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(with David Phillips)

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@TheIFS

# Healthcare spending, staffing and activity



Economic  
and Social  
Research Council



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CENTRE FOR THE  
MICROECONOMIC  
ANALYSIS OF  
PUBLIC POLICY

# Introduction

- Health has been devolved to the Scottish Government since 1999
  - Some differences from the NHS in England, Wales and NI
  
- Health is the largest single area of Scottish Government spending
  - 35% of the SG's total discretionary budget 2024–25
  - Share has grown over time and projected to keep growing
  
- This presentation will cover two things:
  1. Health spending in Scotland, England and Wales
  2. NHS staffing and activity in Scotland since the pandemic

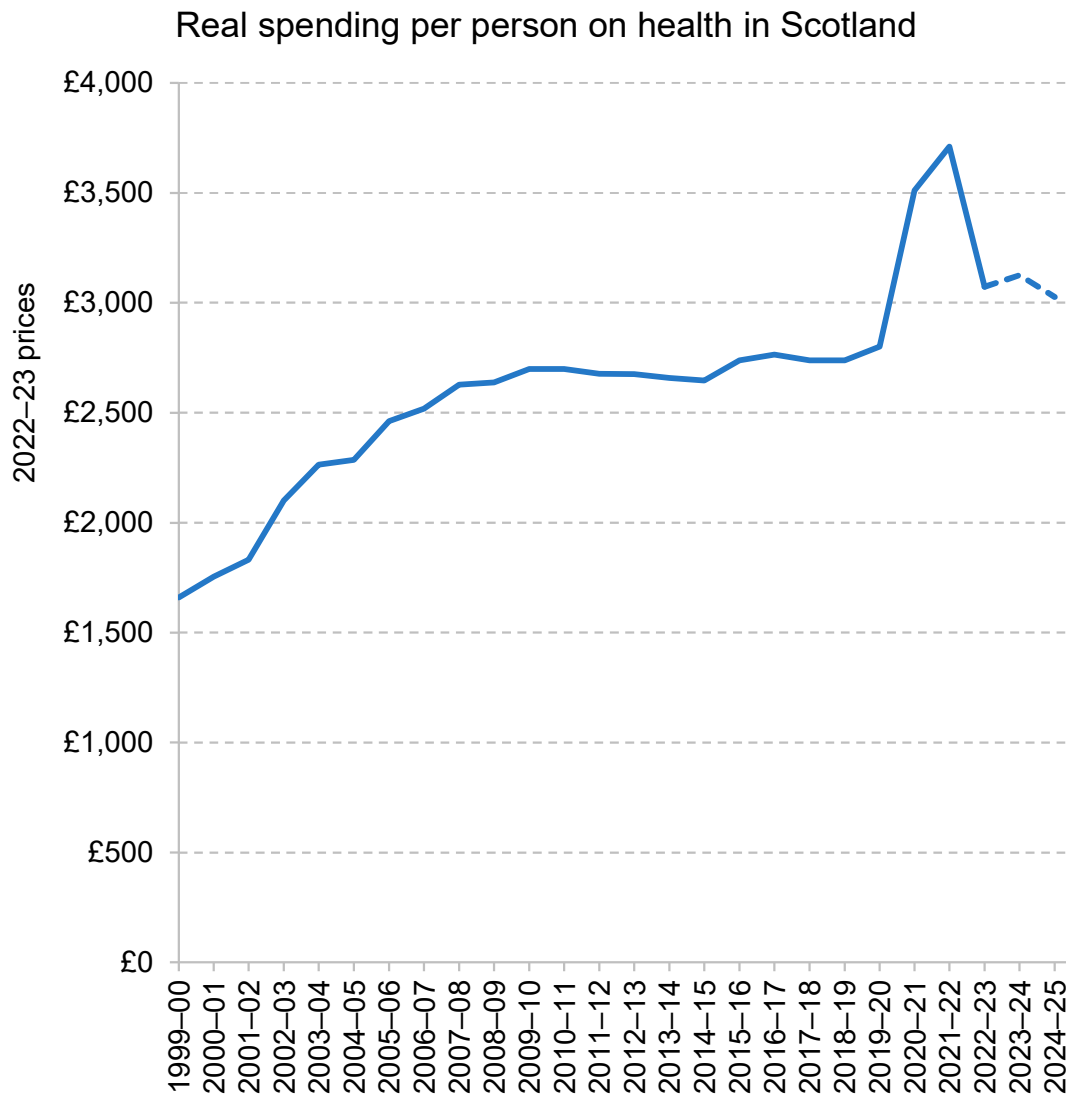


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# Health spending

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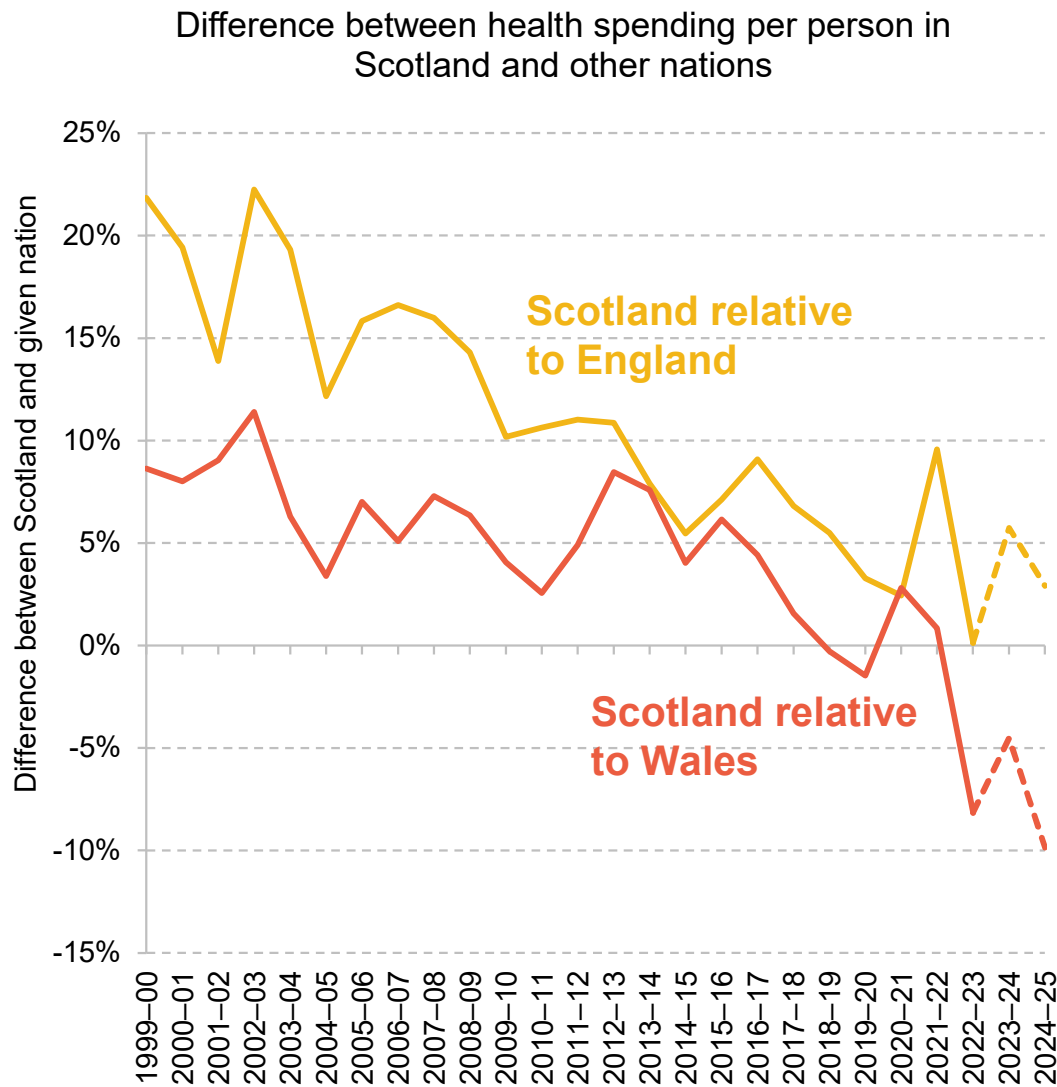
# Health spending per person



- Rose from £1,659 per person in 1999–00 to £2,801 in 2019–20
- Much faster growth in the 2000s (5.0% per year) than in the 2010s (0.4% per year)
- Peaked during the pandemic, but in 2022–23 was still 10% above 2019–20
- Under current budgets, will fall between 2023–24 and 2024–25

Figure 4.1, 'Healthcare spending, staffing and activity', David Phillips and Max Warner, 2024

# Health spending per person



- At dawn of devolution, Scotland spent 22% more than England and 9% more than Wales
- This gap has declined over time as spending has grown faster in England and Wales
- Under current plans, Scotland will spend 3% more than England and 10% less than Wales in 2024–25

Figure 4.2, 'Healthcare spending, staffing and activity', David Phillips and Max Warner, 2024



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# NHS staffing and activity

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# NHS staffing and activity

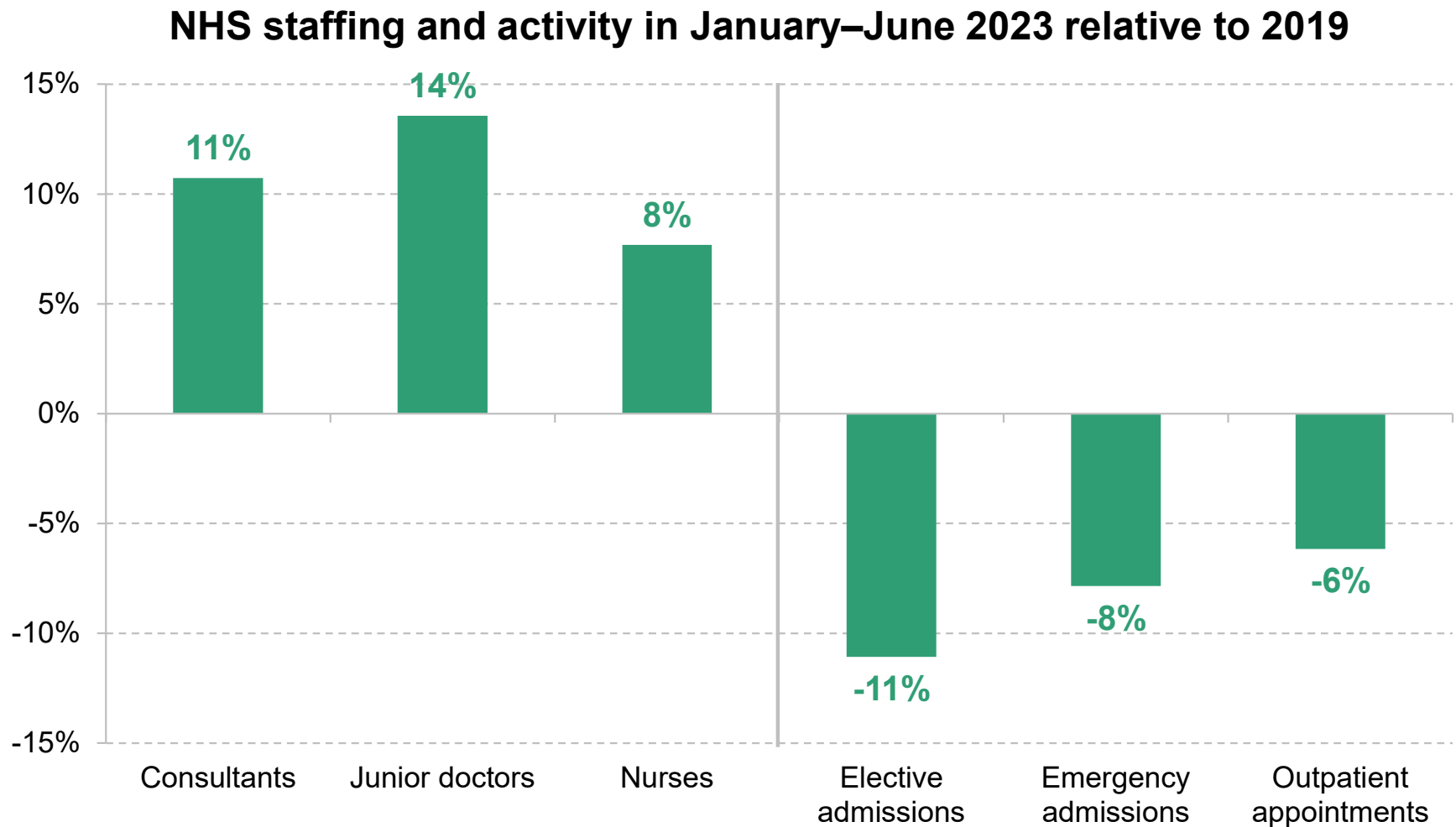


Figure 4.5, 'Healthcare spending, staffing and activity', David Phillips and Max Warner, 2024

# NHS productivity

- Lower hospital activity
  - Means waiting lists are likely to keep rising
  - Points to a substantial fall in measured hospital productivity
- Similar to the fall in hospital productivity observed in England, but...
  - England has increased staffing by more
  - Hospital activity has recovered by more in England



# NHS staffing and activity

## NHS staffing and activity in January–June 2023 relative to 2019

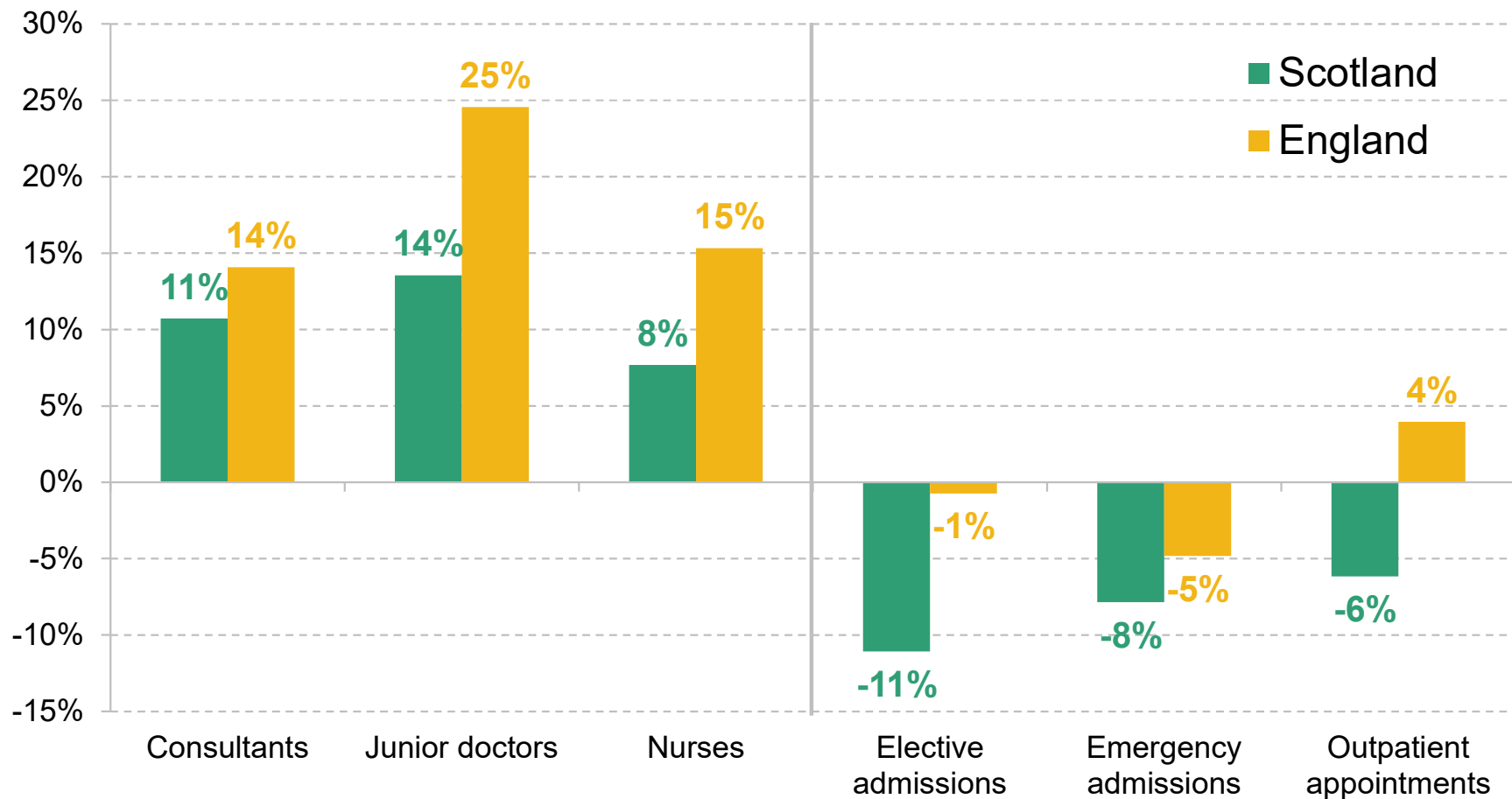


Figure 4.5, 'Healthcare spending, staffing and activity', David Phillips and Max Warner, 2024

# NHS productivity

- Lower hospital activity
  - Means waiting lists are likely to keep rising
  - Points to a substantial fall in measured hospital productivity
- Similar to the fall in hospital productivity observed in England, but...
  - England has increased staffing by more
  - Hospital activity has recovered by more in England
- Measures of performance have worsened in both countries
  - A&E waiting times better in Scotland, elective waiting list grown by more in Scotland

# NHS productivity

- What could explain lower measured hospital productivity?
  - More staff but fewer hospital beds
  - Covid-19 patients in hospital
  - Patients are sicker than pre-pandemic
  - Management and bottlenecks in the system
- Likely a mix of all these, but importance of each remains unknown
- Risk is higher spending will not translate into as much improved performance than before
- Increasing productivity should be a major focus for Scottish Government

# Summary

- Scottish health spending has grown over time, but English and Welsh health spending has grown even faster
- Scottish health spending is set to fall in real terms next year, but may well be topped up
- One striking difference: Scottish workforce plan implies 1% growth in NHS workforce between 2022 and 2027, English implies 20-21%
- There has been a large and persistent fall in hospital productivity
- This is a major concern: lower productivity is bad for everyone, means more resources may be required to deliver the same service
- Particularly challenging given the difficult fiscal situation

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