



Office for
National Statistics

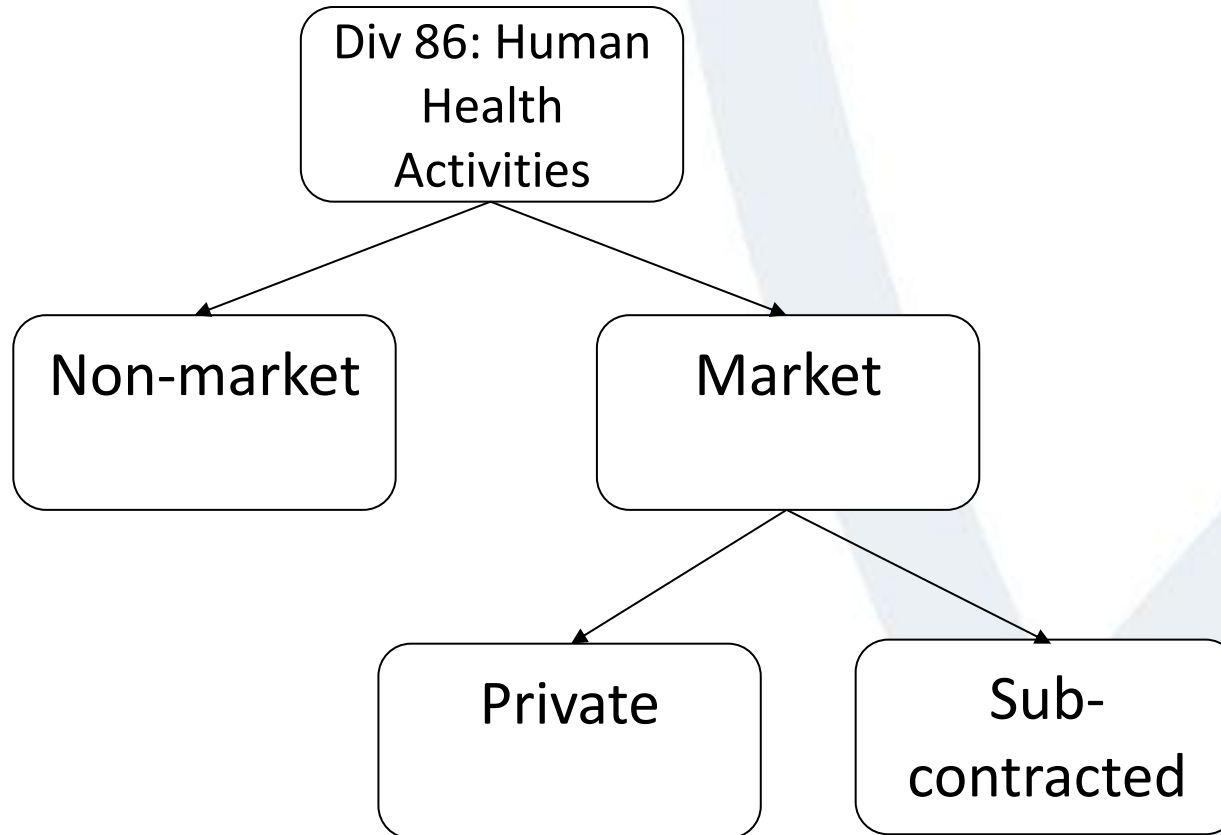
Mini presentation: Turnover/Output for Human Health Activities

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Human health activities - UK Market

- Represents 5% GDP(O)
- 77% services funded by UK Government
- Private healthcare services available at market prices
- Subcontracted services – delivered by private sector, paid for by Government

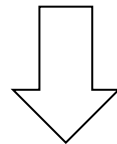
Human health activities - UK Market



UK approach – Non-market services

Current Price	Volume	Deflator
Government spend	Cost-weighted activity index	Derived

$$\frac{\text{Government spend}}{\text{Cost-weighted activity index}} = \text{Implied deflator}$$

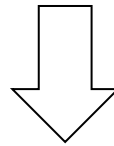


$$\frac{\text{Government spend}}{\text{Implied deflator}} = \text{Output}$$

UK approach – Market services

Current Price	Volume	Deflator
Derived	Workforce Jobs	CPI (Health Services)

$$\text{Workforce jobs} \times \text{CPI} = \text{Current price}$$

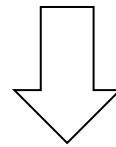


$$\frac{\text{Current price}}{\text{CPI}} = \text{Output}$$

UK approach – Subcontracted services

Current Price	Volume	Deflator
Derived	Cost-weighted activity index	CPI (Health Services)

Cost-weighted activity index x CPI = Current price



$$\frac{\text{Current price}}{\text{CPI}} = \text{Output}$$

UK Approach

Three main problems:

- Classifications
- Data availability
- Subcontracted services

UK Problems – Classifications

- Market and non-market split is important in UK but not represented in classifications
- UK defines own breakdown below division – not aligned to current classifications

UK Problems – Data availability

- Lack of suitable data to allow calculation of output below division level
- No SPPI available for human health
- Improvement for market activity
 - current price derived from workforce jobs and CPI
 - new source of turnover data about to be introduced
 - used at divisional level only

UK Problems – Subcontracted services

- Currently treated as market activities as provided by private companies
- But...deflation with CPI not correct if services are paid for by Government
- Due to be treated as non-market activity when UK National Accounts next published

Questions?