2007 Comprehensive Spending Review

On Tuesday 9 October, the Chancellor, Rt Hon Alistair Darling MP, delivered his first pre-budget report and published the 2007 Comprehensive Spending Review (CSR). It is a long-term and fundamental review of government expenditure and covers departmental allocations for 2008/09, 2009/10 and 2010/11.

The CSR and pre-budget report are among the first indications of a long-term vision for public services under Prime Minister Gordon Brown. As such, this briefing considers the direction of travel underpinning the CSR, the allocation of NHS spending for the next three financial years and the wider implications for the delivery of NHS services.

Key points

- As expected, growth in NHS spending will be slower in the next three financial years.
- Spending will increase by 4 per cent a year in real terms.
- The increase includes funding for specific actions recommended by Lord Darzi’s NHS Next Stage Review. NHS organisations will have to find £8.2 billion in value for money savings.
- A new performance management framework will be introduced, including 30 new Public Services Agreements.

Underlying direction of travel

The CSR contends that far-reaching social, economic and technological changes and substantial changes in public attitudes and expectations have transformed the environment in which public services operate. The CSR states that “public services need to be ready to respond to these trends”.

A new model of public service delivery

Specifically, the CSR talks about a new model of public service delivery, based on excellent outcomes, personalisation and value for money. In particular, personalisation is meant to be provided by delivering flexible, personalised, tailored public services that treat people with care, respect personal preferences and appreciate the value of people’s time. In addition, the CSR argues that citizens will also need to take on a more active and responsible role themselves in order to fulfil their aspirations.

Enhancing accountability of public services

Enhancing the accountability of local public services is a strong theme in the CSR. Although not a concept fully developed for health in the CSR, elsewhere proposals include neighbourhood charters that will allow local citizens and service providers to agree on expected levels of service and provide mechanisms for users to hold service providers to account.
Funding immediate actions from the NHS Next Stage Review

The Chancellor confirmed funding for immediate actions identified by Health Minister Lord Ara Darzi in his interim report for the NHS Next Stage Review. This means resources are confirmed for:

- a new comprehensive strategy to reduce health inequalities in life expectancy and infant mortality and additional resources to tackle child obesity
- new services for people with long-term conditions
- new measures to increase GP access, including over 100 new GP practices in the 25 per cent of PCTs with the poorest provision and 150 new health centres open seven days a week
- £75 million over the CSR period to deliver further reductions in cancer waiting times
- a named midwife for all pregnant women
- £130 million to fund the introduction of MRSA screening for all elective patients next year and all emergency admissions within the next three years, deep cleaning of hospitals, and increased powers for matrons to report concerns
- a further £140m by 2010-11 to reduce clostridium difficile infections
- £100 million for a new Health Innovation Council to drive a more innovative NHS

Release of capital from NHS assets

Over the CSR period, the DH will release over £500 million for reinvestment in the NHS through the disposal of surplus property.

The plans are part of the Government’s objective of realising £30 billion of asset disposals target by 2010/11. The asset disposal strategy aims to ensure the taxpayer receives maximum value for money from public sector assets through both increased efficiency and also through raising revenue that can be used to fund essential new assets, and has already realised £12.2 billion since 2004/05.

The CSR does not explicitly state that the disposal of surplus property relates to its proposed efficiency gains or to assets owned by foundation trusts.

Expected productivity savings

In addition to a 4 per cent a year increase in spending, the CSR expects a total of at least £8.2 billion in value for money savings to be made by the NHS by 2010/11, which equates to a goal around of 3 per cent in efficiency gains.

The CSR states that it will be for individual NHS bodies to decide the best measures for their local circumstances to achieve these savings. The CSR identifies several areas to achieve savings, including improving community-based services.
reducing variations in productivity across the NHS improving procurement practices.

Around £500 million per year by 2010/11 in net cash-releasing savings is identified through improving community-based services to help those with long-term conditions avoid traumatic and expensive emergency admissions.

It is thought that reducing variations in productivity across the NHS by spreading new technologies and best practice across the NHS could potentially generate net cash-releasing savings of £1.5 billion per year by 2010/11.

Finally, improving procurement practices could realise net cash-releasing savings of up to £1 billion per year by 2011.

In total, if the three recommended areas for savings were adopted across the NHS successfully, then this would equate to £3 billion per year by 2011, which means NHS organisations will have to find a further £5.2 billion per year in value for money savings by 2011.

Wider implications for the NHS

New performance management framework

The CSR announces a new performance management framework based on a stronger relationship with public sector professionals, with a streamlined set of 30 new PSAs setting the Government’s priority outcomes for the CSR period.

‘Each PSA is underpinned by a single delivery agreement shared across all contributing departments which sets out plans for delivery’

New Public Services Agreements

Among the new PSAs, there will be two led by the DH concerning promotion of better health and well-being for all and better care for all. These PSAs and the other new PSAs relating to health are detailed in the pull-out box on the following page.

The PSAs cut across Government and are likely to ensure that the DH and the NHS work with other government departments and partners to achieve them.

Reducing the burden of bureaucracy

In addition, the CSR announces a commitment to reduce by 30 per cent the total amount of data that central departments and agencies request from the front line by 2010.

First Service Transformation Agreement

Underpinning the delivery of the new PSA framework is the Government’s first Service Transformation Agreement, which sets out a programme of reforms including:

- piloting a new ‘Tell us Once’ service, so that citizens only inform public services about changes in circumstances once
- closing down the majority of government websites so that government information and services can be accessed through two single access websites, www.direct.gov.uk and www.businesslink.gov.uk
- requiring all publicly-funded call centres to undergo formal published accreditation to ensure faster and better services for citizens and businesses
- reducing avoidable or duplicated contacts with call centres and local offices
- empowering individuals to influence their services, with greater opportunities and direct involvement to influence the way they are designed and delivered
- improving management of information and identity across the Government’s delivery systems to reduce wasted time and inconvenience for citizens, businesses and frontline workers.

Each PSA is underpinned by a single delivery agreement shared across all contributing departments, which sets out plans for delivery and the role of key delivery partners. Each delivery agreement includes a series of national outcome-focused performance indicators that will be used to measure progress towards each PSA outcome. A subset of these performance indicators also has specific national targets or minimum standards attached, where this is the case the indicator is highlighted with an asterisk (*) in the box on page 4. All other national indicators are expected to improve against baseline trends over the course of the CSR period. Details are set out in each relevant delivery agreement.
## New Public Services Agreements

Of the 30 new streamlined Public Services Agreements (PSAs) setting the Government’s priority outcomes for the CSR period, two are led by the DH and there are several more with an impact on the NHS.

The Secretary of State for Health has responsibility for PSA 18: *Promote better health and wellbeing for all* and PSA 19: *Ensure better care for all*. PSA 18 covers the all-age all-cause mortality rate*, the gap in life expectancy* and the rate of smoking prevalence*. It also includes the proportion of adults supported through social care community care assessment to live at home and the proportion of people with depression and/or anxiety disorders who are offered psychological therapies.

**PSA 19: Ensure better care for all**

Covers self-reported experience of patients/users as surveyed by the Healthcare Commission, patient experience of access to primary care, and people with long-term conditions supported to be independent and in control of their condition. It also covers the percentage of patients seen within 18 weeks for a) admitted patients* and b) non-admitted patients*, the percentage of women who have seen a midwife (or obstetrician) for health and social care assessment of needs and risks by 12 weeks of their pregnancy, and MRSA* and *clostridium difficile rates*.

In addition, a further ten PSAs are of relevance to the NHS. These are:

**PSA 12: Improve the health and wellbeing of children and young people**

Which covers the prevalence of breastfeeding at 6-8 weeks, levels of childhood obesity*, the effectiveness of child and adolescent mental health services, and parents’ experiences of services for disabled children.

**PSA 13: Improve children and young people’s safety**

Including hospital admissions caused by unintentional and deliberate injuries to children and young people and reduction of preventable child deaths as recorded through child death review panel process.

**PSA 14: Increase the number of children and young people on the path to success**

Including the level of young people’s substance misuse and the under 18 conception rate*.

**PSA 15: Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief**

Which includes the change in the gap between perception rates of disadvantage groups compared to non-disadvantaged groups in perception of dignity and respect when accessing services.

**PSA 16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training**

Covering the proportion of adults in contact with secondary mental health services in settled accommodation,

with learning disabilities in settled accommodation, in contact with secondary mental health services in employment and with learning disabilities in employment.

**PSA 17: Tackle poverty and promote greater independence and well-being in later life**

Addressing healthy life expectancy at age 65 and the extent to which older people receive the support they need to live independently at home.

**PSA 25: Reduce the harm caused by Alcohol and Drugs**

Including the percentage change in the number of drug users recorded as being in effective treatment and rate of hospital admissions per 100,000 for alcohol-related harm.

**PSA 27: Lead the global effort to avoid dangerous climate change**

Including total UK greenhouse gas and 

**PSA 28: Secure a healthy natural environment for today and the future**

Including water quality, biodiversity, air quality, marine health and land management: positive and negative impact of farming.

**PSA 29: Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals**

Which includes under five mortality rate, maternal mortality ratio and HIV prevalence among 15-49-year-olds. The Government is due to publish further material on the strategy for Global Health.

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* A subset of these performance indicators also has specific national targets or minimum standards attached.
**Resources for adult social services**

As part of the CSR, Rt Hon Alistair Darling MP announced that there will also be a green paper consultation on the reform of the public support and care system, which will particularly focus on older people. Since his announcement, Mr Darling has raised the possibility that there will be reforms of means testing in long-term care for the elderly and disabled, commenting: “I think we can make changes,” adding: “I want to get to a situation where we can be as fair as possible.”

Resources for local authorities that provide adult social services will be £2.6 billion higher by 2010/11 than in 2007/8, an annual average growth of 1 per cent in real terms. The Government will increase direct funding for social care by £190 million to £1.5 billion by 2010/11 and want social care providers to enable greater personalisation of services and support for carers. This is to be delivered through individual budgets, preventative projects for older people, advocacy and information services, and investment in the social care workforce.

**Full funding of the Cooksey Review recommendations**

The CSR confirmed the “full funding of the Cooksey Review recommendations”, increasing the DH Research and Development budget to over £1 billion by 2010/11, which raises the joint fund from £1.3 billion to £1.7 billion. The Cooksey Review recommendations include:

- the bringing together of the budgets of the Medical Research Council (MRC) and the DH Research and Development department and establishing an Office for the Strategic Coordination of Health Research (OSCHR) that would be responsible for setting the budget. The OSCHR is now working with the Office of Science and Innovation, which is part of the Department for Innovation, Universities and Skills (DIUS), as well as the DH and devolved administrations
- National Institute for Health Research (NIHR) to become a real rather than virtual body. The NIHR and MRC would have a duty to cooperate with the OSCHR. Greater priority and support would be given to that research which tackles currently unmet health needs. OSCHR to be responsible for communicating the UK’s health priorities to improve market signalling to pharmaceuticals and the biosciences sector
- the status of ‘UK Priority Health Research Project’ would confer institutional and procedural advantages, i.e. faster approval for clinical trials in the NHS, and an expedited route through NICE approval.

The Cooksey Review was commissioned in March 2006, and gave its report in December 2006. In the pre-budget report of December 2006 the Chancellor announced that he accepted the recommendations of the review and the OSCHR were responsible for putting forward a joint bid to the CSR to meet the objectives of the review.

**NHS Confederation viewpoint**

The NHS Confederation welcomes the extra investment in public services and research and development announced in today’s pre-budget report and comprehensive spending review. The extra 4 per cent increase in NHS funding over the next three years will help us face a challenging financial future and continue to improve the health service for patients. It is not clear what proportion of the 4 per cent will be allocated to central budgets, to fund research and development, changes in medical training, improve GP access and other national projects.

Our members recognise that the service has benefited from an unprecedented increase in funding, and overall receives a large portion of extra public spending. However, trusts will find the 3 per cent efficiency saving target a real challenge, especially those who have recently emerged from financial deficit.

Although there has been a tendency to criticise the NHS on value for money, recent reviews have suggested that the service has in fact made significant productivity gains, due to increases in the quality of care. Further improvements in productivity require serious redesign of clinical processes. This must be led locally and will take time to deliver sustainable results.

We are concerned about the extent to which the efficiency savings assumed are achievable. Reducing variation and shifting the location of care may produce savings but it’s open to debate whether it’s at the level assumed here.

We welcome the extra funding for adult social care services and the announcement of a forthcoming green paper.

We are also pleased to see a significant increase in funding for research.
Further information

The 2007 Comprehensive Spending Review and Pre-budget Report:
www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm

Description of each PSA Delivery Agreement: http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaindex.cfm

Response by the Department of Health to the 2007 Comprehensive Spending Review:

Statement by the Secretary of State for Health on interim report of the NHS Next Stage Review and the Department of Health’s settlement of the 2007 Comprehensive Spending Review:
www.dh.gov.uk/en/News/Speeches/DH_079340

For more information about the NHS Confederation and how to get involved please contact Matt Jones, Public Affairs Officer, on 020 7074 3302 or matt.jones@nhsconfed.org

The NHS Confederation

The NHS Confederation is the independent membership body for the full range of organisations that make up the modern NHS. We help our members improve health and patient care, by:

• influencing policy, implementation and the public debate
• supporting leaders through networking, sharing information and learning
• promoting excellence in employment.

Our ambition is excellence for patients, the public and staff by supporting the leadership of the new NHS.

Our work is determined by our members. Our aim is to reflect the different perspectives as well as the common views of the many organisations delivering the new NHS. Our core membership covers all types of statutory NHS organisation and independent providers of NHS services. Our members are the organisations themselves. These are represented by individuals from board level – chief executives, chairs, non-executives and directors.