

Rising living costs – the impact on NHS, staff and patients

Key messages

- All respondents are concerned about the mental, physical and financial wellbeing of staff as a result of cost of living pressures, and the majority (61%) report a rise in staff sickness absence due to mental health.
- Trusts report staff struggling to afford to come to work, with almost three quarters of respondents (71%) describing this as having a significant or severe impact on their trust.
- Trusts say the rising cost of living is causing staff to look for roles elsewhere: two thirds (68%) report a significant or severe impact from staff leaving the trust for other sectors, such as hospitality or retail, where employers can offer competitive terms. This increased turnover is costly for trusts and can disrupt their response to operational pressures.
- The vast majority of trust leaders (95%) said that the cost of living had either significantly or severely worsened health inequalities in their local area. As rising housing, energy and food costs put more people in the position of making difficult choices about heating or eating, trust leaders expect to see more people pushed into poverty and its health consequences.
- Trusts already report a rise in demand due to the rising cost of living. The majority (72%) say they have seen an increase in mental health presentations due to stress, debt and poverty.
- Trusts are increasingly working in partnership and providing additional community outreach services to support staff and patients. Some are offering widened access to digital initiatives for remote services, or providing referrals to local foodbanks, debt advice services, and other services which support people in financial difficulty.
- As major local employers, trusts are also stepping up support for their staff. Three quarters (72%) offer financial advice and education, with 10% more planning to introduce this service. Others are offering direct support, with 27% offering food banks for staff, and 19% planning to do so.
- Trust leaders are keen to do as much as they can to mitigate the impact of the increase in the cost of living on staff and patients. However, some expressed concern about how sustainable it will be to maintain their initiatives, particularly given cost pressures on existing NHS budgets and a lack of co-ordinated central support or funding. Trust leaders are also conscious of the need to ensure equity of access for those most in need, while avoiding stigma or inadvertently creating division between staff groups.

Introduction

Inflation is eroding the NHS funding settlement, creating cost pressures for trusts, particularly for fuel, energy and consumables. However, this briefing, based on a survey of trust leaders, focuses deliberately on the impact of the rising cost of living on NHS staff, and the patients and communities they support.

The response rate to our survey of trust leaders was 54% with representation across acute, mental health, ambulance and community sectors, all showing a high level of concern about the effect the cost of living is having on NHS staff and patients alike.¹

Inflation reached 10.1% in August, outpacing household incomes. Rising prices across energy, fuel and food have impacted the budgets of NHS staff as well as the communities that trusts serve, and the health and wellbeing impact of the increased cost of living is a significant cause of concern for trust leaders.

NHS staff received below-inflation pay awards for 2022/23, the real terms impact of which is compounded by [a decade of below-inflation pay](#). This year, trusts say that high levels of inflation have worsened morale, and are making it harder than ever to recruit and retain staff.

Alongside workforce pressures, rising costs have put pressure on trusts' budgets across a range of non-pay expenditure, particularly fuel, gas and electricity as inflation erodes the NHS' funding settlement.

Trusts therefore face an extremely challenging combination of tasks: the need to recover care backlogs in line with the elective recovery plan, and across mental health and community services; unprecedented levels of urgent and emergency demand and the likelihood that the broader economic context and the cost of living exacerbate demand for services, for both mental and physical health conditions.

As [anchor institutions](#) trusts are working individually and with system partners to support patients and staff with the cost of living. However, they are concerned that the support they can offer will not be enough. There is now a need for national action to help coordinate support for staff and patients, mitigate the worst impacts on deprived and marginalised communities, and put in place long-term measures to help people and communities manage the rising cost of living without damage to their health.

¹ In August/September 2022 we surveyed chairs, chief executives, finance directors, HR directors, medical directors and nursing directors for their collective views on the impact of the cost of living crisis on trusts and the health and care sector. We included a distinct section on the impact on trust finances for chairs, chief executives and finance directors.

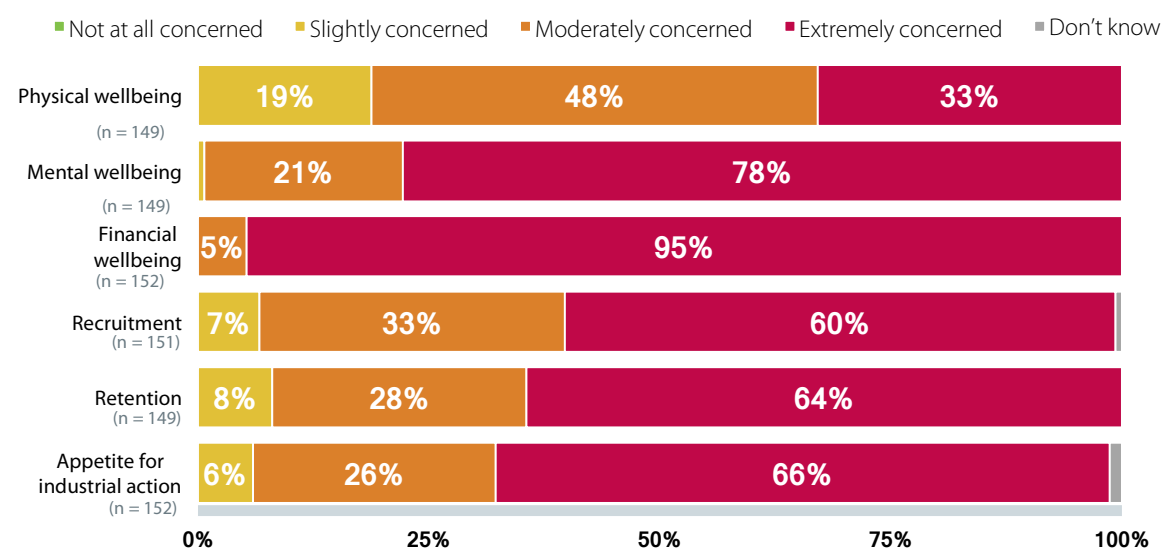
The effect of the rising cost of living on NHS staff

Staff wellbeing

All respondents say they are concerned about the mental, physical and financial wellbeing of staff as a result of cost of living pressures, and the majority (61%) report a rise in mental health sickness absence. Trusts also report staff struggling to afford to come to work with almost three quarters (71%) saying this has a significant or severe impact on their trust. Around two fifths (44%) say staff are opting out of the NHS pension due to the affordability of the contributions.

FIGURE 1

Concern about impact of the cost of living on staff



While the cost of living impacts lower paid staff disproportionately, trust leaders are concerned about morale and wellbeing across all roles. This includes those who are higher paid but seeing real terms cuts in their take-home pay due to increases in pension contributions, and those who face higher costs outside of work, such as those with caring responsibilities.

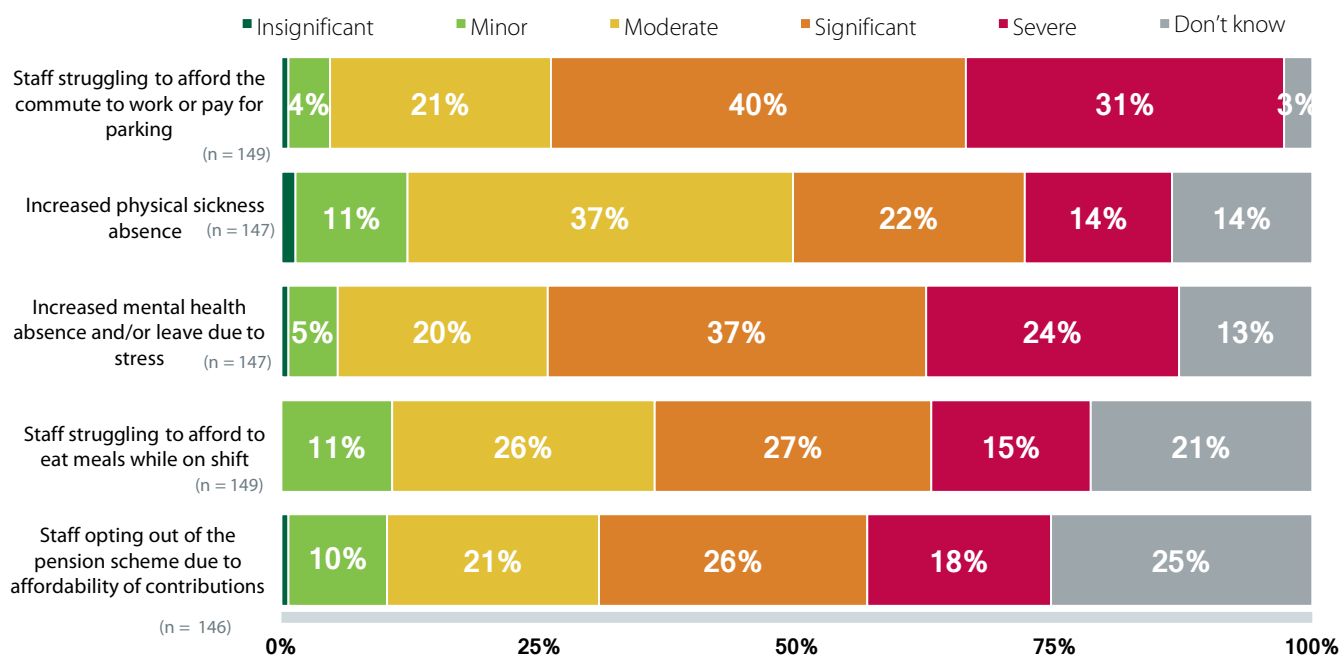
More than three quarters (78%) of trust leaders are extremely concerned about the mental wellbeing of staff given the psychological impacts of the cost of living and the pandemic.

"We have examples of staff who ... can't afford to travel to work [at the end of the month]. We've had to support staff with food vouchers as they are going without meals. There is a notable [increase] in staff who have opted out of the pension. I'm concerned the energy increases and pension contribution increases for some staff will have a significant detrimental impact."

ACUTE TRUST, EAST OF ENGLAND

FIGURE 2

Impact of cost of living on staff mental and physical health and wellbeing



Trust leaders also report concerns about the physical health of their staff, with 81% saying they are moderately or extremely concerned. Two fifths (42%) of trust leaders say that the cost of living is having a significant or severe impact on staff struggling to afford to eat while on shift. Trust leaders describe examples of nurses skipping meals to fund school uniforms for their families, while others are concerned about the health impact of staff living in cold homes in the winter.

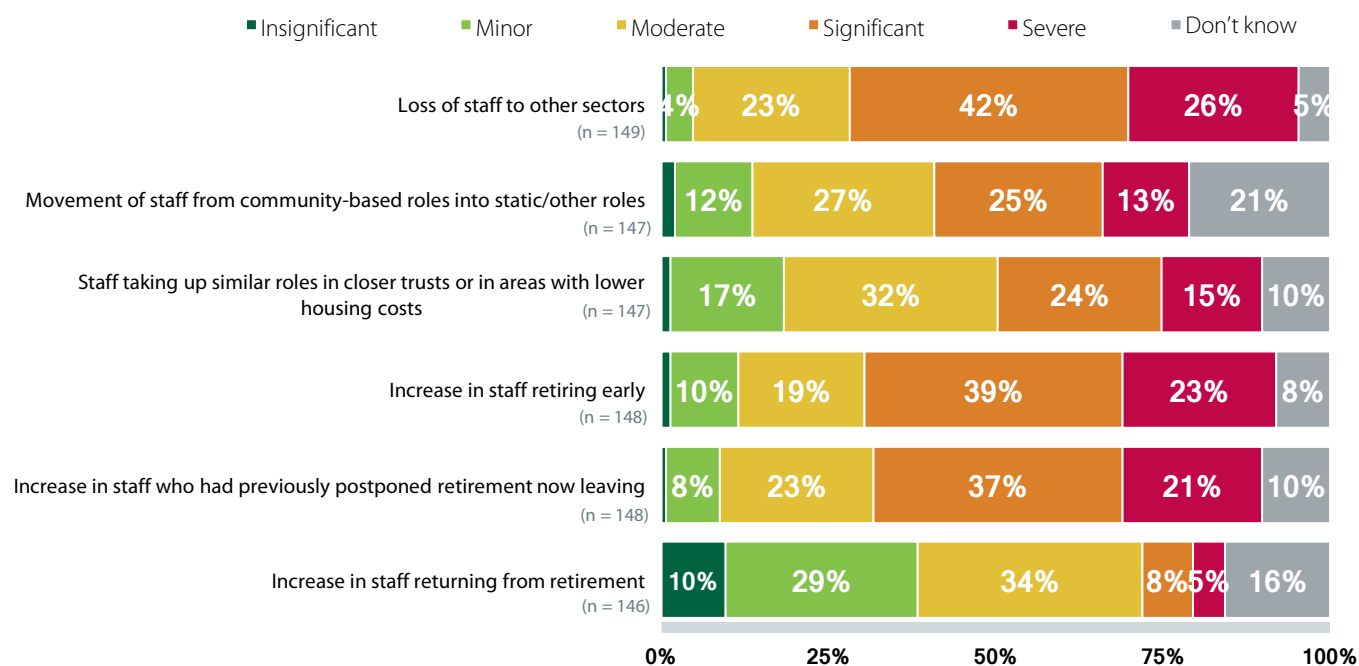
Recruitment and retention

The vacancy rate across the trust sector reached an all-time high in September 2022, with 132,139 vacancies across the sector. Three quarters of trust leaders (75%) are extremely concerned that existing workforce challenges will be exacerbated by the recent NHS pay awards not matching inflation.

Trusts also say the rising cost of living is causing staff to look for roles elsewhere with two thirds (68%) of respondents reporting a significant or severe impact from staff leaving the trust for other sectors, such as hospitality or retail, where employers can offer competitive terms. This increased turnover is costly for trusts and is disrupting their ability to manage operational pressures.

FIGURE 3

Impact of cost of living on retention



"For some staff this is the final straw psychologically after two years of COVID-19 and the national narrative swinging (as it was always going to) from 'NHS angels' to 'NHS waste and bureaucracy'."

MENTAL HEALTH/LEARNING DISABILITY TRUST, NORTH EAST AND YORKSHIRE

Recruitment challenges exist across a range of posts. More than two thirds of trust leaders (69%) say the cost of living is having a significant or severe impact on their ability to recruit to lower-paid roles, such as porters, cleaners and healthcare assistants. They also describe increasing recruitment challenges in functions such as IT, HR and facilities where there is direct competition for skills and talent with other sectors.

Almost half of trusts (48%) say cost of living increases are having a significant or severe impact on new people taking up careers in health and social care, which risks 'baking in' shortages in the long term.

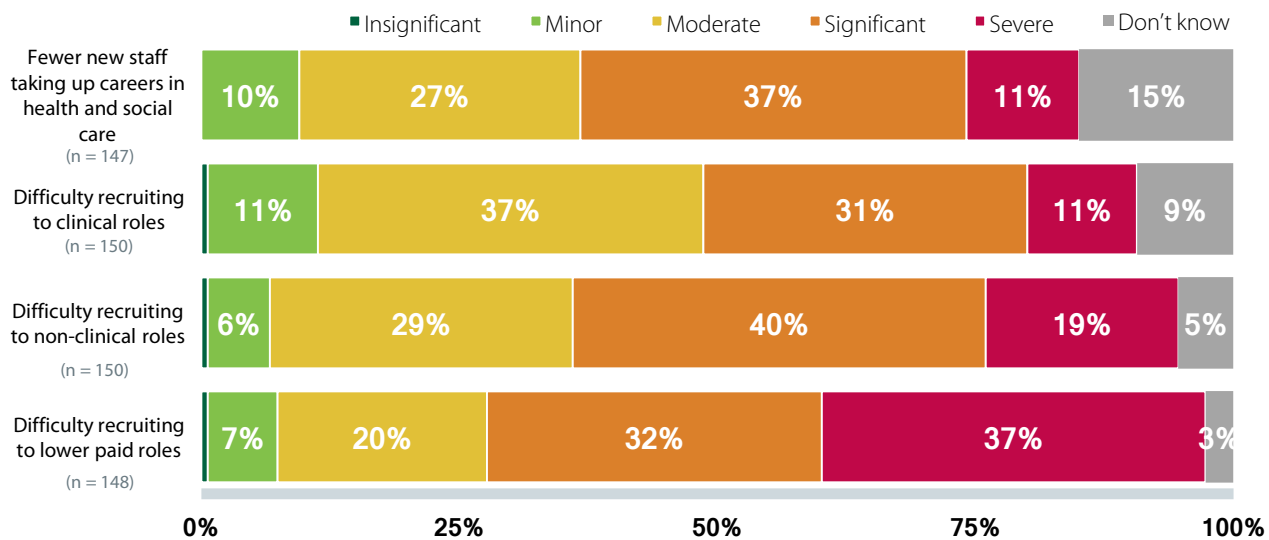
"Inflation is having a demonstrable downward effect on number of applications for nursing degrees.

This will aggravate an already critical staffing position."

COMBINED ACUTE AND COMMUNITY TRUST, SOUTH WEST

FIGURE 4

The impact of the cost of living on recruitment



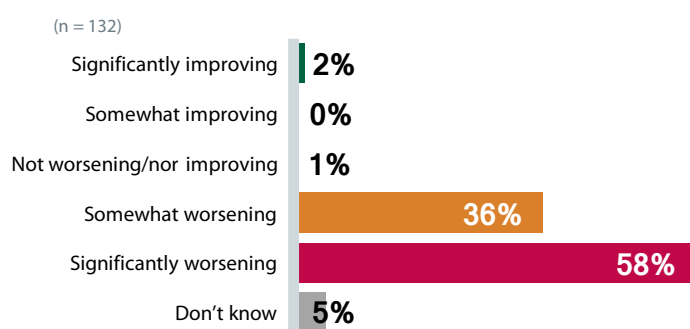
The cost of living and people's health

The effect of the rising cost of living on health inequalities

The vast majority of trust leaders (95%) say that the rising cost of living has either significantly or severely worsened health inequalities in their local area. As rising housing, energy and food costs put more people in the position of making difficult choices about heating or eating, trust leaders expect to see more people pushed into poverty and its health consequences.

FIGURE 5

Effect of the cost of living crisis on health inequalities in local areas



There is a wealth of evidence demonstrating the link between deprivation and health, and the long-term impact of inequality on people's mental and physical wellbeing. Long-term conditions including diabetes, heart disease and certain cancers exist at higher rates among the most deprived members of the population, and are exacerbated by the living conditions experienced by the poorest communities.

Trust leaders are particularly concerned that the groups that will endure the greatest impact from the rising cost of living are those who already face unfair differences in health outcomes. This includes the most **deprived communities**, people from **ethnic minority groups**, and people with **learning disabilities** and **mental health conditions**. People who live in poorly insulated housing or who need to maintain a higher temperature at home due to health conditions, as well as those who will see their real-terms income drop such as **those on benefits**, are also at risk.

"[We are concerned about] elderly people in less affluent communities as we approach winter. Children and families of those in less affluent families, who may miss out on meals, heating and also may not get to health appointments due to transport costs. Those suffering from anxiety/depression will risk exacerbating their condition, leading to increased risk of harm/suicide."

COMMUNITY TRUST, SOUTH EAST

Trusts already report witnessing a rise in demand due to the rising cost of living. The majority (72%) say they have already seen an increase in mental health presentations due to stress, debt and poverty. They also describe an increase in patients experiencing new difficulties in managing existing conditions due to the cost of equipment and medication, and a rise in the prevalence of conditions related to food and fuel poverty.

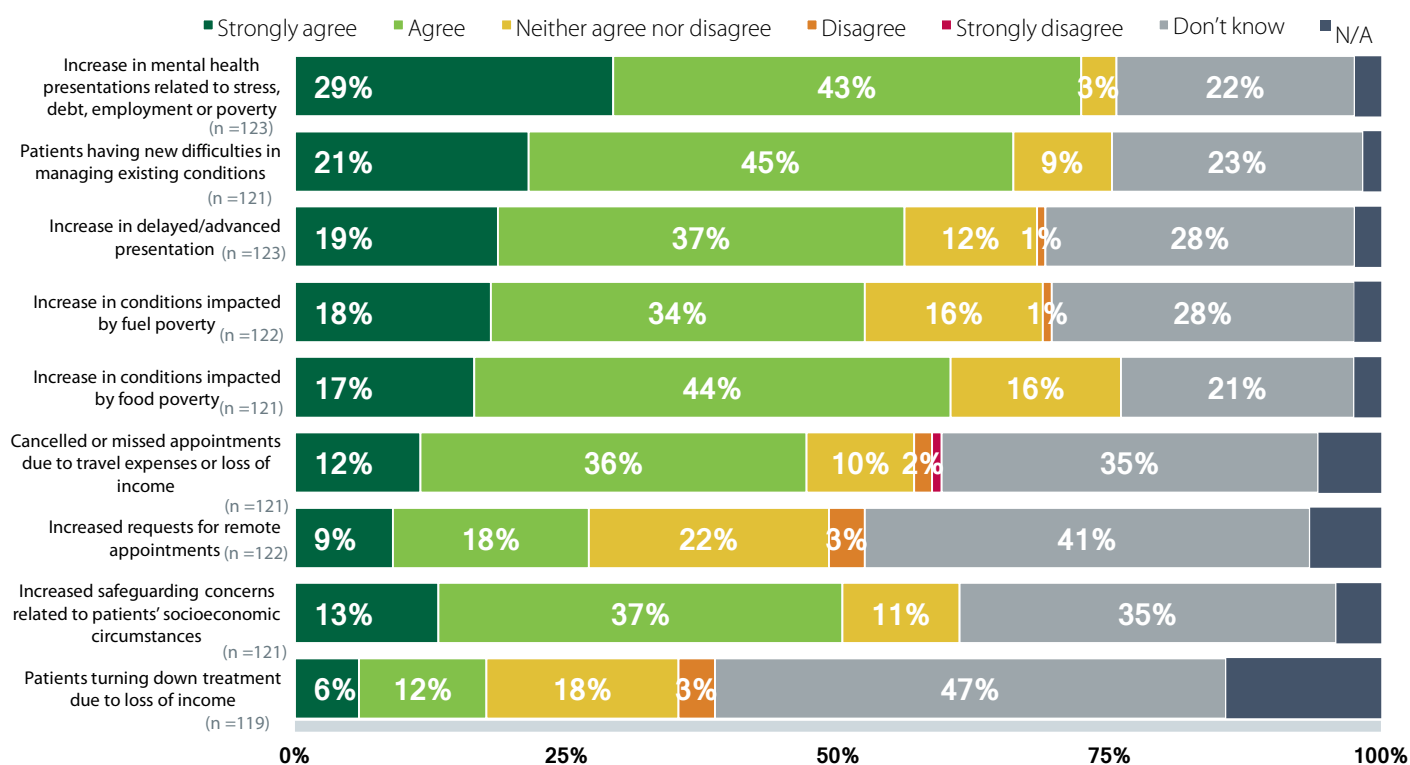
"We anticipate a huge increase in demand due to increased rates of anxiety, depression, domestic violence in the communities served. We are already running at full capacity, amid huge workforce pressures."

MENTAL HEALTH/LEARNING DISABILITY TRUST, NORTH EAST AND YORKSHIRE

Just over half of trust leaders (51%) agree that they were seeing more safeguarding concerns due to patients' socioeconomic circumstances. One community health trust leader described how the economic environment is impacting the role and function their staff play. Staff now take blankets when they undertake home visits, to wrap patients up if they are very cold, and thermometers so people can monitor when it becomes dangerously cold inside their home. The effects on staff of seeing patients struggling in their homes unable to afford heating or without food in the cupboards should also not be underestimated.

FIGURE 6

Effect of the cost of living on how people access services



How trusts are supporting people

Trusts are taking action to support patients, communities, and staff. They recognise that they are 'anchors' in their communities and offer a reliable front door to access support of all kinds during difficult circumstances.

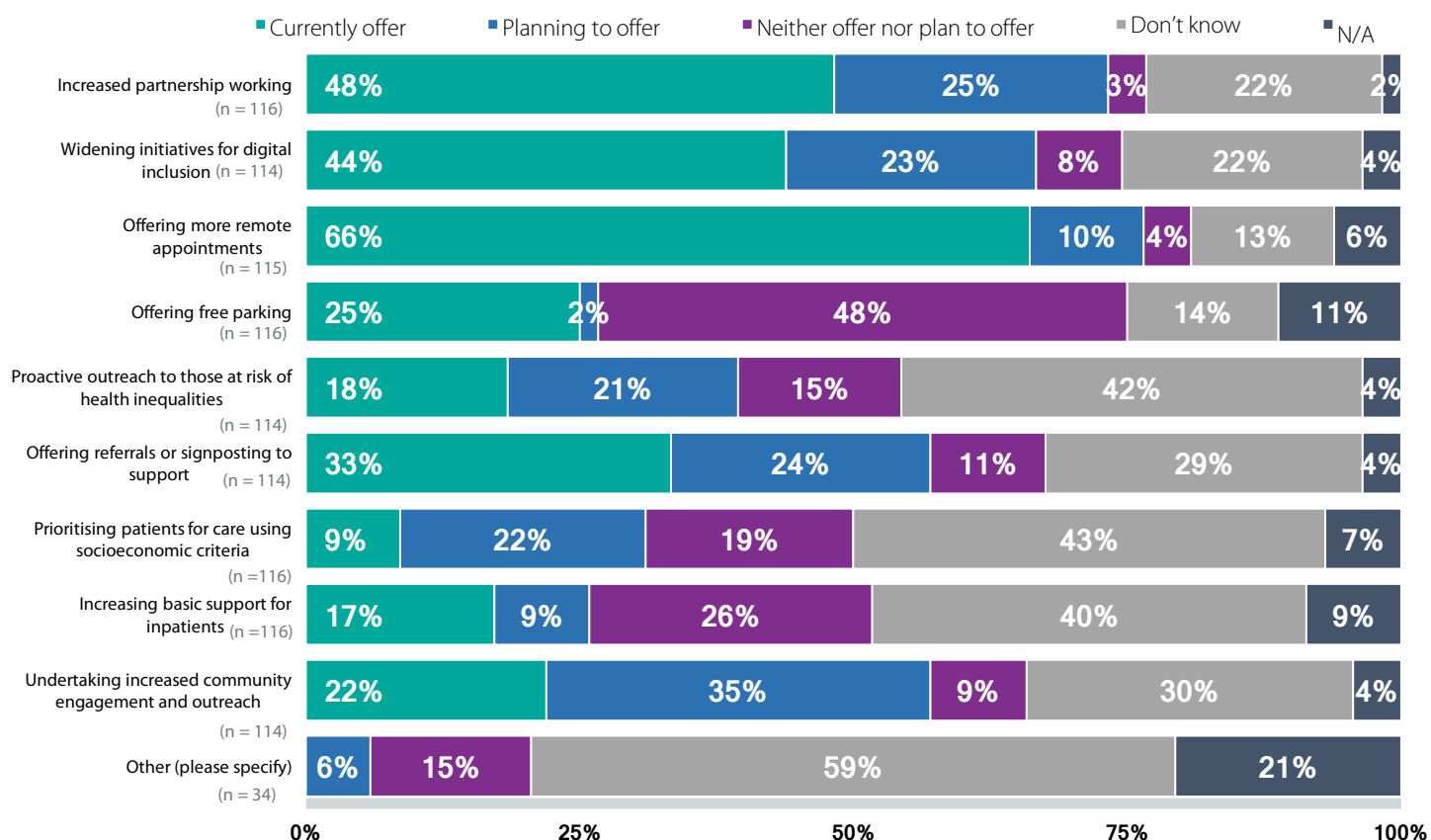
"We pull from quite a compact community so we will remain a 'go to' anchor institution where they will seek our support in difficult times... Repeat non-admitted attendances at A&E is high and will get higher."

ACUTE TRUST, NORTH WEST

Trusts are increasingly working in partnership and providing additional community outreach services. Some are offering widened access to digital initiatives for remote services, or providing referrals to local foodbanks, debt advice services, and other services which support people in financial difficulty.

FIGURE 7

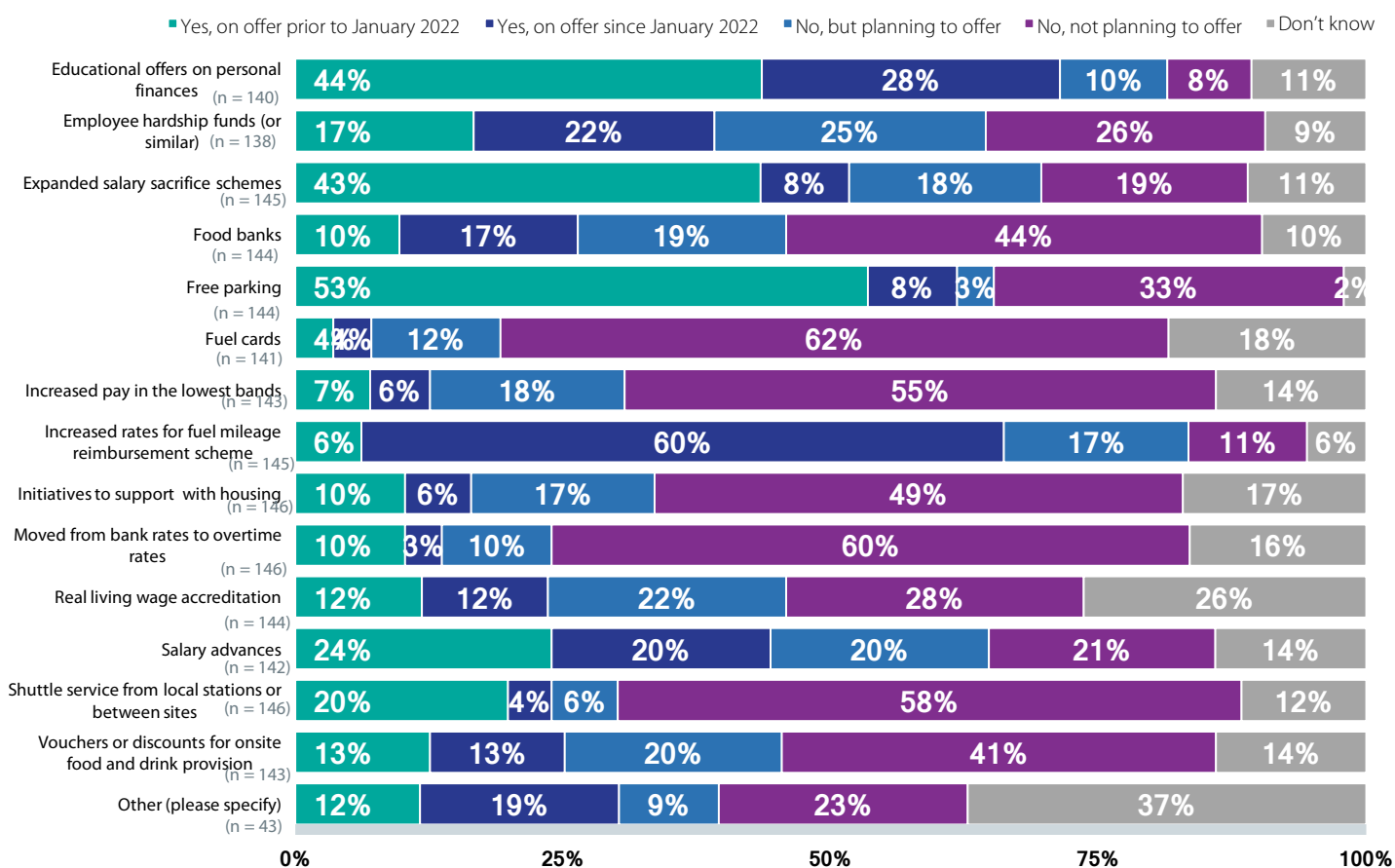
Actions taken by trusts to support patients and communities with cost of living



Alongside this, trusts are stepping up support for staff. Three quarters (72%) offer financial advice and education, with 10% more planning to introduce this service. Others are offering direct support, including food banks (27% offering, with 19% planning to do so). While trusts were already supporting staff in a variety of ways, many more have introduced these measures this year in direct response to the rising cost of living and are seeing increases in take-up and requests for further support.

FIGURE 8

Support offered by trusts to their staff to support with the cost of living

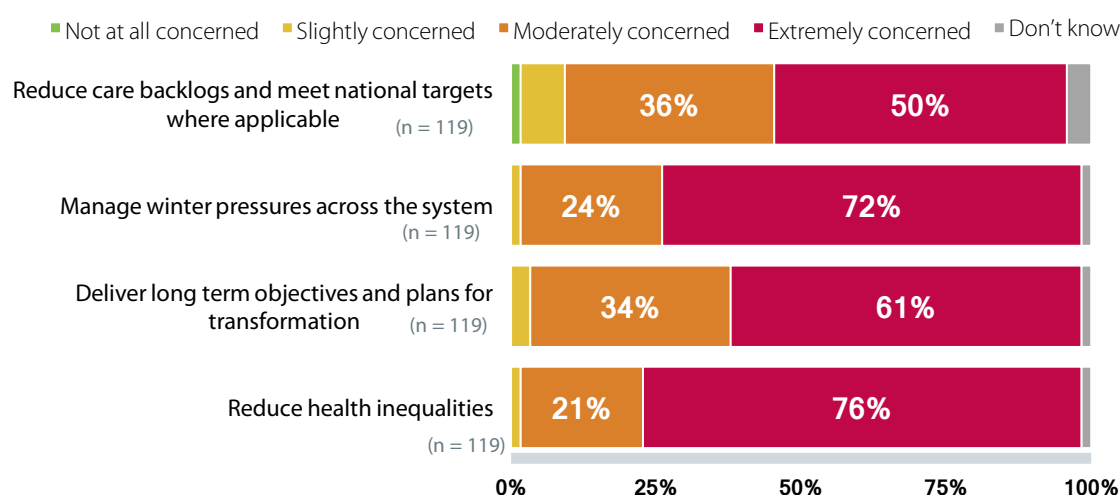


A need for coordinated action

The combined effects of worsening population health, increasing staff shortages, and inflationary cost pressures will add to the challenges of managing winter pressures and meeting important targets for care backlog recovery. Three quarters (72%) of trusts are extremely concerned about the impact of the cost of living on their ability to manage winter pressures across the system, and half are extremely concerned about its effects on their ability to reduce care backlogs and meet national targets.

FIGURE 9

Level of concern over spiralling costs impacting trusts' abilities to:



Despite the many initiatives trusts are putting in place, there is a limit to how far they can mitigate the impacts of the increased cost of living for their employees or patients. Some trust leaders expressed concern at how sustainable it will be to cover the costs of many of these schemes on an ongoing basis, particularly given growing cost pressures on existing NHS budgets alongside the lack of a dedicated national fund to support these schemes. Trust leaders are also conscious of the need to ensure equity of access for those most in need, while avoiding stigma or inadvertently creating division between staff groups.

"Trusts have a tight financial envelope and there are limits to the extent we can plug the gap for staff when the fundamental issue is that their earnings are not keeping pace with inflation. It is difficult to target support because the extent of the impact is very specific to people's lifestyles and personal circumstances."

AMBULANCE TRUST

"There are challenges in making sure what is on offer is fair, is accessible to those most in need, and actually meet the need, as an ill thought response can increase staff morale problems."

COMMUNITY TRUST, SOUTH EAST

"We've already tried to implement a food bank but staff told us they would not want to be seen accessing such support on site so for all the things we are offering/planning to offer we need to find a way to make sure it is done with dignity."

ACUTE TRUST, MIDLANDS

Trusts would welcome more national-level coordination on support for staff and patients, including more sharing of good practice. But trust leaders also stress the need for any national framework to remain fleet-of-foot allowing them flexibility to respond to the diversity of local needs and the changing nature of the issue. Trust leaders remain keen to avoid inadvertently competing for staff via the support they are offering.

"This is a national problem, so it would be helpful for a steer on best practice. it needs to be co-ordinated at integrated care system level so we don't give unequal access in [our area] for those most in need."

COMMUNITY TRUST, SOUTH EAST

Conclusion

The findings of this survey make clear the impact of the increase in cost of living on NHS staff and the patients and communities they support. To respond to this evolving situation, trusts need:

1 **Nationally coordinated support to underpin trusts' local responses to the cost of living pressures on staff.**

While trusts are leading local efforts to coordinate support for staff and reduce turnover, they would welcome more coordinated national guidance from NHS England on best practice, alongside support for the logistics of managing cost of living support for NHS staff and patients, to reduce duplication of effort. This needs to be accompanied by a long-term, fully funded workforce plan to ensure the NHS can recruit and retain the staff it needs.

"Ultimately there needs to be a baseline set at national level so that all staff have access to a fundamental level of support, otherwise there is too much variance on the ground across providers and systems."

ACUTE TRUST, MIDLANDS

2 **Realism from government and national NHS leaders about the direct effects of the cost of living on the performance and capacity of the health and care sector.**

Trusts need to be able to respond to the needs of their local communities while maintaining crucial services and retaining staff. They would like to see realism from government and the national NHS bodies about how cost of living pressures and inflation may affect workforce capacity and the delivery of key financial and operational targets, as well as recognition of the scale of the issue across acute, ambulance, community and mental health services.

"This isn't something we can overcome simply by ignoring it, or working harder, or being more resilient. The workforce risks are getting harder to navigate and this is already having a negative impact on service users and their lives; the impact will extend across staff too in the months to come."

MENTAL HEALTH/LEARNING DISABILITY TRUST, MIDLANDS

3 **Government action on the causes of the rise in cost of living, with measures to support the health of the most deprived communities.**

While trusts recognise the role they can play, there is a limit to how much change they can effect themselves. The most sustainable and effective solution will recognise that the impact falls unequally across society, with the most deprived and marginalised people suffering the most. The government needs to act on the drivers of rising costs over the short and medium term, to protect the public from the long-term impact of poverty on health. In this regard, government's recent intervention on energy costs for households, business and public sector for a six-month period is very welcome. With energy

costs set to remain high for the foreseeable future, we welcome government's commitment to keep that policy under review and expect an extension to the existing measures to be required.

"The cost of living situation is too vast and nationally driven to be giving it to local trusts to solve on top of everything else."

MENTAL HEALTH/LEARNING DISABILITY TRUST, NORTH EAST AND YORKSHIRE

4 Cross-government commitment to address the wider determinants of health, to build resilience in communities and reduce poverty and its effects on health now and for the longer term.

Preceding the current sharp rise in the cost of living was a prolonged period of widening health inequalities, a **plateau in healthy life expectancy**, and low investment in prevention and the wider determinants of health. The stark impact of these issues underscores the urgent need to commit to reducing health inequalities in the long term, with a focus on the most important building blocks of good health, including good work and fair pay, housing, the environment, and wider public services. While trusts step up wherever necessary to treat the health consequences of poverty, the only way to make services sustainable for the future is to ensure more people are supported to live in good health for longer.