5 August 2019

on the day BRIEFING

NHS Providers

On the day briefing: government's capital and pensions announcement

The government has today announced an extra£1.8bn worth of capital investment for the NHS. This includes £850m new funding for 20 hospitals to upgrade outdated facilities and equipment. An additional £950m will be set aside to increase the Department of Health and Social Care capital budget, allowing a number of existing upgrade programmes to proceed. There have also been commitments from the prime minister and the secretary of state to solve the pension tax issue affecting senior NHS staff.

This briefing summarises the announcement to date, including our view, an overview of the influencing work we've carried out and our media work.

Capital

- The Prime Minister has confirmed an additional £1.8bn worth of capital funding for the NHS. £1bn of this will be spent this year, increasing the NHS's capital budget by around 30%.
- Around £850m of this is new funding is for 20 upgrade schemes. Of these, 14 are for acute hospital schemes worth more than £600m. Four projects, worth £162m, are for mental health services, while £83m has been set aside for two schemes for improving primary care services.
- It is thought the remaining £950m will be used to uplift the capital departmental expenditure limit (CDEL) for the Department of Health and Social Care. This should allow a number of existing capital schemes to proceed. It is not clear what percentage of this uplift will be accounted for by funds self generated by trusts that boards were previously unable to spend.

Pensions

The Prime Minister has committed the government to intervene and solve the pension tax issue affecting senior NHS staff. The Department of Health and Social Care is currently consulting on a specific proposal – the "50:50" option allowing senior clinicians affected by annual allowance taxes to half their pensions growth in return for halving their contributions – however we expect an announcement proposing additional changes in the coming days.

NHS Providers work

As you know, NHS Providers has been engaging with stakeholders in the central bodies over the issue of the 2019/20 capital limit and access to capital more generally.

Ahead of Friday's announcement, we had been arguing for the following:

- Any new capital injection needs to genuinely provide additional funding not reheat previous announcements.
- New funding needs to reach the frontline quickly, and avoid any delays in central sign off.
- The government should address the immediate problem of the 2019/20 CDEL limit for the NHS and reverse the sustainability transformation partnerships (STPs) and integrated care systems (ICSs) reduction to 2019/20 capital plans by at least 20%.
- Any new funding needs to be appropriately balanced between acute, mental health, community and ambulance service investment.
- It must also take account of those with the greatest safety need/benefit for patients.
- The government must indicate it understands the scale of NHS capital investment required and that the announcement is positioned as a first initial 'down payment'.

We are still expecting a government fiscal event in the Autumn (likely an emergency Budget in early October ahead of Brexit day, with the possibility of a multi year settlement for some areas) that we hope will set out a longer term settlement for capital investment in the NHS. We have said any new system for capital allocation should be co-designed with trust leaders.

As we look to influence these discussions we are encouraging all members to complete our surveys on capital expenditure. The results of this will give us the evidence we need to campaign for a meaningful capital settlement and a long term sustainable capital framework.

1. A first survey seeking the views and perspective of all board members on capital expenditure and the current capital regime. We encourage all board members to complete this.
2. A second survey for finance directors to additionally complete that asks for some further details of trust expenditure. We are asking finance directors to complete both surveys.

NHS Providers view of today's announcement

It is widely thought that the new government is gearing up towards a general election campaign, whether before or after "Brexit day" on 31 October. In his first speech on the steps of Downing Street, Boris Johnson made a number of policy commitments, but the NHS stood out amongst them in number and scale of pledges. The government has followed up on the speech quickly to confirm the "upgrades to 20 hospitals", and has sought to create an extended news cycle on the announcement, with limited details being released on Saturday and added to in subsequent days.

The £1.8bn announced today will bring much welcomed new capital investment to the NHS. It is our view that it is new money because the CDEL budget has been lifted, allowing more trusts to invest in their infrastructure.

But after nine years of austerity and £4.3bn capital funding diverted to revenue budgets, the provider sector has been left with a £6bn maintenance backlog. Of this, £3bn is safety critical and must be addressed quickly. Beyond this, trusts need to make significant investment into the diagnostic equipment, digital technologies and service reconfiguration needed to meet the ambitions of the Long term plan and create a 21st century NHS infrastructure. That is why today's announcement can only be a down payment on a much longer term capital settlement.

We also need to see the details behind today's announcement. While the CDEL has been increased, it is not clear what the split is between what's going to be spent from cash surpluses, and what's coming in the form of trust borrowing. There will be some trusts that don't have large cash balances to draw down from, so they must have appropriate access to capital funding this year.

We expect further NHS-related announcements over the course of this week, including related to pensions. As such, during a lull in what can be pursued with the EU with regards to the Brexit negotiations, significant noise has been created on high-profile domestic (and electorally significant) issues. In this week's announcements, it appears that the government is looking to neutralise the charge from the Labour party that the Conservatives can't be trusted with the NHS, and to develop the perception that it has "made good" on the Brexit bus pledge that £350m a week more could go to the NHS if the UK left the EU. The latter is seen to be key in having swung the referendum vote to the Leave side, and so is a credibility issue for a government now led by one of the most prominent Leave campaigners.

Heightened urgency on the pensions issue is welcome, given the substantial impact it has had on both frontline staff and trusts seeking to deliver safe and effective care. We will inform members of any proposed changes as and when they are announced, and will also circulate a briefing outlining the main approaches trusts are taking locally to counteract this issue very shortly.

The prime minister has made previous commitments to address the crisis in social care. While there was no announcement on this today, we must see a concrete plan and timetable for these proposals.

NHS Providers press statements

Responding to today's NHS announcement, Chris Hopson said:

"The longest and deepest financial squeeze in NHS history and rapidly rising demand for health care have left NHS frontline staff with a series of challenges they're struggling to meet, despite working flat out. Those challenges include a crumbling estate, ageing equipment, 100,000 staff vacancies, pension rules

that penalise many staff who work extra hours and a social care system in crisis. Taken together, this is leading to lengthening waiting lists and poorer patient care, despite the NHS treating 5% more patients this year than last.

"NHS frontline leaders will therefore welcome the new Government's commitment to tackle the two most urgent problems – capital and pensions – with pace and energy, something that's previously been lacking. Today's announcement is a good start but, given how much lost ground needs to be made up, it is only a start.

"Nine years of austerity and £4.3 billion of capital funding diverted to keep day to day NHS spending in balance have created a £6 billion maintenance backlog, £3 billion of it safety critical. And that's before what's needed to deliver the NHS Long Term Plan, upgrade the NHS estate and harness new digital technologies. So whilst trust leaders will welcome today's extra new £1.8 billion of capital investment, it can only be the first down payment on a consistent, longer term, approach to rebuilding the NHS and creating the 21st century infrastructure the NHS requires. Frontline NHS leaders will also look forward to co-designing the much needed new approach to managing and allocating NHS capital given how broken the current system is.

"On pensions, we welcome the Prime Minister's commitment to sort this issue quickly and look forward to seeing the detail. Speed is vital to ensure those affected can work the extra hours the NHS needs to provide safe and effective care and problems will persist until a new solution is actually in place.

"So whilst these will be regarded as promising first steps for a new Government's first 100 days, more will be needed on both issues and on the wider long term workforce and social care problems the NHS is facing".

Commenting on the debate about today's announcement of £1.8 billion funding for the NHS, Chris Hopson, Chief Executive of NHS Providers, said:

"Both the government and the health think tanks are correct. As a result of this morning's announcement, frontline NHS providers will be able to spend £1 billion in 2019/20 on backlog maintenance and other capital spending that they weren't able to spend last week. The department of health and social care's capital spending limit will be increased accordingly and that will count against overall government capital spending limits. By our definition that is genuine, new, extra, money.

"At the same time, the health think tanks are correct that some of the extra 2019/20 capital expenditure enabled by this announcement will be funded through cash surpluses currently sitting on provider balance sheets. That spending can legitimately be described as money that trusts already had, but were told they couldn't spend and are now able to spend."

Chris Hopson piece in the Sunday Times

What the NHS needs from the new Government

Next week sees the new Government's first major domestic policy announcement – on the NHS. What's needed? There are a number of issues to address.

First, after nine years of scrimp and save, make do and mend, the NHS now has a £6 billion maintenance backlog, £3 billion of it safety critical. A trust I visited this year had to cancel vital cancer diagnostic appointments as one of its ageing scanners had broken down. Another was trying to treating seriously ill mental health patients on wards built in the 1840s. One had to crash close its Intensive Care Unit as water poured down the walls due to a leaking roof.

We need to rebuild the NHS. But health service leaders have been told to cut this year's building and equipment spend by 20%. Next week's announcement must reverse these cuts immediately, make an early down payment on the rebuilding process, and commit to the longer term funds needed to create a 21st century NHS infrastructure. We need a fair allocation between hospitals, mental health, ambulance and community services. The NHS is a key public service with facilities in every town and city in the land. So, with the right geographic spread, we can also support communities that would otherwise struggle to attract investment – a key benefit of more money for NHS infrastructure. But, unlike previous promises, any new money must be real.

Meanwhile, waiting lists grow and patient care suffers as current NHS pension rules mean that many key NHS staff actually lose money if they work extra hours. One NHS Chief Executive told me this week "this problem is escalating rapidly and the negative impact on patient care is real, direct and growing". The Prime Minister committed, during his election campaign, to end this perverse absurdity. Next week's announcement needs to show how the Government will do this, with real speed, including recognising that this problem doesn't just affect senior doctors.

NHS leaders are seriously worried about the risks of a no deal Brexit and are concerned they will get unfairly blamed if anything goes wrong. The Government needs to demonstrate that it's fully, honestly, and realistically assessed those risks, and has deliverable plans to meet them. There's particular concern about trying to manage the consequences of a no deal Brexit over winter when the NHS is at its busiest.

Frontline staff are working flat out to deal with extra demand for NHS services. But they're struggling to keep up, given we have 300,000 more people a year - 6.5% more year on year - coming to hospital A&E Departments, alongside 100,000 NHS staff vacancies. The NHS frontline will be looking for clear recognition of the scale of these challenges and more support to address them – for example, how the Prime Minister's new approach to immigration can help address the current NHS workforce gap.

One key driver of extra NHS demand is the current crisis in social care. The Prime Minister's commitment to address this is welcome. But he's the fifth Prime Minister in a row to make that commitment and none of

his predecessors delivered. We need a concrete plan and timetable that mean it really will be different this time.

The NHS simply can't cope long term unless, as a nation, we dramatically improve how we prevent illness instead of just spending all of our money treating it. The Prime Minister is reported as being against a sugar tax as it smacks of a nanny state. What are the positive things he will do to make the required step change in improving our national health and wellbeing? And it's worth remembering that the smoking ban has been one of the biggest drivers in improvement in the nation's health over the last three decades.

The good news is that the new NHS long term plan created at the beginning of the year sets out a clear and ambitious blueprint of how to improve the NHS. Better mental health and cancer outcomes, harnessing digital technology, leading the world in cutting-edge genomics, and many other commitments, promise an exciting future for the health service. But the NHS has had to carefully control the speed at which we can deliver those new benefits for patients, to match the sequencing of extra NHS spending. On current plans we don't actually reach the Vote Leave extra £350 million a week for the NHS pledge until 2023.

So the NHS will be hoping that the Prime Minister, the individual politician most closely identified with that pledge, will explicitly back the NHS Long Term Plan and bring forward the extra spending needed to deliver it.

Appendix – upgrade schemes included in the £850m

East of England

Luton & Dunstable University Hospital NHS FT – £99.5 million for a new block in Luton to provide critical and intensive care, as well as a delivery suite and operating theatres.

Norfolk & Norwich University Hospitals NHS FT – £69.7 million to provide Diagnostic and Assessment Centres in Norwich, Great Yarmouth and Kings Lynn to aid rapid diagnosis and assessment of cancer and non-cancerous disease.

Norfolk and Suffolk NHS FT – £40 million to build 4 new hospital wards in Norwich, providing 80 beds.

NHS South Norfolk CCG – £25.2 million to develop and improve primary care services in South Norfolk.

Midlands

University Hospitals Birmingham – £97.1 million to provide a new purpose-built hospital facility in Birmingham, replacing outdated outpatient, treatment and diagnostic accommodation.

United Lincolnshire Hospitals Trust – £21.3 million to improve patient flow in Boston by developing urgent and emergency care zones in A&E.

Wye Valley NHS Trust – £23.6 million to provide new hospital wards in Hereford, providing 72 beds.

University Hospitals of North Midlands NHS Trust – £17.6 million to create 3 new modern wards to improve capacity and patient flow in Stoke, delivering approximately 84 beds for this winter.

London

Barking, Havering and Redbridge CCGs and North East London NHS Foundation Trust – £17 million to develop a new health and wellbeing hub in North East London.

Croydon Health Services NHS Trust – £12.7 million to extend and refurbish critical care units at the Croydon University Hospital, Croydon.

North East and Yorkshire

South Yorkshire and Bassetlaw Integrated Care System – £57.5 million for primary Care investment across South Yorkshire and Bassetlaw.

The Newcastle upon Tyne Hospitals NHS Foundation Trust – £41.7 million to improve Paediatric Cardiac Services in the North East.

Leeds Teaching Hospitals NHS Trust – £12 million to provide a single Laboratory Information Management System across West Yorkshire and Harrogate, covering all pathology disciplines.

North West

Greater Manchester Mental Health NHS Foundation Trust – £72.3 million to build a new adult mental health inpatient unit in Manchester.

Mersey Care NHS Foundation Trust – £33 million to provide a new 40 bed low secure unit for people with learning disabilities.

Stockport NHS FT – £30.6 million to provide a new Emergency Care Campus Development at Stepping Hill Hospital in Stockport, incorporating an Urgent Treatment Centre, GP assessment unit and Planned Investigation Unit.

NHS Wirral CCG – £18 million to improve patient flow in Wirral by improving access via the Urgent Treatment Centre.

Tameside and Glossop Integrated Care NHS Foundation Trust – £16.3 million to provide Emergency and urgent care facilities at Tameside General Hospital in Ashton-under-Lyne.

South East

Isle of Wight NHS Trust – £48 million to redesign acute services for Isle of Wight residents.

South West

Royal Cornwall Hospitals NHS Trust – £99.9 million to build a new Women's and Children's Hospital in the centre of the Royal Cornwall Hospital site in Truro.

Contact

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