

Written Ministerial Statement

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Department of Health

WRITTEN STATEMENT TO THE ASSEMBLY: PUBLICATION OF EQUALITY IMPACT ASSESSMENT ON THE NI EXECUTIVE DRAFT 2025-26 BUDGET.

Published at 1pm on Wednesday 15 January 2025

Mr Nesbitt (The Minister of Health): My Department is today publishing its Equality Impact Assessment on the NI Executive draft 2025-26 budget.

This provides a deeply concerning assessment of the outlook for vital services.

My Department's proposed allocation for 2025-26 represents a 2.6% increase in funding compared to its 2024-25 position when in-year allocations are included.

However, significant increases in costs will be faced due to a number of factors including pay and price inflation, increased National Insurance contributions for GPs, pharmacists and social care providers, and rising demand.

As a result, my Department is projecting a funding gap of some £400 million for 2025/26.

The HSC system will be asked to deliver in the region of £200m in new savings for the second year running. Even then, it is anticipated that significant in-year monitoring round allocations will be required to achieve a breakeven position.

The assumption that savings on this scale are achievable is not without considerable risk. They will inevitably have consequences for service delivery, including waiting lists.

The draft budget provides no additional funding for waiting list reduction initiatives. This will be the second consecutive year where no such money has been provided by the Executive. This is despite waiting lists having been identified as a Programme for Government priority. Indeed, the draft Programme for Government states: "It will not be possible to reduce our lengthy waiting lists within the funding currently available."

Significantly, the level of additional spending on health over that in England is now projected to be at a 10-year low in 2025-26 based on the draft budget.

The projection is that the additional spending will only be 1.5% higher. That is significantly out of sync with the greater levels of need for health care in NI.

A 2022 NI Fiscal Council report suggested that 4-7% more health spending may be required here than in England, while the earlier Appleby report cited 7%. Social care adds to the level of additional need, with the Appleby review indicating health and social care together represented a 9% level of additional need. To be clear, that means we cannot match the standard of service delivered in England unless the Department of Health receives up to £109 for every £100 provided in England.

It is important to set out the consequences of this situation, not least in relation to the ongoing severe pressures on our hospitals.

We know we need to put substantially more investment into primary care, social care, and public health. This will ensure more people are cared for and treated in or close to their home rather than in hospital. It will also improve the health of our population, limiting demand for hospital care and tackling some of the root causes of our greater need for health spending.

The 2025-26 draft budget does not enable us to make this shift. Instead, it will leave us again fighting to identify sufficient savings to meet the pay expectations of our workforce and protect the services that we currently have.

As we have seen from the experience of the last few weeks, that approach is not working.

Prioritising primary care and social care is a recurrent theme of the three-year strategic plan which I recently published.

It should be emphasised that shifting significant resources away from a pressurised hospital sector and into the community has been a major challenge across the NHS.

Last year's report by Lord Darzi for the UK Government made this striking observation on the health service across the water:

"Since at least 2006, and arguably for much longer, successive governments have promised to shift care away from hospitals and into the community. In practice, the reverse has happened. Both hospital expenditure and hospital staffing numbers have grown faster than the other parts of the NHS, while numbers in some of the key out-of-hospital components have declined. Between 2006 and 2022, the share of the NHS budget spent on hospitals increased from 47 per cent to 58 per cent."

Assembly Members are entirely justified in voicing deep concern at the pressures currently being experienced in health and social care.

However, simply demanding unspecified action is not the answer. Nor is repeating vague mantras about "transformation" while never really defining what this means - and simultaneously opposing actual proposed changes to hospital services.

Unfortunately, the draft budget threatens to consign our health service to "more of the same" for the year ahead:

- struggling to maintain existing, inadequate levels of provision;
- firefighting through recurrent service pressures;
- surviving fiscally through last minute in-year allocations.

I am deeply concerned that already unacceptable health outcomes here will fall further behind those of the rest of the UK.

Improvements in productivity, efficiency and performance are more essential now than ever.

I am sure Members will join me in commending the Trusts on the savings secured this year. However, the gap between demand and capacity is too wide to be bridged by productivity and efficiency.

I again fully acknowledge the financial challenges facing other Departments.

I also accept that Members will want to support the budget bids of their party colleagues who hold Ministerial posts.

But I would challenge the Assembly and Executive to honestly consider if they are truly prioritising Health.

As I said in the Chamber on Monday: "If you are told that the budget is entirely inadequate to meet the needs of the HSC service, and yet vote for it, despite the warning, and then complain about the consequences of your decision, are you comfortable taking that position? When I say comfortable, I do not mean politically; I mean morally."