

**The
Strategy
Unit.**

The Economic Impact of Health and Care Services in Herefordshire and Worcestershire

Outputs of baseline analysis and potential schemes for modelling



Rationale

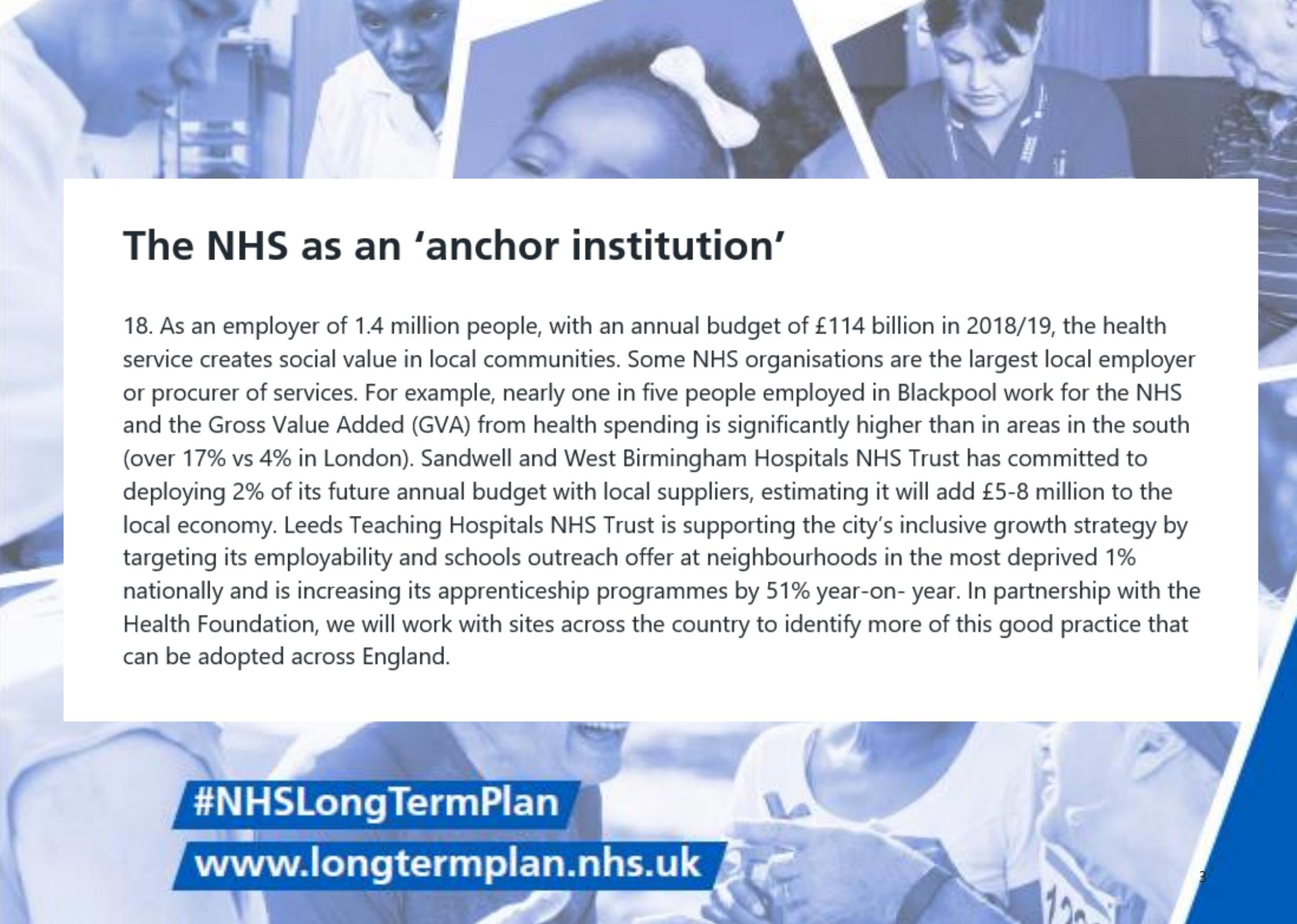
Public sector services rarely think of themselves as economic actors, but there is a growing sense of the contribution they can make to local growth. *The NHS Long Term Plan* seeks to support wider social goals, including through the concept of the NHS being an 'anchor institution' in local economies.¹

Decisions about the way public resources are allocated and service models configured have material socio-economic consequences beyond their impact on individual citizens. If these wider consequences are known and embraced in decision-making, there is potential to derive greater overall benefit from the investment of each public sector pound.

With support from the West Midlands Academic Health Science Network, Herefordshire and Worcestershire STP is seeking understand:

- a) Its current impact on the wider local economy; and**
- b) How that impact might be increased.**

1. <https://www.longtermplan.nhs.uk/online-version/appendix/>



The NHS as an 'anchor institution'

18. As an employer of 1.4 million people, with an annual budget of £114 billion in 2018/19, the health service creates social value in local communities. Some NHS organisations are the largest local employer or procurer of services. For example, nearly one in five people employed in Blackpool work for the NHS and the Gross Value Added (GVA) from health spending is significantly higher than in areas in the south (over 17% vs 4% in London). Sandwell and West Birmingham Hospitals NHS Trust has committed to deploying 2% of its future annual budget with local suppliers, estimating it will add £5-8 million to the local economy. Leeds Teaching Hospitals NHS Trust is supporting the city's inclusive growth strategy by targeting its employability and schools outreach offer at neighbourhoods in the most deprived 1% nationally and is increasing its apprenticeship programmes by 51% year-on-year. In partnership with the Health Foundation, we will work with sites across the country to identify more of this good practice that can be adopted across England.

#NHSLongTermPlan

www.longtermplan.nhs.uk

Study scope

The intention of the project was to analyse the wider economic impact of all publicly-funded health and social care activities, alongside an assessment of informal care provided by local citizens.

For the baseline phase we were able to access data on:

- primary care
- wider NHS services
- public health and
- adult social care (excluding self-funders).

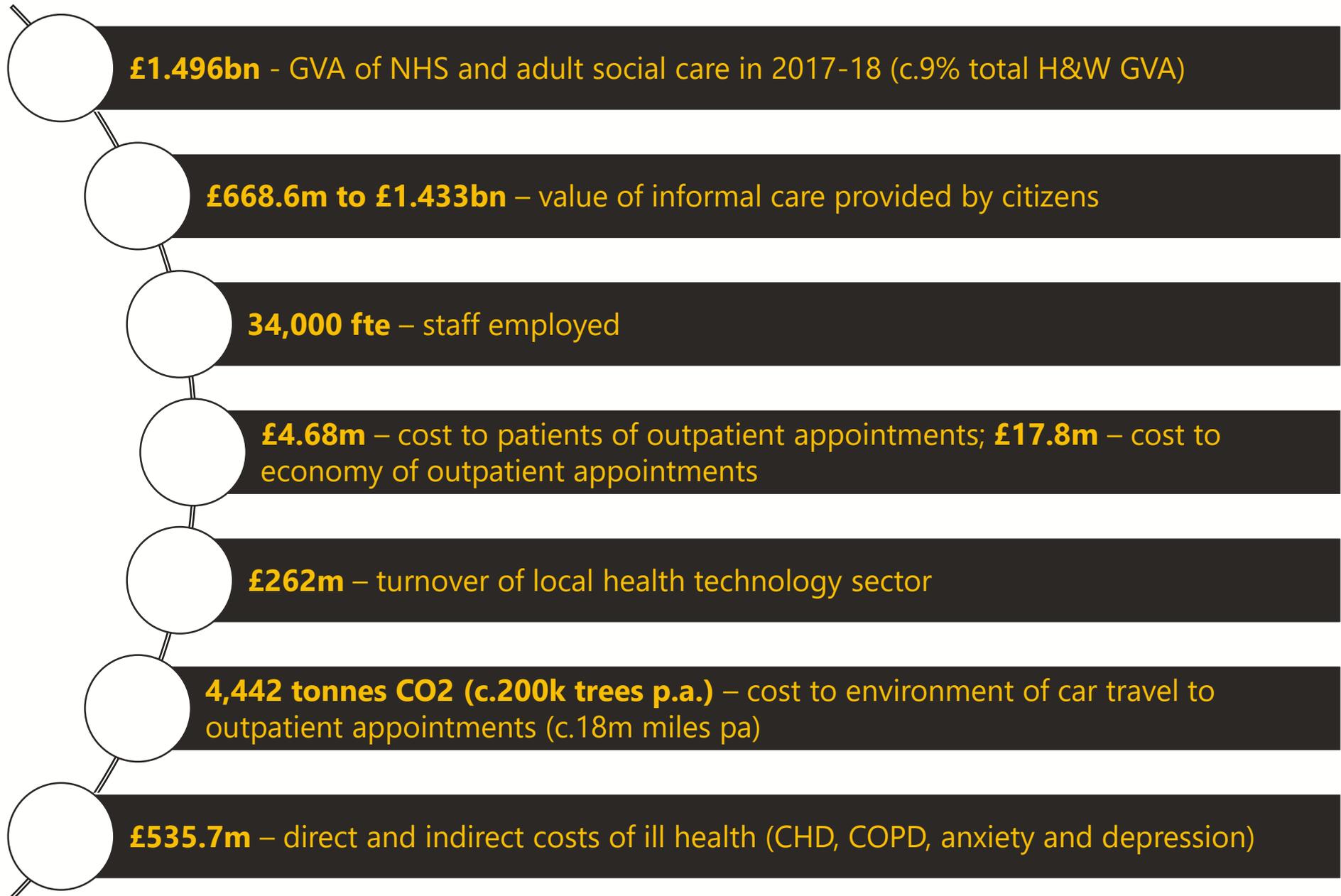
Only limited data on children's social care has been received so this is currently excluded for the analysis, as are ambulance services.

Wider local authority spending was not included within the agreed scope.

Our analysis includes:

- Total expenditure by relevant organisations
- Gross value added resulting from that expenditure
- Employment (broken down by age, to include vacancy levels)
- Productivity
- Value of informal care
- Financial impact of current models of provision on citizens
- Impact of current models of care on the environment (including pollution)
- Economic impact of ill health (CHD, COPD and mental health)

Key findings



The economic impact of health and care provision

£1.496bn - GVA of NHS, adult social care & public health in 2017-18 (c.9% total GVA)

Total NHS GVA

Using the income model of GVA calculation, the GVA of the NHS in the STP is **£1.176 bn**.

In addition:

- There is spending on goods and services of **£706.7m** that generates additional value in other sectors.
- The c.11,000 local NHS employees help generate a further **3,754 local jobs in other sectors**.

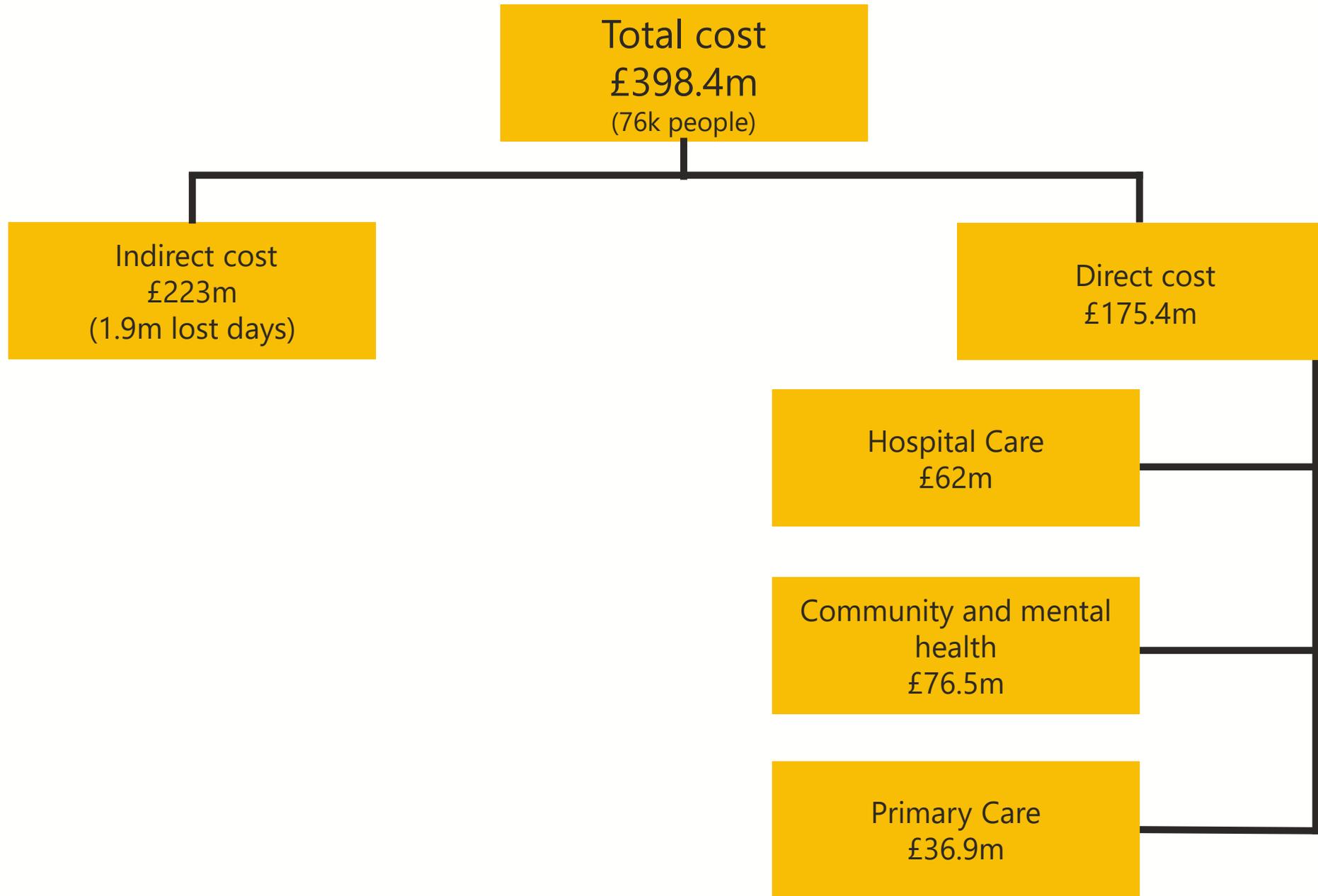
Adult Social Care and Public Health

Using the expenditure model, the GVA of adult social care and public health spending in the STP is **£273.1m** and **£47.8m**, respectively. The c.16,000 local employees help generate a further **7,326 local jobs in other sectors**.

Informal Care

The economic value of the informal care provided by local citizens is estimated to be between **£668m** and **£1.432bn** annually.

Economic impact of anxiety and depression



Reducing the adverse impacts of hospital outpatient appointments

The initiative

Rationale

Outpatient appointments are commonly identified as in need of transformation. There are increasing numbers of appointments, spiralling costs and a considerable number of appointments are cancelled, or patients do not attend. The NHS Long Term Plan highlighted that the model is outdated and unsustainable and it aims to reduce face-to-face appointments by 30% by 2023/24.

Intervention

Avoiding unnecessary outpatient appointments and converting those remaining appointments that do not require face-to-face contact to be delivered virtually.

Impacts

- Reduced environmental impact and potential associated long-term health impact
- Increased economic value from productivity of working-age population
- NHS cost savings/efficiencies
- Reduced patient travel costs

Realising the benefits of providing increased support to informal carers

Phase one results: Value of informal care

In addition to public sector investment in health and care services, local citizens provide care for their friends, relatives and neighbours. That care can be allocated an economic value, in addition to its direct value to those who give and receive it. We have estimated the annual value of informal care across the STP in two ways:

£668.6m p.a.

The opportunity cost of the **leisure time** foregone by informal carers.

£1,432.9m p.a.

The cost of replacing informal care with **funded home care.**

The home care estimate is comparable to total NHS spend in the STP. Tables on the following slide provide a breakdown of these values by geography and employment status.

The initiative

Rationale

Informal caring responsibilities borne by those who are employed or who are economically inactive but would like to return to work can be detrimental to the health and wellbeing of those carers, leading to increased absence from work.

Intervention

The initiative is concerned with providing additional information and support services for informal carers of working age. This support would be an initial one hour face to face meeting at a GP practice with a family support worker. This could include; providing initial information about how to provide effective and productive care, learning how to cope with their caring responsibilities and highlighting where they can access help. There would then be a number of follow-up sessions with content based on needs of the informal carer.

Impacts

- Increased productivity
- Reduced workforce turnover
- Reduced benefits payments.

Results: base case scenario

The model and its assumptions estimate that an **investment of £1.2 million** from health and organisations in additional support to just 10% of informal carers could **generate an economic benefit of over £10.7 million**. This is made up of four main economic benefits of the intervention:

- **Out of work participants finding and maintaining employment.** These individuals are assumed to fill HtFV, so could contribute additional output to the local economy. This is equal to **£9.8m** and makes up the largest proportion of the benefit.
- **Employed individuals being supported to stay in employment**, when in the absence of the intervention they would have ended their employment to provide informal care. This is estimated to be worth **£0.4m**.
- **Employed carers spend less time absent from work** due to the support and guidance they receive. This is estimated to be **£0.3m**, with most of this due to a reduction in the absence required to provide informal care.
- The **benefits paid to people who are out of work are reduced**. This has been estimated to be **£0.1m**. The change in benefit payments is not a local economic benefit, but an interesting impact of the intervention.

It should be noted that in reality, it may not be possible to fill all these HtFVs with informal carers. This will decrease the economic impact of the initiative.

Opportunities to increase social and economic value



Being a good employer

1. Supporting health and wellbeing of staff
2. Supporting fair pay and conditions of employment
3. Supporting professional development and career progression

Shifting more spend locally

1. Building local capacity and supporting local supply chains

Embedding social value into purchasing decisions

1. Prioritising and monitoring social value
2. Building organisational capability and capacity for social value

Widening workforce participation

1. Targeting positions for local people
2. Understanding local demographics and opportunities
3. Creating pre-employment programmes, work placements and volunteer work experience

Building the future workforce

1. Engaging young people and supporting career development
2. Increasing the number and types of apprenticeships

Adopting sustainable practices within the NHS

1. Developing leadership and staff buy-in for environmental sustainability

Influencing sustainable practices in the community

1. Helping shape community environments and behaviours and influencing local suppliers

Expanding community access to NHS property

1. Enabling local groups and businesses to use NHS estates

Converting and selling estate for community benefit

1. Supporting access to affordable housing or housing for key workers using NHS estate
2. Working in partnership across a place to maximise the wider value of NHS estates
3. Developing accessible community green spaces