

Parliamentary briefing: Spending Review

House of Lords debate, 3 December 2020

NHS Providers is the membership organisation for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS trusts and foundation 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 all trusts in voluntary membership, collectively accounting for £87bn of annual expenditure and employing more than one million staff.

Introduction

At the start of the coronavirus pandemic, the [government committed](#) to giving the NHS whatever resource it needed to deal with COVID-19. The Spending Review announced additional funding for the NHS and significant extra spending to support the economy this year and next in response to the coronavirus pandemic.

At this stage, it is still unclear what total additional funding the NHS might need to deal with COVID-19 next year and it is vital then that the Government continues to meet its commitments to fully resource the health service. This commitment needs to take account of the needs of all parts of the NHS provider sector, including acute, ambulance, community and mental health trusts – as well as key partners in primary care and social care - so the health and care system can deliver high quality services for their patients and local communities.

This briefing sets out the key announcements in the Spending Review for health and social care.

Key announcements for health and social care

The government announced £20.3bn to help the NHS cover COVID-19 related costs in 2021/22.

£3bn NHS Recovery Package

The £3bn for an 'NHS recovery package, first announced on 22 November 2020, will cover:

- Around £1bn to begin tackling the elective backlog
- Around £500m to address waiting times for mental health services

- Around £1.5bn to help ease existing pressures in the NHS caused by COVID-19.

NHS Providers recently highlighted the importance of tackling the backlog in planned care in 2021/22 and supporting trusts to meet rapidly escalating mental health demand, both caused by COVID-19 in a [letter to the Chancellor](#) ahead of the Spending Review. We therefore strongly welcome the extra, new, £3bn announced for the core NHS budget. We are particularly pleased to see significant new investment in mental health given the huge extra pressures that all mental health trusts are reporting. This is a good start to tackle both issues, but we must be realistic that further investment will be needed.

Other 2021/22 COVID-19 costs

The 2021/22 funding includes £15bn for Test and Trace, £2.1bn to maintain and distribute stocks of personal protective equipment, and £163m for medicines and therapeutics.

The additional funding announced for NHS Test and Trace, vaccines, and Personal Protective Equipment (PPE) is welcome. However, at this stage it is difficult to know whether this will be sufficient as it is still unclear how much longer the pandemic will continue. As the situation develops, it is important that the Government continues to be flexible in providing the funding that is needed. The NHS also still needs to agree what additional funding is needed to cover the extra 2021/22 NHS frontline costs of COVID-19 and it is vital that both direct and indirect costs are covered by the Government. It is therefore impossible to say at this point whether the NHS will have all the 21/22 funding it needs.

Capital funding

The government also made two multi-year capital funding commitments, both of which will come out of DHSC core capital funding¹:

- £3.7bn until 2024/25 to make progress on building 40 new hospitals by 2030
- £1.7bn until 2024/25 for over 70 hospital upgrades to improve health infrastructure across the country over the long-term.

NHS Providers welcomed the increase in the NHS capital baseline. This has been a key ask in our [‘Rebuild our NHS campaign’](#) alongside the extra funding for the hospital building programme and mental health dormitory ward elimination. However, we are concerned that this funding is not

¹ Capital funding is money spent on items that can be used for longer than a year, such as a new hospital or 999 call centre, a CT scanner or community rehabilitation facilities.

sufficient to build all the hospitals announced by the government before 2030 and there is more investment needed for mental health trusts, who have so far not received an adequate proportion of the capital spending announced to rebuild hospitals.

Workforce

The Chancellor announced £260m for Health Education England to support the training and retention of the NHS workforce and the commitments set out in the NHS Long Term Plan and an exemption for NHS workers from the public sector pay freeze, which reflects the efforts made by NHS staff during the pandemic.

The extra investment in education and training budgets is welcome and we are pleased to see this commitment to growing the NHS workforce alongside new money to deliver training to highly valued staff who have worked hard throughout the pandemic. However, additional investment is needed to ensure there is a long-term educational infrastructure in place to support the increase in applications to nursing degrees and to retain and support the development of existing staff. The lack of a multi-year funding package also means that several commitments set out in the People Plan will not be deliverable without significant additional funding.

Social care

The Chancellor announced that local authorities will be able to access over £1bn of spending for social care through £300m of social care grant and the ability to levy a 3 per cent adult social care precept. This funding is in addition to the £1 billion social care grant announced last year which is being maintained. An additional £2.1 billion will be provided to local authorities through the Better Care Fund which will be pooled with the NHS. The government expects to provide local authorities with over £3 billion to address COVID-19 pressures, including in adult social care.

The Government, and the Prime Minister, have reiterated their commitment to placing the adult social care system on a sustainable footing in the longer term and will bring forward proposals next year. It is however deeply disappointing that the Government is still no further forward in delivering on this commitment. Social care has been at the frontline of the response to the pandemic and whilst the emergency injection of money will help, we need a long-term sustainable solution here, underpinned by cross party agreement and led by the Government.