30 September 2021

NHS Providers

Comprehensive Spending Review 2021: Submission from NHS Providers

In early September 2021, the government announced a welcome investment of an additional £5.4bn for the NHS in the second half of this financial year, to cover a rise in costs directly attributable to dealing with COVID-19 and supporting elective recovery. Also announced was the spending review settlement for the NHS and social care – including additional revenue funding for the NHS of £15.8bn, and £5.4bn for social care, over the next three years via the new health and care levy. We recognise this investment in health and social care comes at a time of constrained public spending. However, due to the ongoing impact of COVID-19 and rising demand on the NHS, it leaves an estimated shortfall of more than £3bn for the next financial year, with a continuing funding gap into the future. This figure is based on the findings of our joint report[1] with the NHS Confederation, published at the start of September 2021, which estimated that the NHS needs an extra £10bn in 2022/23 to tackle increased running costs, care backlogs and make allowance for efficiency savings that could not be delivered during the pandemic. This is significantly higher than next year's budget uplift of £6.6bn.

Funding settlements for other vital functions are also yet to be agreed. The upcoming comprehensive spending review (CSR) on 27 October will be pivotal in confirming a multi-year capital settlement for the NHS, training, public health and local authority budgets, and the specific support available to mental health, community, ambulance, and primary care services. In this submission, we set out 10 areas requiring urgent investment so that the NHS can live with the long-term impact of COVID-19, build resilience, and transform services. The return on this investment will be significant: an NHS that is properly equipped to deliver world-class healthcare, realise new efficiencies, drive forward the government's 'levelling up' agenda and make its contribution to bringing all UK greenhouse gas emissions to net zero by 2050.

Our 10 'asks' for the government for the 2021 CSR are:

1. Provide ongoing funding to tackle the care backlog
2. Cover the ongoing increase in the NHS' cost base

[1] https://nhsproviders.org/resource-library/briefings/a-reckoning-the-continuing-cost-of-covid-19

3. Deliver an appropriate multi-year capital settlement
4. Support and grow the workforce
5. Fund 'discharge to assess' on a permanent basis
6. Urgently invest in and reform public health and social care services
7. Transform patient pathways
8. Deliver true digital transformation
9. Fully fund the New Hospital Programme (NHP)
10. Make meaningful progress on tackling health inequalities

Context

The achievements of the NHS over the past 18 months have been extraordinary, from caring for over 530,000[2] patients who were seriously ill with COVID-19, to continuing to deliver urgent non-COVID care in the face of extreme adversity and driving the hugely successful vaccination programme. However, we cannot let these achievements – in large part thanks to the individual resilience and commitment of the frontline – distract from the harsh reality of the pressure that the NHS is under.

Even before COVID-19, there was a severe mismatch between demand for services and available funding. The NHS received funding growth of just 1.4% per year between 2010 and 2019[3], despite demand increasing by approximately 4% in the same period.[4] The five-year funding settlement announced in June 2018, while welcome, was widely seen by experts as enough to maintain current service levels, but not enough to improve and modernise the NHS[5]. Furthermore, the settlement excluded vital functions such as health education, public health, social care, and capital spending. The funding gap has only grown since. The government's manifesto commitments – 40 new hospitals, 50,000 extra nurses and 50 million new GP appointments – all have the potential to drive significant improvements in patient care, but need to backed by sufficient revenue and capital investment. COVID-19 has created additional costs that will be felt by acute, mental health, community, and ambulance services for years to come.

Frontline health and care leaders are clear that they cannot provide the access to, and quality of care that patients need, and deliver the government's manifesto commitments, unless they are properly

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[2] https://coronavirus.data.gov.uk/details/healthcare

[3] https://www.health.org.uk/publications/long-reads/health-and-social-care-funding

[4] https://www.health.org.uk/news-and-comment/charts-and-infographics/10-key-charts

[5] https://www.health.org.uk/blogs/running-to-stand-still-%E2%80%93-why-%C2%A3205bn-is-a-lot-but-not-enough-to-do-everything

funded to do so. Furthermore, there is a risk that the additional investment announced for the NHS to date will not deliver the desired improvements without a longer-term capital settlement, appropriate training, public health and local authority budgets, and specific support for mental health, community, ambulance and primary care services. At the CSR, the government has the opportunity to:

- equip the NHS to live with the long-term impact of COVID-19;
- build greater resilience into the wider health and care system; and
- transform services so that they are world-class and fit for the future.

Living with the long-term impact of COVID-19

The government has rightly offered significant financial support to the NHS to live with COVID-19. Living with the long-term impact of COVID-19 and dealing with even low levels of COVID-19 admissions will still mean considerable extra costs for trusts. The pandemic has been devastating for mental health services and its impact is likely to last longer, and peak later. Against this backdrop, the government must keep the funding available to the NHS under review and more clearly set out the specific support available to mental health, community, ambulance, and primary care services.

1. Provide ongoing funding to tackle the care backlog. We welcome the government's commitment to tackling the care backlog by investing an additional £1.5 billion for elective recovery in the second half of this financial year, including £500 million capital funding, and £8 billion in the following three years from 2022/23 to 2024/25. However, it is important to acknowledge that this is not only about elective surgery and cancer backlogs. There are significant care backlogs in mental health and community services, as well as increasing pressures on ambulance services. In mental health the waiting list stands at 1.6 million.[6] In response to a recent NHS providers survey,[7] 96% of respondents stated that the current level of demand was significantly increasing (64%) or moderately increasing (32%) across all services provided. 96% of mental health and learning disability services respondents and 96% of community services respondents said the current level of demand was significantly or moderately increasing. For ambulance services, 100% of respondents said it was significantly or moderately increasing. 88% of respondents representing acute specialist care services said the current level of demand was significantly or moderately

[6] https://nhsproviders.org/news-blogs/news/millions-waiting-for-care-as-covid-19-lays-bare-the-challenges-facing-mental-health-services

[7] NHS Providers care backlog survey (pre-publication)

increasing, whereas for acute care services 99% said they were significantly or moderately increasing.

Any detailed plan for tackling the elective backlog will do a disservice to both patients and staff if it does not also address the substantial care backlog across mental health and community services, as well as the huge pressures on ambulance services. The financial support available to these services requires urgent clarification.

2. **Cover the ongoing increase in the NHS' cost base.** This September, NHS Providers and the NHS Confederation published a report,[8] which estimated that providers' costs will increase by an estimated £4.6bn in 2022/23 compared to 2019/20 , due to factors including (but not limited to): infection prevention and control (IPC), personal protective equipment (PPE), staff absence and backfill, service expansion, workforce-related costs, non-backlog-related output gaps, reduction in income and supporting staff wellbeing. These costs are likely to remain elevated for the duration of the three-year period that is expected to be covered by the CSR. While recent funding announcements will support providers to cover these costs in the immediate future, the government needs to keep the money available to the NHS under review – particularly given the ongoing uncertainty around future COVID-19 rates and potential changes in prevalence.

Building greater resilience

COVID-19 has exposed the challenges created by an outdated estate, a workforce at breaking point, and prolonged underinvestment in public health and social care. If the NHS is to withstand future stresses, the government must use the CSR to build greater resilience into the health and care system.

3. **Deliver an appropriate multi-year capital settlement.** In September 2021, the government announced that the NHS in England would be given an extra £500m over the next six months for increased theatre capacity and technology, to support elective recovery. Other investments made over the past 18 months demonstrate a welcome acknowledgement from ministers that NHS facilities need investment. The CSR provides a critical opportunity for the government to build on this. As highlighted in our recent capital briefing,[9] a properly funded and well-designed system of capital funding could bring many benefits, such as speeding up integrated care (for example one

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[8] https://nhsproviders.org/media/692003/a-reckoning-continuing-cost-of-covid-19.pdf

[9] https://nhsproviders.org/the-case-for-capital-funding

trust built a new primary care centre on site), greatly improved service access and patient experience, reduced IPC risks and improved efficiency and productivity, all of which help tackle growing waiting lists and accelerates digital transformation. On top of this, sufficient capital investment has the potential to support the government's 'levelling up' agenda and the NHS's ambition to become 'net zero' by 2040.

4 Support and grow the workforce. We have welcomed the recent 3% pay award as a clear improvement from the government's initial proposal for a 1% rise. 3% is the level we called for as a minimum to recognise the extraordinary hard work and commitment of frontline staff over the past 18 months. However, it is disappointing that the rise was not applied for all grades of staff, including junior doctors. Also, many staff will have felt the impact of rising costs of living in recent months and will soon notice increased national insurance contributions limiting the effect of improved take-home pay. This pay award – and future pay awards – must be fully funded for eligible staff across all sectors by the government so money is not diverted away from other priorities that could impact on patient care.

In addition, the NHS desperately needs a fully funded long term workforce plan that not only sets out the desired and specific future size and shape of the workforce, but also commits to an ambitious programme of training and development. Despite a small amount of additional money for training and development in 2020, the single-year workforce settlement announced at the 2020 Spending Review (SR) still left the Health Education England (HEE) budget close to £1bn lower in real terms than 2013/14, prior to large scale funding cuts. A multi-year workforce plan should sit alongside provisions for recurrent investment in NHS people plan initiatives, to maintain a strong focus on creating more inclusive and compassionate cultures within the NHS, prioritise staff health and wellbeing, and make the NHS a great place to work.

5 Fund 'discharge to assess' on a permanent basis. Since the start of the pandemic, discharge to assess has brought significant benefits to patients, the public purse, and the health and care system. We welcome the announcement made by the government in September 2021 that £478m will be allocated to enhanced hospital discharge for the second half of the year, but there is no mention of dedicated discharge to assess funding within the three-year revenue settlement. Dedicated funding for discharge to assess must be made permanent to enable long-term planning and reduce damaging uncertainty for providers. This is especially the case as the

discharge to assess policy is being written into primary legislation within the Health and Care Bill.[10] There is a consensus across stakeholders in the health and care sector that ceasing central funding for the discharge to assess model would risk reversing the very clear improvements seen during the COVID-19 pandemic by creating a damaging funding cliff edge. More detail can be found in this NHS Providers and NHS Confederation briefing paper,[11] but these improvements include: reduced length of stay in hospital, improved outcomes for patients, reduced avoidable admissions to acute settings, increased number of timely discharges and patient flow, and support for wider NHS ambitions around collaboration, system working and delivering more care in the community. Importantly, discharge to assess has supported the social care sector, with better use of short-term recovery services meaning there has been reduced need for care and support packages. Beyond the pandemic, discharge to assess has a critical role to play in recovery, and in supporting a more sustainable and efficient health and care system. Discharge to assess is not a COVID-19 specific policy. Its introduction and implementation was sped up during the early stages of the pandemic, however, the need predates COVID-19 and will continue once the worst of COVID-19 is behind us.

6. **Urgently invest in and reform public health and social care services.** The public health grant fell 22% in real terms between 2015/16 and 2020/21.[12] At the same time, historic underfunding of social care has left hundreds of thousands of people without the care they need[13] and has negatively impacted the NHS. For example, in response to a recent NHS Providers survey,[14] 40% of mental health trust leaders identified a lack of social care provision as a key barrier to meeting demand for children and young people's mental health services in their local area.

   The government's long awaited September 2021 announcement of plans to reform adult social care in England are welcome, as is the investment of £5.4 billion over the next three years. However, details of these plans are still missing. It is vital to ensure appropriate access for those who need support. We also need to secure a stable provider market delivering the right model of care, and a sustainable workforce, properly valued and respected for this vitally important work. Increasing tax on NHS and social care employers through increased national insurance contributions may prove counter-productive.

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[10] https://publications.parliament.uk/pa/bills/cbill/58-02/0140/210140.pdf

[11] https://nhsproviders.org/resource-library/briefings/discharge-to-assess-the-case-for-permanent-funding

[12] https://www.kingsfund.org.uk/projects/positions/public-health

[13] https://www.health.org.uk/publications/long-reads/whole-of-society-will-benefit-from-social-care-reform

[14] https://nhsproviders.org/media/691473/nhs-providers-children-and-young-peoples-mental-health-services-survey-appendix.pdf

The government must use the CSR to provide clarity on its social care funding and reform plans, and also ensure local systems are equipped to respond to the health challenges their communities face by properly resourcing public health services and infrastructure.

Transforming the NHS

An NHS that can live with the long-term impact of COVID-19 and is more resilient to future stresses is also an NHS that is better equipped to transform services. The government has already committed to delivering on the ambitions of the NHS long term plan,[15] its own manifesto and the Health and Care Bill. It must now ensure these commitments are supported with appropriate funding to drive improvements in patient outcomes, quality of care and efficiency. The pandemic has illustrated what can be achieved when the health service has a clear strategic direction and the resources to match.

7. **Transform patient pathways.** Professor Sir Mike Richards has made it clear that radical change in the provision of diagnostic services can deliver better patient outcomes and major efficiency gains. There is also an opportunity to improve patient care by reforming the urgent and emergency care pathway in line with NHS England and NHS Improvement's (NHSE/I's) clinical review of standards for urgent care.[16] However, these benefits will only be realised with dedicated long-term revenue and capital funding. This includes additional investment in ambulance services, which play a fundamental and pivotal role in the delivery of urgent and emergency care, but have been historically underfunded.[17]

8. **Deliver true digital transformation.** The COVID-19 pandemic has accelerated digital transformation within the NHS, from remote working to virtual consultations. These changes are beginning to deliver multiple benefits, including improving clinical outcomes and patient/service user experience, as well as financial savings. Digital ways of working present an opportunity to fundamentally change the NHS's operating model and deliver services in new, innovative and modern ways. But many trusts still need to put in place core infrastructure and 'fix the basics' in order to build on this progress. The government needs to enable trusts to address the digital backlog or 'technical debt', whether it be outdated software, slow networks, or old hardware. It must also provide appropriate multi-year capital budgets to enable trusts to better plan and execute digital initiatives. This will involve funding digital skills and capabilities to support the

[15] https://www.longtermplan.nhs.uk/wp-content/uploads/2019/08/nhs-long-term-plan-version-1.2.pdf

[16] https://www.england.nhs.uk/wp-content/uploads/2021/05/B0546-clinically-led-review-of-urgent-and-emergency-care-standards.pdf

[17] https://nhsproviders.org/media/690526/securing-the-right-support-for-ambulance-services-november-2020.pdf

delivery of new digital ways of working. Finally, it is imperative that any capital is accompanied by appropriate revenue – there are currently examples of trusts effectively being blocked from bidding for capital pots because they cannot afford the associated revenue costs, such as the money needed to fund developers, software licenses and training.

9 Fully fund the New Hospital Programme (NHP). To deliver the government's manifesto commitment to build '40 new hospitals' by 2030, trusts and their partners (including the construction industry) need certainty that the NHP will be fully funded. The initial investment of £3.7bn between 2021/22 and 2023/24 is welcome, but clearly not the total amount required. The government must publish indicative annual budgets up to 2030 as an absolute minimum. In addition, while trust leaders support the programmatic approach of the NHP, the government must be realistic about the savings that can be delivered, avoid short term 'fixes' such as limiting spend by reducing bed numbers (which will only create problems later down the line), and recognise both the costs associated with even short delays to building work, and the risks that delays present to outcomes, quality of care and patient safety as already outdated estates fall further into disrepair.

10 Make meaningful progress on tackling health inequalities. Health inequalities were deeply entrenched in our society long before the COVID-19 pandemic. The NHS must be enabled to tackle health inequalities, with the need to address disparities in access and outcomes as part of wide-ranging reforms to the way services are planned and delivered, including clearing the care backlog and further developing integrated care systems (ICS). Just as the NHS must make health inequalities a core focus of its day-to-day business, the government must embed the need to tackle health inequalities in all its spending decisions, as part of a nationally coordinated effort to ensure meaningful, sustained progress in this area across all the wider determinants of health. This includes but is not limited to: properly resourcing public health services and infrastructure; meeting the costs of any increased role for the NHS in prevention and tackling health inequalities; and supporting ICSs to develop an improved, more granular understanding of disparities in health outcomes in their local area, for example by investing in analytical capacity.

The 10 'asks' above represent practical steps the government can take at the CSR to put the NHS on a sustainable footing. Without the right investment, difficult choices will have to be made regarding what the NHS can and cannot deliver. Trust leaders acknowledge that the NHS has received significant sums in recent weeks to help it deal with the COVID-19 pandemic and to deliver services over the next three years. This funding is, of course, incredibly welcome at a time when the public purse strings are being tightened. However, capital investment, health education and public health

are all critical pieces of the jigsaw needed to protect patient care, support recovery from the pandemic and ensure staff work in safe environments. With sufficient and appropriate investment in these areas, the NHS could play an even bigger role in turning the government's ambitions for net zero and 'levelling up' from ambition to reality.

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