

# House of Lords debate: Report from the Select Committee on the Long-term Sustainability of the NHS

NHS Providers is the membership organisation and trade association for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS foundation trusts and trusts to deliver high-quality, patient-focused care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate. NHS Providers has 99% of all trusts in membership, collectively accounting for £74 billion of annual expenditure and employing more than one million staff.

## Key messages

- The House of Lords committee report on the long-term sustainability of the NHS makes important recommendations which reflect the scale and gravity of the challenges confronting health and social care. The pressures and demand for services are growing year on year and we must act now to help these services adapt to serve current and future generations. The uncertainties surrounding Brexit have raised further questions about the ability of the system to cope with these pressures.
- The Government's response to the report was welcome, but lacked detail in places and did not fully address some recommendations, such as those around the governance of STPs. The severe operational pressures facing the NHS show that the service has reached the point where it is no longer able to deliver its constitutional standards without significant extra funding and capacity, and a means of addressing current workforce shortages.
- We were pleased to see the Prime Minister's commitment to additional funding at the Liaison Committee. However, in making that promised increase, we must not overcommit the NHS in what can be delivered in return for extra funding and become locked into a cycle of perpetual failure, however hard the frontline works.
- We also welcomed the draft workforce strategy and support the long-term approach in assessing workforce needs. Addressing staff shortages and having the right quality and supply of staff for the future is the number one concern for NHS trust leaders. Yet there are immediate staffing pressures which must also be addressed, with 100,000 vacancies across the provider sector at December 2017.
- It is vital that health and social care are recognised as interdependent, with pressures in one being reflected and potentially magnified in the other. Thresholds for accessing social care have increased, but the need remains and is often displaced to the NHS. We hope the forthcoming social care green paper will help ensure that people receive the right care in the right setting.

## Funding the NHS and social care

In **Recommendation 17** the Committee makes clear that without significant investment, the quality of and access to care will be adversely affected and suggests that the "Government needs to set out plans to increase health funding to match growing and foreseeable financial pressures more realistically".

In taking steps towards a sustainable funding settlement, NHS Providers believes that a number of principles need to be adhered to:

- The NHS must remain free at the point of use.
- There should be a dialogue, between all parts of the sector and with patients and service users, to assess need.
- Funding must meet the level of demand – as the population grows and ages, as public and government expectations change, as technology and infrastructure both develop and depreciate, funding levels need to be adjusted accordingly.
- Funding must be recurrent – the NHS needs to be able to plan and invest, maintain and evolve, its services. It can only do so with predictable and sufficient funding levels appropriate to the task at hand.
- Healthcare costs cannot be considered in isolation – social care and the wider determinants of health (from public health and prevention, to workforce training, to education and housing) must be factored in.
- Social care funding must be properly addressed to ensure that people are cared for in the right setting.

**Recommendation 19** considered budgetary responsibility for social care transferring to the Department of Health [and Social Care]. We note the Government's reticence to make this change, despite renaming the Department. It is vital that health and social care are recognised as interdependent, with pressures in one being reflected and potentially magnified in the other. For example, thresholds for accessing social care have increased, but the need for support remains and it is often displaced to the NHS where care is more intensive, expensive and in some cases can lead to a greater loss of independence for the individual than if they had received social care. The current funding and access arrangements are complex and would benefit from simplification. We await the social care green paper which we hope will address some of these issues.

## Service transformation

Trust leaders support greater collaborative working across local health and care services. As the NHS moves from a focus on individual institutions towards strategic system planning and working, the vehicles which help to achieve this – such as sustainability and transformation partnerships (STPs) and integrated care models – should be properly scrutinised, with the appropriate decision making powers and governance and accountability arrangements in place, locally and nationally.

In **Recommendation 2** the Committee highlighted the need for NHS England, with the support of the Department of Health and Social Care (DHSC), to “ensure that all 44 Sustainability and Transformation Plan areas have robust governance arrangements in place”. Taking this recommendation forward is vital to the development of new care models and ways of system working. The purpose of corporate governance is to provide ambitious, effective, prudent direction that leads to success over time and the delivery of high quality care. It is the methodology, when put into practice, that links the boardroom to the ward. It is through good governance that accountability for the quality of care provided is clear and transparent. It is therefore notable, and worrying, that the Government did not address this in their response.

There needs to be a concerted emphasis on developing governance and accountability mechanisms which support system-level partnerships and complement the statutory obligations of their component organisations. Moreover, local health and social care partners need to ensure communities, patients and service users are engaged and can contribute their perspective on their needs and priorities.

In **Recommendation 5**, the committee proposed the merging of two arm's length bodies – NHS Improvement and NHS England. In our recent report, *The changing nature of regulation in the NHS*<sup>1</sup>, trusts highlighted challenges with conflicting advice and demands from NHS Improvement and NHS England, as well as duplicative requests from the two bodies. We welcome the recent proposals from them for joint working at regional level and trusts on the whole viewed joint regional posts as likely to enable system collaboration. It is however important that, when adopting a joint approach, NHS Improvement's critically important role in speaking up for providers and provider-specific regulatory and support role is not compromised, particularly in the absence of any legislative change.

## Workforce

Many NHS providers – whether in the hospital, mental health, community or ambulance sector – are struggling to recruit and retain the staff they need to deliver high-quality care for patients and service users. The most recent NHS Improvement quarterly performance report indicates that there were 100,000 vacancies across the provider sector at December 2017.<sup>2</sup> This workforce gap is a fundamental strategic issue which is undermining provider sector performance and risks preventing the delivery of service transformation.

Our workforce report *There for us: a better future for the NHS workforce*<sup>3</sup> highlights the challenges facing the NHS workforce and we were pleased to see the Government's response to **Recommendation 6**, which called for a long-term national workforce strategy, and Health Education England's subsequent draft workforce strategy. It is important that the final strategy – expected in summer 2018 – addresses the following points to support NHS trusts to recruit and retain the staff they need to care for patients:

- Appropriate national and local architecture and funding to support implementation. It must be clear who is responsible for what and how accountability will be exercised. A key concern of NHS trusts is the confusion stemming from fragmentation of responsibilities and a lack of coordination. We note that the DHSC has committed to review the workforce responsibilities of its arm's length bodies. It is also essential that commitments in the final strategy are fully funded and also that, from now on, service, financial, and workforce planning are aligned, both at the national level and in terms of the national level's expectations of trusts locally. The absence of such alignment can lead to the requirement to develop unrealistic plans that produce the right number locally but which do little to provide confidence locally about workforce needs and requirements in the future.

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<sup>1</sup> <http://nhsproviders.org/the-changing-nature-of-regulation-in-the-nhs>

<sup>2</sup> <https://improvement.nhs.uk/resources/quarterly-performance-nhs-provider-sector-quarter-3-201718/>

<sup>3</sup> <http://nhsproviders.org/a-better-future-for-the-nhs-workforce>

- The priority of making the NHS a great place to work. The NHS needs to be a well-led, model employer and trusts are already working to make their organisations great places to work, through a range of measures such as offering more flexible working, developing positive and inclusive cultures. There are also critical factors which are outside of trusts' control, notably the work pressure created by the fundamental mismatch between what the NHS is being asked to do and the resources available. Realistic plans to grow the domestic workforce, taking into account the time it takes to educate and train new staff. The number of staff working in the NHS has grown, but not by enough, with 93% of trust chairs and chief executives suggesting staff supply shortages are a factor in recruitment and retention challenges<sup>4</sup>. The Strategy must build on the existing mental health, cancer, and emergency care workforce plans, and take a frank view of the impact of the introduction of student loans for healthcare students and the pace and scale at which trusts are able to deliver more apprenticeships.
- Recognition of the continued importance of international recruitment, given the time it will take to grow the domestic workforce. The final strategy must therefore set out how trusts will be supported to recruit internationally to fill vacancies that cannot currently be filled from the domestic workforce. This includes a solution to the current problem of trusts being unable to gain certificates of sponsorship for clinical staff such as doctors who have been recruited from outside of the EEA.
- Identifying and overcoming barriers to new ways of working and ensuring we have the right mix of staff and skills to deliver high-quality care. Trusts are redesigning the workforce to meet the needs of their population and deliver new models of care. These changes to skill mix in teams and the way in which staff work together can deliver improvements for patients, staff and an organisation's finances. We would like to see the national bodies, notably the Care Quality Commission, professional regulators, and professional associations supporting and enabling provider trusts' efforts to introduce new roles at scale and pace and develop the existing workforce to work differently, by aligning professional and institutional regulatory approaches and offering professional support.

Our full response to HEE's draft strategy is available on our website:

<http://nhsproviders.org/media/4538/nhs-providers-response-to-a-consultation-on-the-draft-health-and-care-workforce-strategy-for-england-to-2027-final.pdf>

**Recommendation 13** suggested that the DHSC commission a formal independent review of NHS pay policy. Since publishing the response, the Government has reached a pay deal with the unions that will see staff on an Agenda for Change contract receive a pay rise of at least 6.5% over three years. This agreement will provide much-needed clarity for staff and for trusts and we welcome it and we would like to see a fully funded deal for doctors as well. In our evidence to the pay review bodies<sup>5</sup>, submitted in December 2017, we outlined that there needs to be a clear process for the funding for any pay award to reach provider trusts.

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<sup>4</sup> NHS Providers (2017): There for us: a better future for the NHS workforce

<sup>5</sup> <https://nhsproviders.org/media/4136/nhs-providers-nhs-pay-review-written-evidence-final.pdf>

## Innovation, technology and productivity

**Recommendation 26** suggests there should be investment and additional responsibilities in exchange for efficiency and performance improvements.

NHS trusts are doing what they can to provide efficiency savings, for example through consolidating activity in centres of excellence, adopting better procurement approaches, and improving patient pathways.

The Getting it right first time (GIRFT) programme (a partnership between the Royal National Orthopaedic Hospital NHS Trust and NHS Improvement) is a notable example of the savings made. It works with NHS providers to identify and eliminate unwarranted variation in care. It aims for better value by using trusts' clinical, operational and financial data for benchmarking and scrutiny of local performance. The GIRFT programme is forecast to generate £1.5bn in efficiency savings annually by 2020/21, making a key contribution to the aggregate provider efficiency challenge.

Through such changes, the NHS has delivered an implied 1.8% productivity improvement<sup>6</sup> which significantly outperforms the wider economy. However, these savings alone will not close the gap between what the NHS is expected to deliver and the money available to do this. The NHS will require £3-4bn to recover key A&E and surgery waiting time targets, and there is a £1bn annual NHS pay rise to fund. The underlying NHS trust sector deficit stands at around £4bn.

The funding shortfall has meant that for the past five years the NHS capital budget has had to be used to cover day to day operating costs, with £1.2bn taken from the capital budget in 2016-17<sup>7</sup>. There is now an estimated £5bn backlog maintenance bill to repair infrastructure, with the NHS buildings, medical equipment and IT needed for the service to function effectively requiring urgent investment. We are aware that DHSC and NHS Improvement are looking at the potential for 'provider freedoms'. The financial pressures of recent years have seen the autonomy of NHS trusts, NHS foundation trusts in particular, constrained by the sector's arm's length bodies. The intention of foundation trust autonomy had been for it to be balanced by increased accountability to the community, as well as through commissioners, regulators and Parliament. We welcome a re-introduction of the concept of autonomy across NHS providers: an organisation can only be held to account if it has been in control of its operation. NHS providers' autonomy and accountability have frequently been diluted by centrally mandated requirements that can displace local priorities. However, we understand that the range of freedoms under consideration are limited, and would warn that if provider freedoms are to act as an incentive for high performance it is important that these freedoms are tangible and meaningful.

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<sup>6</sup> Quarterly performance of the NHS provider sector: quarter 3 2017/18

<sup>7</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/629984/DH\\_annual\\_accounts\\_2016\\_2017\\_web\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/629984/DH_annual_accounts_2016_2017_web_version.pdf)