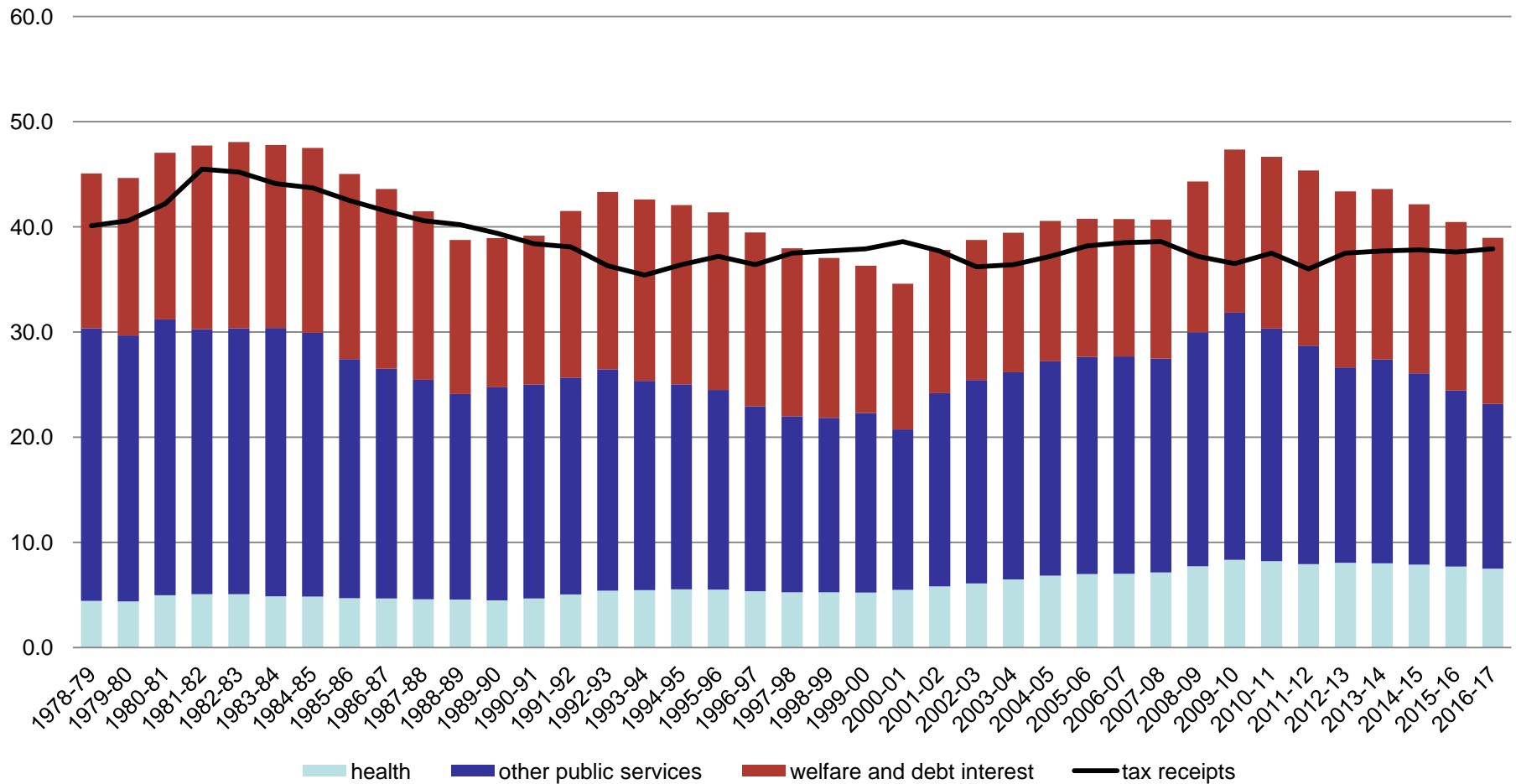


The Funding Outlook for Health

Anita Charlesworth
Chief Economist, Nuffield Trust

UK Health Spending, government spending and tax 1978-79 to 2016-17



The magic circle: health spending increases rapidly, overall public spending and tax falls

Share of GDP	Total Public Spending	Health spending	Other public services	Welfare and debt interest	Receipts
1978-79	45.1%	4.4%	25.9%	14.7%	40.1%
2007-08	40.7%	7.1%	20.3%	13.2%	38.6%
2015-16	40.5%	7.9	16.6	16.0	37.6%
Difference	- 4.4	+2.7	-5.6	-1.5	-1.5

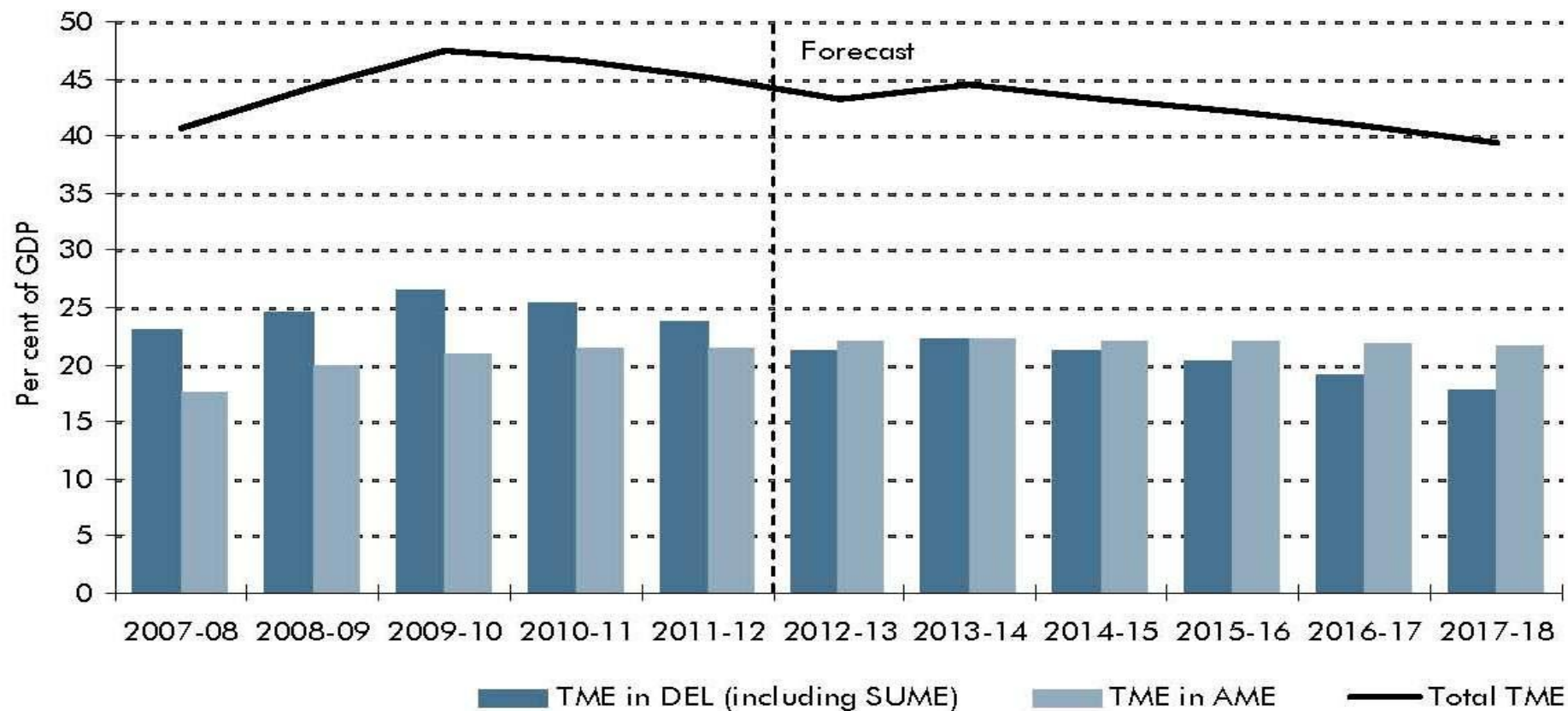
Source: OBR, HMT PESA 2012

In 2016-17 spending as a share of GDP and receipts as a share of GDP will be at the average for the 20 years pre-crisis (40% and 38%).

2 key differences: Health spending will be much larger (2 percentage points of GDP) and spending on other public services will be at the share last seen in at the end of 1990's.

The impact on aggregate public spending

Chart 4.4: DEL and AME components of TME



Source: ONS, OBR

Earnings will be key

	2011	2012	2013	2014	2015	2016	2017
Nominal average earnings growth	2.3	2.1	1.4	2.7	3.6	4.0	4.0
GDP deflator	2.5	1.3	2.1	2.0	1.8	1.8	1.7
Nominal NHS pay bill per head growth	1.7	1.7	2.5	2.5	Max 2.5	?	?

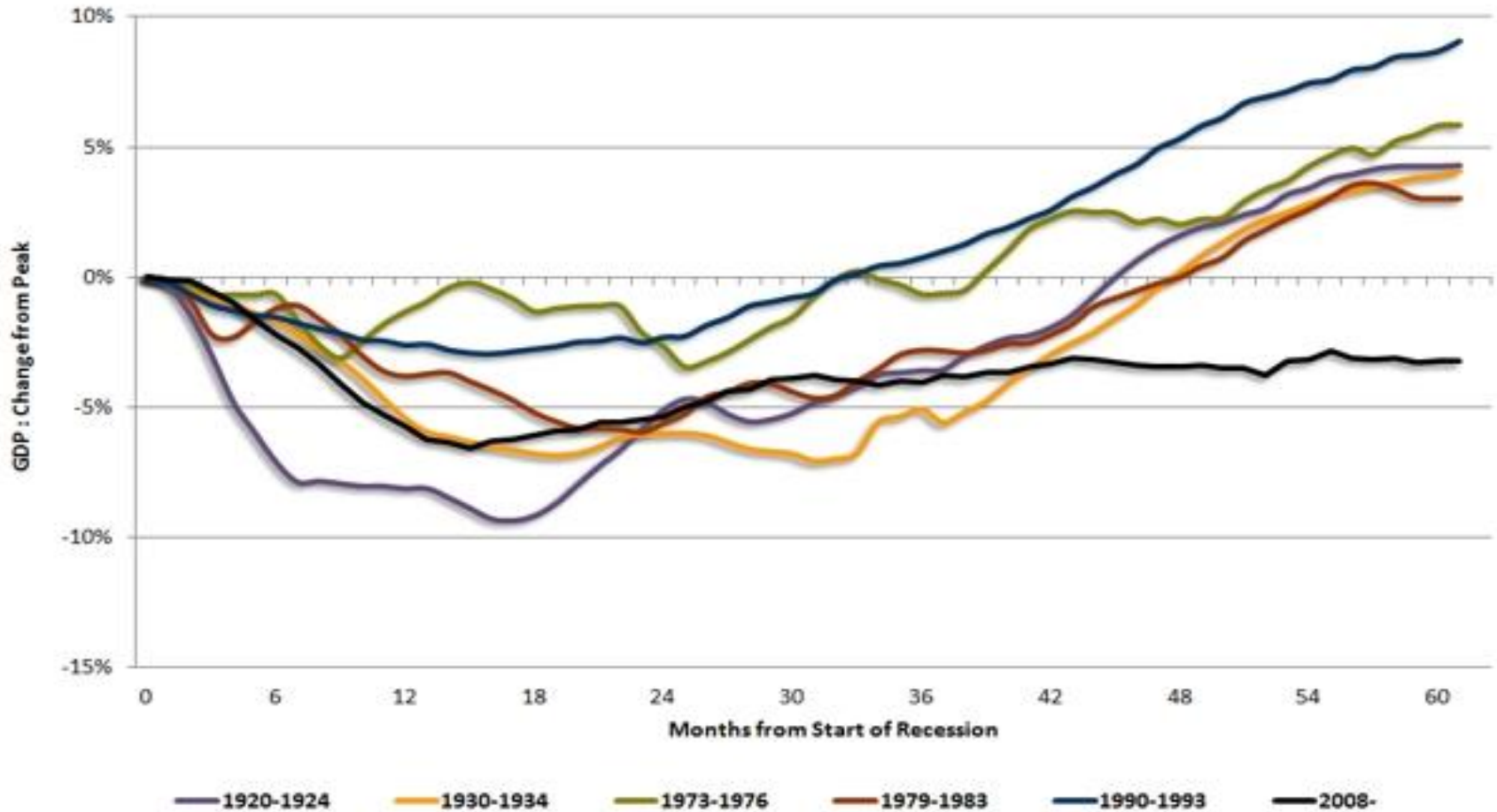
Source: OBR 2012, NHS employers 2012

The outlook in context: DEL over time



Note: DEL figures from 2013-14 are adjusted for changes for local government

The progression of recession and recovery





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Adam.roberts@nuffieldtrust.org.uk