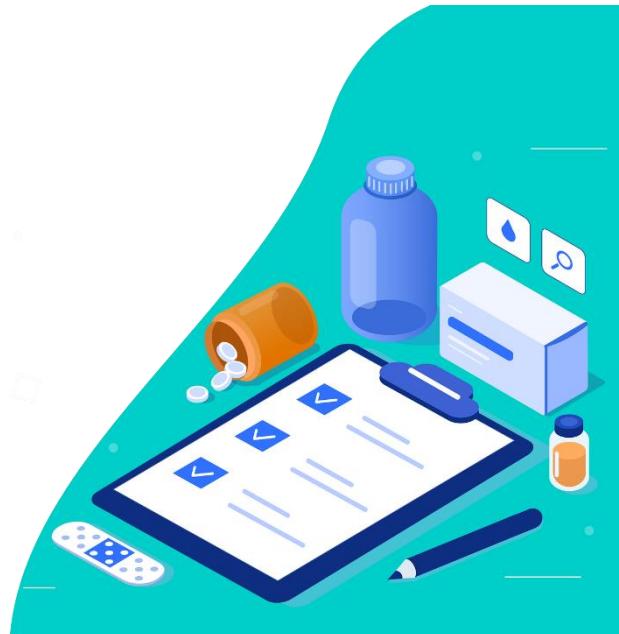


5 point plan for the future

3) Organisation Structure

Streamlining multiple tiers of administration, to maximize the proportion of the Healthcare pound that reach front line patient facing services

Funding for the NHS derives from the Department of Health & Social Care's (DHSC) Departmental Expenditure limits. It filters down through NHS England (NHSE) who fund Integrated Care Systems (ICS), who in turn commission Care from NHS Trusts. Additionally, NHS England funds Public Health, Primary Care and Specialist Commissioning (which in turn provides additional funding to NHS and other Providers). The DHSC also funds Health Education England and Local Authorities, which also fund care from NHS and other Providers. A useful schematic of this funding web can be seen in the [DHSC Annual report and Accounts](#), and a good analysis of the latest spending numbers is available from [The Kings Fund](#).



A list of the various health bodies that comprise the Health and Social Care System can be found [here](#), which also shows how they are organised at a National, Regional and local level.

Each of these bodies presents its own administrative cost burden, which is a pressure on the overall Health and Social Care Pound. A good question to ask is how much of the DHSC pound actually makes it to front line patient facing services ?

It's difficult to analyse this question, since each disparate body administers itself and reports separately, and may not report administration specifically. Inevitably there is also some overlap in funding and reporting, and potential for double counting. A best estimate from looking through published accounts would suggest that the DHSC, NHSE and ICSs collectively account for 4 pence of the overall Health and Social Care pound. NHS Trusts collectively accounts for an additional 15 pence in administering themselves, and other bodies and providers in the funding ecosystem perhaps a further 1p. **So in aggregate perhaps only 80 pence of the Healthcare Pound is reaching front line patient facing services.**

When looked at this way there would seem to be an opportunity to streamline the funding ecosystem, and to try and remove excess or duplicative administration. In particular the more recently formed ICSs should be looked at alongside the local Trusts from whom they Commission care, to assess any duplication that may have been created in management and back office functions. Savings made in this way can be used to free up cash for reinvestment back into front line services, and to reduce the % inflation that has been seen in Healthcare Spending in recent years.

The [NHS Long Term Plan](#) is clear in its intent that ‘Taxpayers’ investment will be used to maximum effect’, and specifically its commitment to ‘making further efficiencies in NHS Administrative costs across Providers and Commissioners, both nationally & locally’. There is a pledge to have save £700m between 19/20 and 23/24, comprising £290m from Commissioners and £400m from Providers. **In the light of the analysis above suggesting only 80p of the DHSC pound reaching front line patient facing Services, and in the context of a DHSC budget of £192B for FY24/25, these savings may not seem ambitious enough ?** Furthermore since the NHS Long Term Plan was published there is limited evidence that ‘[the costly and overly bureaucratic contracting process](#)’ has been simplified through impactful reforms. **This requires urgent attention, and a joined up approach to review potential efficiencies and streamlining of organisation and contracting.**

The Health Analyst

About

The Health Analyst (THAhealth.com) is a blog site discussing the big issues facing the Healthcare and Life Sciences world today. It aims to shine the spotlight on new thinking and ideas that could drive positive change for all.

The Health Analyst works in the Healthcare sector, and has held a variety of different roles over a long career. This has enabled them to develop an innovative perspective on what needs to be changed and how it could be achieved.

The ideas presented in the blogs have been thoroughly researched and fairly presented. If you’ve got feedback or perspective to add, please contact us on info.thahealth@gmail.com.