

**From the Permanent Secretary  
and HSC Chief Executive**



Department of  
**Health**

An Roinn Sláinte

Mánnystrie O Poustie

[www.health-ni.gov.uk](http://www.health-ni.gov.uk)

Mr John Kelpie  
Chief Executive  
Derry City and Strabane District Council  
98 Strand Road  
Derry  
BT48 7NN

Castle Buildings  
Upper Newtownards Road  
BELFAST, BT4 3SQ

Tel: 02890520559  
Fax: 02890520573

Email: [richard.pengelly@health-ni.gov.uk](mailto:richard.pengelly@health-ni.gov.uk)

Our ref: RP1632  
SCORR/0446/2017

Date: 2 November 2017

Dear Mr Kelpie

Thank you for your letter of 18 October 2017 regarding your Council's opposition to any proposed cuts in the health service budget.

As I am sure you and Council Members will appreciate, it is not a matter of choice as to whether or not public sector bodies stay within prescribed financial limits, and thus it is often necessary to take measures to align spending with budgets. This is the simple reality we face.

That said, and as you will now be aware, on 11 October, the Department of Finance wrote to the Department of Health authorising it to plan on the basis of an additional £40 million being available in this financial year. While some savings will still be required, this additional investment will help towards reducing the scale of these and, in particular, of those deemed to be major or controversial.

However, it is important to emphasise that the financial issues faced this year will only grow in intensity as we move forward. The initial assessment of the financial position for 2018-19 and 2019-20 is that pressures of over some £430 million and £670 million respectively will need to be addressed just to maintain existing services.

Demand for health services is growing steadily as people live longer lives, chronic conditions increase, and new drugs and technologies are developed. The £40 million offers important short-term respite, however there is no doubt that simply maintaining the current delivery models will not be enough to safeguard vital services and ensure the HSC is fit for the future. The HSC will continue to face serious financial pressures and the only way to counter these pressures in the long term is through transforming our health and social care system.

As the Expert Panel, led by Professor Bengoa reported, reform must be addressed in a systematic and sustainable way, and in parallel with improving the quality of services. Transformation plans must continue for our health and social services so that resources are used in the most effective way in the best interests of patients and staff.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R. Pengelly', is centered within a light gray rectangular box.

**RICHARD PENGELLY**