

In Depth

Let's End The NHS "Bottomless Money Pit" Myth

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NHAspace questions the common assertion that the NHS is an insatiable resource sink.

Read about the NHS in the media, and you'll find plenty of comments about how expensive the NHS is. Just the other day, BBC health correspondent Nick Triggle was referring to ministers being 'frightened' by 'how much cash the NHS is swallowing'. The prevailing idea is that we're already spending too much, and that the government is having to be tough and draw a line.

If you're reading this, you're probably willing to question this assertion. But if we want to keep the NHS running as a universal service, how much more funding does it need? Can we as a nation afford to spend that much? And is frontline care benefitting from the increased spending, or is it being siphoned off thanks to government reforms?

The NHS certainly needs more money to continue in its current form. Virtually every NHS Trust in England is now in deficit. If it were just a few isolated cases, you might blame poor financial stewardship. But, as the King's Fund states, for the vast majority to suffer a shortfall indicates that central funding isn't keeping pace with the demand for healthcare services.

If we actually want a universal health service able to follow current best practices, how much more do we need to spend right now? Based on the fact that NHS trusts were balancing their books up until 2012/13, NHAspace previously calculated that the NHS is currently underfunded to the tune of £15bn. This assumes that the cost of running the NHS had increased by around 4% each year, which is the historical trend. But can we afford to put in this extra funding?

The simple answer is yes. According to the OECD and WHO datasets, the UK still spends less (both per capita and as a % of GDP) on healthcare than France, Germany, Austria, Holland, Denmark, Norway, Belgium, Canada, Japan, and various other western nations. Per capita, the NHS costs less than half as much as the US healthcare system. But there's no need to match US spending! Even with an additional £15bn per year, we'd still be lagging behind France's expenditure per head of population.

The final question then – is the funding reaching the front line? A CHPI report estimates that, following the introduction of the external market by the Health & Social Care Act 2012, the NHS now has 53,000 contracts with the private sector, requiring 25,000 staff and

an annual budget of at least £1.5bn to administer. Adding this to other administrative costs brings the total spent on market bureaucracy to an estimated £4.5bn.

Meanwhile the cost of PFI deals, in which the government has tied the NHS into loan repayments for several decades, is at least £2bn per year. And thanks to poor workforce planning and the resulting shortage of permanent staff, the NHS currently pays around £3.5bn per year to agencies for temporary staff.

Between marketisation, PFI loans and agency costs, at least £10bn a year of NHS funding is being diverted. (And that's in addition to the £12.2bn or more being handed to the private sector each year to run the outsourced NHS services.)

So, next time you hear someone say that the NHS is a 'bottomless money pit', remember to point out that we can afford the NHS, but we can't afford the government's mishandling of it. We should increase NHS funding to meet demand, but we should also renationalise the NHS and stop the siphoning off of funds by the private sector.

Whatever the sum of money the NHS spent on health care we used to know that it was all being spent on providing front line services. Now, whatever sum we spend, 20-30% of it goes to the share-holders and in administrative costs of the private companies running the service for the so called NHS! So simply providing more funding does not solve the problem. We need to bring all so called NHS services back in house under a taxation funded and run, not- for- profit system.