginally less than in 2009, when it accounted for 8.2 per cent of GDP. Over the entire period, public healthcare expenditure as a percentage of GDP increased by 2.7 percentage points from 5.3 per cent in 1997.

In 2010, public healthcare expenditure increased by £3.2 billion (2.8 per cent), compared with an increase of £10.4 billion (10 per cent) in 2009.

Notes

1. Public and private healthcare expenditure percentage shares of GDP do not sum to total due to rounding.

Definitions, methods and adjustments used to estimate expenditure on healthcare in the UK

Definitions according to A System of Health Accounts

The definitions for internationally comparable estimates of expenditure on healthcare were proposed in A System of Health Accounts (OECD, 2000)\(^1\).

In particular, the scope of expenditure on healthcare is wider than expenditure by any particular country’s public health service or health ministry. It covers any spending on healthcare irrespective of who is paying for or providing the healthcare. It therefore includes spending on healthcare by people treated in private hospitals, clinics and care homes, charities, armed forces and prisons. It also includes the cost of occupational healthcare and the value of government benefits paid to those providing home healthcare for their relatives.

The SHA healthcare definitions do not include research and development in health and education and training of health professionals, but recognised their importance by classifying such expenditure as ‘related expenditure’.

ONS last published estimates of expenditure on healthcare in the UK in 2011 (ONS, 2011a). Apart from the exclusion of the value of those government benefits paid that relate to household production of care for relatives and occupational healthcare, these estimates were judged to be consistent with SHA.

Methods

ONS follows the methodology of previous healthcare expenditure articles and Health England (2009). The latter report presents analyses of expenditure on public health and prevention in
England with reference to updated estimates of expenditure on healthcare for England and for the UK. The report also presents most of the necessary adjustments to the sum of government current expenditure on healthcare, government capital expenditure and household expenditure on healthcare.

The latest estimates of expenditure on healthcare in the UK, presented in this article for 1997 to 2010, have been calculated based on updated estimates carried out by the Department of Health and in the National Accounts.

Data sources and adjustments

The government expenditure data used in this article have been submitted to the European Statistical Office, Eurostat, in order to meet the requirements defined in the Maastricht Treaty (ONS 2012).

The 2010 estimate of total healthcare expenditure within the UK was calculated using ONS data, amounting to £140.5 billion, with further net adjustments of £0.3 billion using data provided by the Department of Health.

The adjustments needed to bring greater international comparability to the estimates are:

- the addition of expenditure on health by charities and religious organisations (NPISH), prisons and the armed forces,
- the subtraction of expenditure on research and development in health and on education and training of health personnel by the National Health Service (NHS),
- the addition of non-NHS expenditure on nursing care in nursing homes, expenditure on those government benefits paid that relate to household production of home healthcare for relatives and expenditure on occupational healthcare.

The first of these adjustments was estimated at (plus) £5.7 billion in 2010 and the second at (minus) £5.4 billion in 2010. This equated to a net adjustment of (plus) £0.3 billion. No data are currently available for the third adjustment.

Notes

1. A System of Health Accounts was updated in 2011 (OECD, 2011a)

Healthcare expenditure: components

ONS uses total government expenditure on healthcare from the National Accounts as a base series. This is subject to adjustments in order to bring it into line with SHA requirements. Table 2 summarises the adjustments that have been made to the base series and the data sources. Upwards adjustments to the base series are additions and downwards adjustments are subtractions.
Table 2: Adjustments to healthcare expenditure

<table>
<thead>
<tr>
<th>Component</th>
<th>Adjustment</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government current and capital expenditure on healthcare</td>
<td>Base series</td>
<td>Consistent with data submitted to Eurostat in order to meet requirements defined in the Maastricht Treaty (ONS 2012)</td>
</tr>
<tr>
<td>Household expenditure on private healthcare</td>
<td>Upwards</td>
<td>Published in <em>Blue Book 2011</em>¹</td>
</tr>
<tr>
<td>Expenditure on private healthcare by NPISH (mainly charities)</td>
<td>Upwards</td>
<td>UK estimate provided by the Department of Health</td>
</tr>
<tr>
<td>Expenditure on healthcare in prisons</td>
<td>Upwards</td>
<td>UK estimate provided by the Department of Health</td>
</tr>
<tr>
<td>Expenditure on healthcare in the armed forces</td>
<td>Upwards</td>
<td>UK estimate provided by the Department of Health</td>
</tr>
<tr>
<td>Capital expenditure by private sector healthcare providers</td>
<td>Upwards</td>
<td>Estimated using data consistent with <em>Blue Book 2011</em>, and data submitted to Eurostat and published on the ONS website</td>
</tr>
<tr>
<td>Expenditure on healthcare and training of healthcare personnel by the National Health Service (NHS)</td>
<td>Downwards</td>
<td>UK estimate provided by the Department of Health</td>
</tr>
<tr>
<td>Expenditure on research and development in healthcare by the NHS</td>
<td>Downwards</td>
<td>UK estimate provided by the Department of Health</td>
</tr>
<tr>
<td>Government benefits paid to those providing home healthcare for their relatives</td>
<td>Upwards (no estimate available)</td>
<td>No source</td>
</tr>
<tr>
<td>Occupational healthcare</td>
<td>Upwards (no estimate available)</td>
<td>No source</td>
</tr>
<tr>
<td>Non-NHS expenditure on nursing care in nursing homes</td>
<td>Upwards (no estimate available)</td>
<td>No source</td>
</tr>
</tbody>
</table>

**Table source:** Office for National Statistics

**Table notes:**
1. ONS (2011b)
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Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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This document is also available on our website at www.ons.gov.uk.

Supporting Information

Glossary

Capital healthcare expenditure
Expenditure on fixed capital, including buildings and medical equipment by healthcare providers

Current expenditure on healthcare
Healthcare expenditure by the government, private sector, NPISH, prisons and armed forces that does not include capital expenditures

Private expenditure on healthcare
Final consumption expenditure on health by households, NPISH, and capital expenditure by private healthcare service providers

Public expenditure on healthcare
Government current and capital expenditure on healthcare, including healthcare expenditure in prisons and the armed forces
References


Revisions

Healthcare expenditure estimates in this article include revisions to published data in UK National Accounts Blue Book 2011\(^1\) (ONS 2011b). Between 1997 and 2010 current price GDP estimates have been revised between Blue Book 2010 and Blue Book 2011. These revisions are available in reference table 4.

Current price estimates of healthcare expenditure in the UK have also been subject to revisions from 1997 onwards. The figures have been revised upwards in all years excluding 2006 and 2008, where they were revised downwards.

The average absolute annual revision between 1997 and 2009 for current price healthcare expenditure was £0.3 billion, or 0.3 percentage points. These revisions, along with revisions to current price public/private and current/capital expenditure and their percentage shares of GDP are available in reference tables 3 and 5 respectively.

These revisions have been due to changes made in the following series:

- estimates for total private healthcare expenditure have been revised upwards since 1997 for every year except 2006 and 2008, when they were revised downwards. Expenditure on private health insurance has been revised downwards from 2000 to 2008, and revised upwards in 2009,
- government health expenditure data were revised for the period 2007 to 2009. This was submitted to Eurostat so that it meets the requirements of the Maastricht Treaty (ONS 2012),
- prison expenditure data were revised upwards for the years 2003, 2004 and 2009,
- research and development data have been revised downward for 2008 and 2009,
- education and training healthcare expenditure data were revised downwards for the period 2000 to 2009,
• third sector (NPISH) and armed forces expenditure data for 2009 were revised downwards.

Notes

1. Hereafter referred to as Blue Book 2011

Reference tables

Table 1 (40 Kb Excel sheet): Current price estimates of current & capital and public & private healthcare expenditure in the UK, £ billion, 1997–2010.

Table 2 (30 Kb Excel sheet): Current & capital and public & private healthcare expenditure as a percentage of total healthcare expenditure in the UK, 1997–2010.

Table 3 (36.5 Kb Excel sheet): Revisions to total, current & capital and public & private current price healthcare expenditure between new ‘12 and previous ‘11 articles, £ billion, 1997–2010.
