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Bridging the funding gap is the biggest challenge the NHS has ever faced

Health is an emotive subject and it can be difficult to talk about healthcare services and the issue of money at the same time.

After all, what price can you put on life?

But it is an unavoidable reality that every element of NHS care – from the life-saving heart transplant operation to the cost of the ink to print an appointment letter – has a cost the NHS has to meet.

Every year, the NHS is given a budget of billions to spend on meeting the healthcare needs of the entire population.

With such sums of money and with lives at stake, this requires skilful and careful planning to make sure needs are met and every penny is spent wisely.

So what do you do when demand starts to outstrip the funds available?

The NHS has found itself in this situation for a number of years and a lot of work has been done to bridge the growing financial gap by making services more efficient.

With the global economic crisis being keenly felt in all our public services, the Wales Audit Office says the NHS could be facing a funding gap of between £252m and £445m in the coming years.

To make the challenge even more difficult, the NHS must bridge that gap at the same time as continually improving the quality, safety and timeliness of services.

It is probably the biggest challenge the NHS has seen in its 63-year history.

Efficiency savings can only do so much. The scale of the challenge ahead of us means the NHS has to take a bold approach.

What is needed now is nothing short of transformational change.

At the Welsh NHS Confederation's annual conference this week, we will focus on that very subject and ask, transformational change – what does it take?

The confederation is clear that if the NHS continues to do the same things in the same way, but with less money, then it will fail. By transformational change, we mean changing perceptions of hospital buildings and what they are there to do.

We need to use hospitals less; give people more support to live independently at home; bring specialist services together onto fewer sites.

It means creating centres of excellence where staff and resources are centralised rather than spread too thinly across too many sites. It means delivering more services closer to home and acting earlier to support people with chronic conditions.

We need to reduce health inequalities and support people to live healthier lifestyles.

The future will mean more services delivered out of hospital, with shorter hospital stays, fewer hospital admissions and a healthier population.

All of these changes are ways the NHS can improve care, improve people's quality of life and bridge the funding gap.

It may sound too good to be true – but it is within our reach. There are excellent examples across Wales where these changes have been made and improvements are already happening. Now we need to make sure it happens everywhere.

Transformational change on this scale will not be easy and in many cases, it may not be popular. But just like every household budget – sometimes difficult and unavoidable choices have to be made when things are tight.

Our challenge now – and our responsibility – is to explain those choices to the public and demonstrate that where changes are proposed, they are based on clinical evidence of what is best for patients.

Emotive and difficult as it may be we cannot separate money from this debate. Time is running out and these changes must happen for the health of our population, and for the health of our NHS.

And while we must be open and honest about the financial constraints, we must also keep our eyes focused on the goal – to deliver high-quality, effective, accessible and safe health services for everyone in Wales.

Nobody should be under any illusion about the scale of that challenge, but it is a challenge the NHS is ready to meet.