

# MENTAL HEALTH SERVICES

## Meeting the need for capital investment

### Key messages

- The government is expected to make important public spending announcements and decisions this year, which provide a key opportunity to improve resourcing and reset the rules governing capital investment in the NHS. It is vital that any decisions made on NHS capital funding ensure the mental health sector receives its fair share of capital investment, particularly given announcements to date have largely been acute focused and the sector has suffered from historical underinvestment.
- The mental health sector requires significant capital investment. According to our latest survey of mental health trusts, four out of five estimate their capital needs in 2020/21 to be between £4-20m. A small number of trusts' estimates are substantially higher. However, two thirds of trusts responding to our survey have told us they will not be able to access enough capital funding in 2020/21 to meet their needs for the year. For 27% of trusts, the allocation will not meet half of their needs.
- The under-prioritisation of investment in the mental health estate is having a real impact on trusts' ability to ensure a safe environment for patients and mental health trust leaders are concerned that lack of capital investment places their patients at increased risk. There are a number of trusts that have told us they do not have the funding available to address concerns raised by Care Quality Commission (CQC) over the condition of their estates.
- As well as upgrading the overall estate, there is a need to remove fixed ligature points and mental health trusts would like to invest in the removal of the 350 dormitory wards still used across the NHS in England, which CQC has made clear do not support people's privacy or dignity and should not be used for patient care in the 21st century.
- Mental health trusts also need capital investment over the longer term to meet growing demand for mental health services and transform the way services are designed and delivered to meet the ambitions the NHS has for mental health care over the next decade. Our survey findings indicate the sector's long term needs are significant, with two thirds of trusts estimating they need between £50m and £150m of capital investment over the next five to ten years.
- The level of capital investment mental health trusts need over the longer term varies significantly: the lowest estimated figure given in response to our survey was just under £16m while the highest estimation was just over £500m.
- Mental health trusts are concerned that there is such uncertainty about ongoing access to capital, particularly from 2022 onwards. Restrictions on trusts spending internally generated income on capital projects, and the need for clear guidance when applying system priorities to any future capital planning were two further issues highlighted by trusts in response to our survey.

- More broadly, no matter what the service or setting, we are calling for the government to make the following changes to the current system for allocating capital funding to the NHS provider sector:
  - set a multiyear capital settlement, which will allow the NHS to plan for the long term and transform its services and equipment
  - the NHS' capital budget needs to be brought into line with comparable economies, meaning funding available to trusts should roughly double
  - the NHS needs an efficient and effective mechanism for prioritising, accessing and spending NHS capital based on need. A key principle should be that wherever possible capital spending decisions should be devolved to the level where service accountability sits and the national capital spending limit must be high enough with sufficient revenue to fund most investment from trust surpluses.

## Introduction

As we outlined in our report, *Rebuilding our NHS: Why it's time to invest*, there has been prolonged under-investment in facilities across the English NHS.<sup>1</sup> However, while restricted capital funding is affecting all sectors of the NHS, there is a particular need for capital investment within the mental health sector.

As well as upgrading the overall estate, there is a need to remove fixed ligature points and mental health trusts would like to invest in the removal of the 350 dormitory wards still used across the NHS in England. There are no robust estimates on what this may cost. CQC has expressed its concern that there are still mental health wards in 21st century that have to accommodate patients in dormitories that “[do] not support people’s privacy or dignity”.<sup>2</sup> CQC has stated, more broadly, that many mental health wards throughout the country are “unsafe and provide poor quality care” in “old and unsuitable buildings”.<sup>3</sup> *The independent review of the Mental Health Act 2018* has also called for major capital investment in the NHS mental health estate.<sup>4</sup>

Capital investment is also needed to transform the design and delivery of mental health services in line with ambitions set out in the *NHS long term plan*.<sup>5</sup> Indeed, the *NHS mental health implementation plan 2019/20-2023/24* explicitly highlights the ambition to improve the therapeutic offer from inpatient mental health services (supported by investment in the mental health inpatient estate) and the procurement of mental health ambulances vehicles are subject to capital funding being available following the spending review.<sup>6</sup> Capital investment is needed to support the delivery of other key national ambitions such as reducing out of area placements and transforming care for people with a learning disability or autism.

However, as we highlighted in our briefing, *Mental health funding and investment: a digest of issues*,<sup>7</sup> NHS mental health providers receive less capital funding than might be expected given the sector’s proportion of turnover across the whole of the NHS provider sector.<sup>8</sup> Furthermore, while the additional capital investment the government has announced to date has been welcome, it has been largely acute focused.

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- 1 NHS Providers, *Rebuilding our NHS: Why it's time to invest*, January 2020  
<https://nhsproviders.org/rebuilding-our-nhs>
  - 2 Care Quality Commission, *The state of care in mental health services 2014 to 2017*, July 2018  
<https://www.cqc.org.uk/publications/major-report/state-care-mental-health-services-2014-2017>
  - 3 Care Quality Commission, *The state of care in mental health services 2014 to 2017*, July 2018  
<https://www.cqc.org.uk/publications/major-report/state-care-mental-health-services-2014-2017>
  - 4 *Modernising the Mental Health Act – final report from the independent review*, December 2018  
[www.gov.uk/government/publications/modernising-the-mental-health-act-final-report-from-the-independent-review](http://www.gov.uk/government/publications/modernising-the-mental-health-act-final-report-from-the-independent-review)
  - 5 NHS England and NHS Improvement, *The NHS long term plan*, January 2019  
<https://www.longtermplan.nhs.uk/wp-content/uploads/2019/01/nhs-long-term-plan.pdf>
  - 6 NHS England and NHS Improvement, *NHS mental health implementation plan 2019/20-2023/24*, July 2019  
[www.longtermplan.nhs.uk/wp-content/uploads/2019/07/nhs-mental-health-implementation-plan-2019-20-2023-24.pdf](http://www.longtermplan.nhs.uk/wp-content/uploads/2019/07/nhs-mental-health-implementation-plan-2019-20-2023-24.pdf)
  - 7 NHS Providers, *Mental health funding and investment: a digest of issues*, January 2020  
<https://nhsproviders.org/mental-health-funding-and-investment>
  - 8 NHS Improvement, *Performance of the NHS provider sector for the year ended 31 March 2019*, 2019  
[https://improvement.nhs.uk/documents/5404/Performance\\_of\\_the\\_NHS\\_provider\\_sector\\_for\\_the\\_quarter\\_4\\_1819.pdf](https://improvement.nhs.uk/documents/5404/Performance_of_the_NHS_provider_sector_for_the_quarter_4_1819.pdf)

Only three mental health trusts were allocated funding in the waves of capital investment for trusts announced by the government in September 2019.<sup>9</sup>

This briefing summarises the findings of a survey we sent to NHS mental health trusts and foundation trusts to gather further evidence on the sector's capital funding needs, to support the case we are making for the sector to receive its fair share of capital investment in future.

This briefing also outlines the real impact under-prioritisation of investment in the mental health estate is having on trusts' ability to ensure a safe environment for patients and service users and deliver high quality care for people as close to home as possible, as well as their ability to meet the growing demand for mental health services and transform the way services are designed and delivered to meet the ambitions the NHS has for mental health care over the next decade.

## About the survey

- The survey was open from 24 January to 3 February 2020 and was sent to all chairs, chief executives and finance directors of trusts providing mental health services.
- We received 37 responses to the survey, representing over two-thirds (69%) of the 54 trusts providing mental health services in England. All regions are represented in the survey responses.
- Foundation trusts made up around three quarters of the responses to the survey (73%), similar to the proportion of foundation trusts providing mental health services throughout the country. There were slightly more responses from combined mental health/learning disability and community trusts (59%) than from mental health/learning disability trusts (41%), but this was also in line with the proportion of trusts providing mental health services throughout the country.

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<sup>9</sup> Department for Health and Social Care, *Health infrastructure plan*, September 2019  
<https://www.gov.uk/government/publications/health-infrastructure-plan>

## The capital investment needs of the mental health sector

Our survey findings suggest that trusts providing mental health services require a significant amount of capital investment in 2020/21, yet the majority of trusts will not be able to access enough capital funding to meet their needs as things currently stand.

### Capital investment needs for 2020/21

As shown in Figure 1, four out of five (81%) trusts that responded to our survey estimate their capital needs in 2020/21 to be between £4-20m. Most of these estimates represent figures between 3% to 8% of trusts' current turnover.

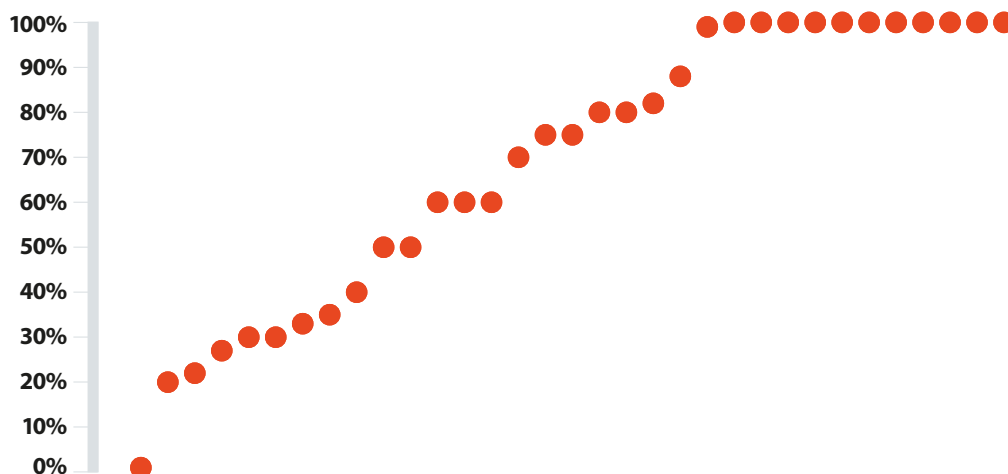
A small number of trusts' estimations are significantly higher, with one trust requiring an estimated £100m of capital investment next year, mainly in order to fund significant redesigns of two inpatient services.

**Figure 1**  
**What is the estimated total cost of your trust's capital needs in 2020/21?**



As shown in Figure 2 below, two thirds of trusts (67%) who responded to our survey told us they will not be able to access enough capital funding in 2020/21 to meet their estimated capital needs for the year. For a quarter of trusts (27%), current levels of capital funding in 2020/21 will meet less than 50% of their needs next year. One trust has told us it will not be able to meet any of its estimated capital needs for 2020/21 and has been told it cannot raise private finance even though a bank has indicated it could provide the funding.

**Figure 2**  
**What proportion of this estimated total cost will your trust be able to meet with the current levels of capital funding available to your trust in 2020/21?**



## Capital investment needs over the longer term

Our survey findings indicate there is a significant amount of need in the mental health sector for capital investment over the longer term. Two thirds of trusts (69%) estimate they need between £50m and £150m of capital investment over the next five to ten years.

We have found significant variation in the level of capital investment mental health trusts need over the longer term – the lowest estimated figure given in response to our survey was just under £16m while the highest estimation was just over £500m.

**Figure 3**  
**What is the estimated total cost of your trust’s capital needs over the longer term (ie 5-10 years)?**



Mental health trusts have expressed concerns that there is such uncertainty about ongoing access to capital, in particular from 2022 onwards.

Restrictions on trusts spending internally generated income on capital projects, and the need for clear guidance when applying system priorities to any future capital planning, were two further issues a number of trusts raised in their response to our survey.

## The impact of under prioritisation of investment in the mental health estate

We have already highlighted mental health trust leaders' concerns that lack of capital investment places their patients at increased risk, and the risks to patient safety from infrastructure failures in mental health trusts are particularly severe.<sup>10</sup>

In our survey, we asked trusts specifically about CQC enforcement action taken against them, arising from the condition of their estates or infrastructure. CQC takes enforcement action in order to protect people from harm and the risk of harm, and to ensure they receive services of an appropriate standard.

In the last three years, more than one-in-five of the trusts that responded to our survey had faced CQC enforcement action over the condition of their estates, and there are a number of these trusts who are not able to meet the capital costs required to address CQC's concerns with the current levels of capital funding available to them. Two trusts have told us they are unable to meet over 70% of the capital costs required to address CQC's concerns. These findings are of real concern and further underscore the fact that capital investment is urgently needed to improve patient safety in mental health trusts.

The estimates that trusts responding to our survey gave of the costs to their capital budgets as a result of CQC enforcement action ranged from £250,000 to £8,850,000. Some trusts told us they had also incurred a cost to their revenue budget, with estimates here ranging from £200,000 to £1,100,000. A number of trusts also said they had incurred a wider cost as a result of the CQC enforcement action, with trust reputation, staff morale, difficulties with recruitment and increased workload all cited.

As we set out in our report, *Rebuilding our NHS: Why it's time to invest*, there are several other aspects that capital spending impacts on in addition to patient safety for all sectors of the NHS, ranging from the safety of staff and supporting good performance, to efficiency and productivity as well as transformation more broadly.<sup>11</sup>

Mental health trust leaders have specifically highlighted that a mental health trust's physical environment affects the rehabilitation and recovery of people, who are often accessing services at an incredibly vulnerable and difficult point in their lives. Also given that inpatient stays are typically longer in mental health settings, having high quality therapeutic environments is particularly important.<sup>12</sup>

10 NHS Providers, *The end of parity of esteem? Patients face increasing risks as NHS funding announcements neglect mental health*, October 2019. <https://nhsproviders.org/news-blogs/news/the-end-of-parity-of-esteem-patients-face-increasing-risks-as-nhs-funding-announcements-neglect-mental-health>

11 NHS Providers, *Rebuilding our NHS: Why it's time to invest*, January 2020 <https://nhsproviders.org/rebuilding-our-nhs>

12 NHS Providers, *The end of parity of esteem? Patients face increasing risks as NHS funding announcements neglect mental health*, October 2019. <https://nhsproviders.org/news-blogs/news/the-end-of-parity-of-esteem-patients-face-increasing-risks-as-nhs-funding-announcements-neglect-mental-health>



Furthermore, recognised best practice for mental health care has progressed significantly in recent years, and trusts need capital funding to invest to ensure their built environments keep pace. Without additional investment, it is very difficult for mental health trusts to provide the right facilities for patients and service users unless big savings are made elsewhere. Mental health trust leaders have also highlighted that greater capital investment in services would not only make a huge difference to patients' recovery, but also improve the morale of staff.<sup>13</sup>

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<sup>13</sup> NHS Providers, *The end of parity of esteem? Patients face increasing risks as NHS funding announcements neglect mental health*, October 2019. <https://nhsproviders.org/news-blogs/news/the-end-of-parity-of-esteem-patients-face-increasing-risks-as-nhs-funding-announcements-neglect-mental-health>

## Conclusion

It is clear that trusts providing mental health services require a significant amount of capital investment next year and over the longer term – not only to keep existing patients and service users safe and provide high quality care as close to home as possible now, but also to meet the growing demand for mental health services over the longer term and transform the way services are designed and delivered to meet the ambitions the NHS has for mental health care over the next decade. For some mental health trusts, capital investment is needed in order for them to meet key regulatory requirements.

It is vital that the sector receives its fair share of capital investment, particularly given levels of underinvestment historically, as future decisions are made to improve resourcing and reset the rules governing capital in the NHS.

More broadly, no matter what the service or setting, we are calling for the government to make the following changes to the current system for allocating capital funding to the NHS provider sector:

- Setting a multiyear capital settlement, which will allow the NHS to plan for the long term and transform its services and equipment. Ideally, this would match the ten years of the long term plan and be extended annually.
- The NHS' capital budget needs to be brought into line with comparable economies, meaning funding available to trusts should roughly double. Some of this should be spent on essential maintenance works. However, to rebuild and replace facilities, it will also be necessary to fund a national building programme on a scale comparable with the 1960s hospital plan, and the investment that took place between 1999-2010.
- The NHS needs an efficient and effective mechanism for prioritising, accessing and spending NHS capital based on need. A key principle should be that wherever possible capital spending decisions should be devolved to the level where service accountability sits, and to avoid rationing, the national capital spending limit must be high enough with sufficient revenue to fund most investment from trust surpluses.

The above recommendations are intended to be taken together as a coherent package in order to put NHS infrastructure – across acute, mental health, ambulance and community sectors – on a sustainable footing and improve the lives of all those who use, and work in, NHS services for the long term.

**Your feedback on this briefing is very welcome. For any comments or questions please contact [ella.fuller@nhsproviders.org](mailto:ella.fuller@nhsproviders.org)**

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NHS Providers (February 2020), *Mental health services: meeting the need for capital investment*.