

MEMO



Department of

**Health, Social Services
and Public Safety**

An Roinn

**Sláinte, Seirbhísí Sóisialta
agus Sábháilteachta Poiblí**

www.dhsspsni.gov.uk

From: Mr Paul Simpson

Date: 24 May 2005

To: Shaun Woodward

cc:

INDEPENDENT HEALTH REVIEW

Issue: Briefing on the Independent Health Review, led by
Professor John Appleby of the Kings Fund.

Timescale: Urgent. You asked for an early briefing.

Media Interest: The publication of the Report will generate significant
press/political attention.

FOI Implications: This note is fully disclosable.

Recommendation: You are asked to note progress so far. A further update
will be provided when we have a draft of the report.

Background

In 2004, with the assistance of HM Treasury, DFP secured the agreement of Professor John Appleby, Chief Economist of the Kings Fund, to take forward an independent review of health service provision in Northern Ireland. The Review had

been anticipated for some considerable time. Similar reviews were conducted for the UK as a whole and for Wales by Derek Wanless in 2002 and 2003.

2. These reviews examined the resourcing of health and social care services and assessed how reform might deliver enhanced services and efficiency improvements. The Northern Ireland review is being conducted along similar lines. The terms of reference are attached at Annex A. The main areas for study include:
 - the current level of demand relative to the funding available;
 - the demands of the population for health and social services in NI, taking account of its distinctive characteristics, in terms of long term and sustainable investment;
 - technological, demographic, medical and other trends over the next two decades that may have implications for the future resource needs of the HPSS sector in NI consistent, where possible, with the approach adopted in the Wanless UK Review;
 - the extent to which resources are being used effectively and efficiently and, if there is evidence of sub-optimal resource utilisation, the issues which are impairing the most efficient and effective use of resources;
 - the scope for a more effective use of resources (human, revenue and capital) to bring about a significant improvement in access to, and quality of, services in the HPSS and specifically the optimum balance between prevention, community-based care and acute hospital care;
 - ways in which the interactions between the health and social care systems can be improved to maximise performance and the use of resources
 - the effectiveness of the organisational and incentive structures, decision-making and accountability processes in health and social care in NI;

- further measures to improve health and well-being which can reduce the demand for health and social services;
3. The review formally commenced in January 2005 and has a scheduled completion date of June 2005. This will allow the review recommendations to be considered in the context of Budget 2005. Professor Appleby has also established an informal group (8-10) of leading health economists to use as a 'sounding board' for his emerging findings. These are listed in Annex B.
4. During the course of the Review, the Review Team (which consists of DFP officials in support of Professor Appleby) has been in constant communication with the Department. While there has been some discussion around the findings and some information has been shared, including a fragmentary early draft, the Department has not yet seen a comprehensive draft report. Our understanding is, however, that the report will focus on:
- the major increase in resources required for health over the medium to longer term;
 - the appropriate resourcing level in Northern Ireland given the specific factors which drive need (eg deprivation, rurality);
 - the need for strengthened performance management arrangements to tackle waiting times and apparent inefficiencies here.
5. The report may also make some references to structural/organisational change required to achieve improvements in productivity and efficiency. (We will be putting a separate submission to you on this in the context of the Review of Public Administration).

Recommendation

ANNEX A

6. You are asked to note progress so far. A further update will be provided when we have a draft of the report.

Terms of Reference

Background

P. Simpson

PAUL SIMPSON

cc: Clive Gowdy
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Denis McMahon
Mike Brennan
Heather Robinson

2. The need for health and social care resources is driven by the complex interplay of a number of factors including age, the distribution of the population, the consequent economies of scale in health and social care facilities, and ability to contribute towards care costs. Northern Ireland has historically had higher per capita public expenditure on health and social care than England (and Scotland and similar to Wales). However, there are contributing factors in terms of high levels of morbidity and mortality from major diseases, such as heart disease, a number of different forms of cancer, and respiratory illness. There are also higher levels of disability, social disadvantage, deprivation and structural issues such as rurality.
3. The Government has sought to address these needs through continued priority for health and social services in public expenditure. In October 2004, the Northern Ireland Finance Minister, Ian Pearson, announced a substantial increase in health and social services spending when he published the 2005-2008 Draft Priorities and Budget. Between 2004-05 and 2007-08 the resources allocated to the Department of Health, Social Services and Public Safety are planned to increase by 25.1% (this compares with a 32.1% uplift in England over the same period).
4. However, it is clear that the demand for services continues to rise and there are significant cost pressures facing the health and social services in the coming years. These pose considerable difficulty in relation to funding and the current levels of growth in funding cannot readily be sustained. It is also the case that there are a number of deep-seated problems in the provision of services, with lengthy waiting lists, trolley waits and difficulties in meeting the demand for care and treatment. There is therefore a need to examine the resources available to health and social services and how these might best be utilised to deliver on the modern service needs.

TERMS OF REFERENCE**AN INDEPENDENT REVIEW OF HEALTH AND SOCIAL CARE IN NORTHERN IRELAND****Terms of Reference****Background**

1. Health and social services are essential to the health and social wellbeing of the people of Northern Ireland and it is important that they are resourced appropriately and that they are delivered efficiently and effectively. Inevitably, they are a major call on the resources available for public spending in Northern Ireland and, as such, it is important that the money allocated is used economically and that it properly reflects the levels of need.
2. The need for health and social care resources is determined by the complex interplay of a number of factors including age, deprivation, spatial distribution of the population, the consequent economies of scale achieved in health and social care facilities, and ability to contribute towards health and social care costs. Northern Ireland has historically had higher levels of per capita public expenditure on health and social care than England (although less than Scotland and similar to Wales). However, there are contributing factors in terms of high levels of morbidity and mortality from major diseases, such as heart disease, a number of different forms of cancer, and respiratory illness. There are also higher levels of disability, social disadvantage, deprivation and structural issues such as rurality.
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4. However, it is clear that the demand for services continues to rise and there are significant cost pressures facing the health and social services in the coming years. These pose considerable difficulty in relation to funding and the current levels of growth in funding cannot readily be sustained. It is also the case that there are a number of deep-seated problems in the provision of services, with lengthy waiting lists, trolley waits and difficulties in meeting the demand for care and treatment. There is therefore a need to examine the resources available to health and social services and how these might best be utilised to deliver on the modern service needs.

5. In April 2002, HM Treasury published an independent review (by Derek Wanless) of the long term resource requirements for the UK Health Service '*Securing Our Future Health: Taking A Long-Term View*'. Subsequently the National Assembly for Wales also commissioned a review (with Wanless acting as adviser) to examine how the resources for health and social care in Wales could be reformed and services improved.
6. Professor John Appleby, Chief Economist on Health Policy at the Kings Fund has been invited by the Finance Minister, Ian Pearson, with the agreement of the Health, Social Services and Public Safety Minister, Angela Smith to conduct an independent review of health and social care provision in Northern Ireland. The review will consider the implications of the Wanless studies and the developments in policy in hospital services, primary care and community care in Northern Ireland. The work carried out previously by Wanless will form an integral basis for the review. It will focus on helping to ensure that resources allocated to health and social care are being translated into improved and more cost effective service delivery.

Project Brief

6. The overall aim of the review is to look at the resourcing of health and social services and to consider how reforms leading to targeted and sustainable investment, effective and efficient delivery structures and appropriate incentive systems can result in improved service delivery. The specific objectives of the review are based on those previously undertaken in Wales and at the UK-wide level. The review will need to consider and make recommendations in the following areas:
 - the current position in levels of demand in relation to the levels of funding available;
 - the demands of the population for health and social services in NI, taking account of its distinctive characteristics, in terms of long term and sustainable resourcing;
 - technological, demographic, medical and other trends over the next two decades that may have implications for the future resource needs of the HPSS sector in NI consistent, where possible, with the approach adopted in the Wanless Review;
 - the extent to which resources are being used effectively and efficiently and, if there is evidence of sub-optimal resource utilisation, the issues which are impairing the most efficient and effective use of resources;
 - the scope for a more effective use of resources (human, revenue and capital) to bring about a significant improvement in access to, and quality of, services in the HPSS and specifically the optimum balance between prevention, community-based care and acute hospital care;

- ways in which the interactions between the health and social care systems can be improved to maximise performance and the use of resources
- the effectiveness of the organisational and incentive structures, decision-making and accountability processes in health and social care in NI;
- further measures to improve health and wellbeing which can reduce the demand for health and social services;

Methodology

7. The review will need to consider the present distribution of resources and the outcomes achieved for the level of spend. Performance measures and indicators will be an important part of the issues to be taken into consideration, and the establishment of incentives to encourage best practice. The review will take evidence from key stakeholders with a focus on gathering evidence of best practice and what works.
8. The review will take written and oral evidence from the key stakeholders in health and social care provision in Northern Ireland including:
 - Representatives of patients, clients, carers and service users
 - The HPSS family of organisations
 - Staff, professionals and unions
 - Relevant independent and private sector organisations
 - Local political representatives
 - Community and voluntary Sector
9. This review will not revisit areas where reviews have already been conducted or a policy decision has already been made. The review will, however, seek to utilise the broad consultations and analyses which have been undertaken in support of this work. In particular, the review will build on recent work undertaken to develop a twenty year strategy for health and well-being.
10. Professor Appleby will be supported in conducting the review by a small team of officials drawn from the DHSSPS, DFP and EPU. In addition, advice and guidance will be sought from a formal reference group including local stakeholders and individuals with direct operational experience of the HPSS sector in GB. An informal advisory group of respected academics in the field of health economics will also advise on the direction and outputs of the review.

Output

11. The product of the review will be a report to the DHSSPS and Finance Ministers advising on the optimal use of financial resources to deliver and sustain whole system health and social care services for the people of NI over the next 10 years. The report will also highlight the performance indicators and information

requirements needed for successfully monitoring delivery of health and social care services.

12. It is intended that the review will report in late spring 2005 in time to inform the production of the Draft NI Budget.

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- Prof David Parkin, Department of Economics, City University
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- Prof Ciaran O'Neill, Professor of Health Economics and Policy, University of Ulster
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REVIEW INFORMAL REFERENCE GROUP

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