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New research demonstrates an increase in NHS productivity

A new study by researchers at the Centre for Health Economics, University of York, reveals the productivity of the NHS in England increased by 3.2% in the first year of the Coalition administration.

Researchers at CHE used the most detailed and comprehensive information available to measure growth in the amount of health care provided to NHS patients and in the total amount of resources (staff, equipment, etc) used to produce this care.

The research shows that NHS productivity has increased by 8% since 2004/5. There have been year-on-year increases in the number of people receiving treatment and continued improvements in 30-day survival rates. Staff numbers have increased by almost 11% since 2004/5 but increases have flattened out recently. There has been pronounced growth in the use of other inputs over time.

Productivity growth of 3.2% between 2009/10 and 2010/11 was driven mainly by a slowdown in staffing, with levels of activity being maintained.

Health Minister Lord Howe said: “NHS staff have risen to the challenge and worked hard to deliver this impressive improvement in productivity.

“It is testament to their commitment to patient care and a demonstration of the savings that can be achieved. However we must not be complacent and the NHS will need to ensure it is getting value for money from every pound it spends.

“With decision-making power now in the hands of doctors and nurses, we are confident that the NHS will change and evolve to meet the challenge of an ageing population and rising demand.”

Professor Andrew Street, from the University’s Centre for Health Economics, said: “2010/11 was the first year in which the scale of the ‘Nicholson challenge’ for 2011/12 to 2014/15 was made known to the NHS, with productivity improvements seen as key in delivering savings. The evidence suggests strong productivity growth between 2009/10 and 2010/11, driven mainly by increased labour productivity.”

Notes to Editors:

- For further information contact Professor Andrew Street on 01904 321401 or andrew.street@york.ac.uk
- ***NHS Productivity from 2004/5 to 2010/11***. Authors: *Chris Bojke, Adriana Castelli, Katja Grasic, Andrew Street, Padraic Ward*. CHE Research Paper 87, York: University of York, 2013 published at: <http://www.york.ac.uk/che/publications/in-house/>
- Productivity growth is calculated by comparing growth in the total amount of health care 'output' to growth in the total amount of 'input' used to produce this output. 'Output' consists of the volume of all health care services provided to all NHS patients in England and also accounts for quality improvements, including changes in hospital survival, health outcomes and waiting times. 'Inputs' include the staff, supplies, energy costs, equipment and building resources that contribute to the production of health care.
- The project was funded by the Department of Health in England as part of a programme of policy research at the Centre for Health Economics, University of York. The views expressed in this publication are those of the author(s) and not necessarily those of the Department of Health.
- The Centre for Health Economics is a department of the University of York. The Centre's aim is to undertake high quality research that is capable of influencing health policy decisions. The Centre is one of the largest health economics research units in the world and its research aims to influence the way decision makers think about the determinants of health and wellbeing, and the organization and delivery of health and social care. Website: www.york.ac.uk/che