

Autumn Budget 2024: submission from NHS Providers

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 foundation trusts and 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 England in voluntary membership, collectively accounting for £124bn of annual expenditure and employing 1.5 million people.

Key points

- Trust leaders would value government focus on returning the NHS to financial stability over the long term, and ensuring a path is set for this in the Department for Health and Social Care's resource departmental expenditure limit (RDEL) for 2025/26.
- Increasing capital investment in the NHS is essential to securing a high quality, productive service now and for the future. Trust leaders would welcome discussion with government about removing current barriers to capital spending due to the national capital departmental expenditure limit (CDEL) and exploring alternative routes to capital investment for the longer term.
- Government must ensure the New Hospital Programme (NHP) is fully funded and every scheme is delivered to a realistic timeframe.
- Government must commit to delivering and fully funding the long term workforce plan (LTWP) and prioritise action to improve retention – through raising staff morale, reducing burnout and ensuring staff are adequately supported in their roles.
- Trust leaders would welcome a cross-departmental approach to health and wellbeing. This should involve specifically targeted improvements to the health of the population, especially in the most deprived areas, in order to address health inequalities.
- Government should expand capacity across primary and community care, with the necessary investment and prioritisation attached to deliver the transformation required and introduce longer-term funding cycles to ensure resources are invested in the most effective and efficient way possible.
- Government must prioritise mental health services in forthcoming NHS funding decisions to ensure mental health trusts can meet rising demand through new and future models of care, and in

- recognition of the economic benefit derived from investing in the delivery of high quality, accessible mental health services
- In order to see sustained performance improvement across the urgent and emergency care pathway, government needs to ensure ambulance services are provided with sufficient resources to manage the growth in demand levels.
 - Trust leaders want to see the government deliver a long-term, multi-year settlement to place social care on a sustainable footing.

Context

The Budget on 30 October will be carried out following the conclusion of Lord Darzi's independent investigation of the NHS. The investigation will predominantly focus on patient access to healthcare and the quality of care provided to patients, as well as the overall performance of the wider health system (DHSC, 2024). Trust leaders hope the review will rightly challenge the health service but will also highlight the good practice and innovative solutions developed by trusts across the country. Furthermore, it is imperative that the review acknowledges the challenging financial and operational context the NHS is operating in. For example, the continued effects of the Covid-19 pandemic; a demand and capacity mismatch; the persistently high levels of inflation in recent years; and the challenges across the adult social care system.

National data suggests that trusts continue to make progress in some areas, including carrying out over 2.4 million diagnostic tests in May 2024 – the highest number of tests ever recorded in a single month (NHSE, 2024a). However, the overall picture underlines the immense pressure the health service is under. The first half of this year has been the busiest ever for A&E attendances, with 2.32m attendances in July 2024 - 5.5% higher than the equivalent period last year (NHSE, 2024b). The elective waiting list continues to sit around 7.6m (69% higher than May 2019) and around 58,000 patients continue to be waiting over 65 weeks for elective care (NHSE, 2024c). Ambulance demand remains significantly higher than pre-pandemic levels for category 1 incidents, with the heightened demand affecting trusts' ability to meet national response time targets (NHSE, 2024d). The waiting list for community services continues to be above 1 million and, in our recent survey of trusts providing children and young people's (CYP) services, 82% of respondents told us that their trust is not able to meet current demand (NHS Providers, 2024). Demand for mental health services continues to grow, with 416,896 mental health referrals in June 2024 alone, which is over a third higher than in the same period before the pandemic (June 2019). These increases are despite services seeing more people than ever before thanks to welcome increased investment: there were 1.94m people in contact with mental health services in June – the highest number ever recorded (NHSE, 2024e). The national data

continues to highlight that demand for NHS services continues to rise year-on-year; this is true for community and mental health services as well as for elective and urgent and emergency care. **It's important that the review of NHS performance conducted by Lord Darzi recognises this fact and will help encourage government to target long-term solutions in its forthcoming ten-year plan for health.**

The operational challenges highlighted above result in trusts carrying significant levels of financial risk. Trusts understand their responsibility to deliver on the NHS' operational priorities within the funding envelope provided each year. However, in a recent NHS Providers survey of trust chief executives and finance directors, over half (51%) of respondents were extremely concerned about the deliverability of operational priorities within their organisation's 2024/25 financial allocation. The latest financial data shows that integrated care systems (ICSs) are already £237m off plan, with 31 out of 42 ICSs submitting deficit plans this year, amounting to an aggregated deficit of £2.2bn (NHSE, 2024f). Trust leaders are concerned that the financial outlook for 2024/25 looks to be even more pressurised than in recent years. Trusts' financial plans are predicated on identifying and delivering unprecedented levels of efficiency savings and the value of the October 2021 Spending Review funding settlements have been significantly eroded by persistently high inflation levels, as identified by the Chancellor in her [statement to parliament](#) on 29 July 2024. Trusts will always prioritise patient safety and the continued delivery of high-quality care, but flat real-terms funding growth for the NHS this financial year and various external pressures (e.g. inflation, industrial action) have threatened their ability to break even. Trusts are keen to engage with government to develop effective, long-term solutions that will help return the NHS back to financial stability.

Despite the challenging financial and operational context, trusts are determined to continue delivering on operational priorities (e.g. reducing care backlogs), improving health outcomes for patients and achieving the best possible value for taxpayers. Trust leaders also recognise how constrained public finances are and the importance of [delivering value for money](#). However, trust leaders encourage government to take a holistic view of the NHS, and healthcare more broadly, and its contribution to economic growth. NHS trusts and foundation trusts are anchor institutions which play a key role in generating economic growth and prosperity as major local employers; by providing integral services for communities; and acting as a hub for voluntary sector organisations and local businesses. Within this context, it is imperative that government recognises that investment in health and, by extension, the NHS, as an investment that will help deliver economic and social value for communities across the country.

The latest data shows that over 2.8 million people are currently economically inactive due to long-term sickness (ONS, 2024b). Furthermore, data published by The Health Foundation projects that, by

2040, it is expected that 3.7m people of working age will be living with a major illness and 80% of this increase will be concentrated in the most deprived areas (Health Foundation, 2024). The NHS is a vital contributor to economic growth and productivity through its efforts to prevent ill health, treat patients on waiting lists and support patients through their recovery back to work.

Achieving value for money through improvements to NHS productivity

Despite the NHS having more money and higher numbers of staff delivering care than it did prior to the Covid-19 pandemic, national data suggests that there hasn't been a corresponding increase in activity levels. Official figures from the Office for National Statistics show that quality-adjusted healthcare productivity was 6.6% lower over the 2021/22 financial year than the 2019/20 financial year (ONS, 2024). NHS England's own estimate of the acute sector productivity gap is approximately 11% lower than pre-pandemic levels (NHS England, 2024g). At the 2024 Spring Budget, NHS England received £3.4bn of additional funding from 2025/26 to invest in digital technologies and was commissioned to develop a comprehensive productivity plan to help deliver 1.9% average productivity growth from 2025/26 to 2029/30 (HMT, 2024). This would represent a substantial increase on historical NHS productivity growth. To deliver such an increase to productivity, government will need to take action to place NHS finances on a more sustainable path. Flat real-terms funding growth followed by in-year funding top-ups to deal with emerging financial pressures is not an efficient funding model. **At the Budget, trust leaders would value government focus on returning the NHS to financial stability over the long term, and ensuring a path is set for this in the Department for Health and Social Care's resource departmental expenditure limit (RDEL) for 2025/26.**

Improving productivity levels is essential to ensure the NHS will be able to meet the growth in demand that is expected in future years as a result of demographic pressures. Improvements to productivity will provide the health service with the opportunity to deliver more activity within existing resources and ease the long-term pressure of successive annual funding increases to cope with increased demand levels. Trust leaders have reported a number of barriers that are preventing them from accelerating productivity growth. For example, trust leaders have observed a sustained increase in patient acuity since the pandemic. This results in trusts requiring more resources and staff time to deliver care to patients who are presenting with more complex conditions. Furthermore, the pandemic had a serious detrimental impact on NHS staff. Latest staff survey results show that 30.4% of staff feel burnt out because of their work (NHSE, 2024h). Although it is difficult to quantify the effect of burnout and low morale on NHS productivity levels, the relentless pressure on staff over the

last few years has likely had an adverse impact on discretionary effort from staff, on which the NHS is often so reliant. Our members have questioned whether this tangible drop is likely to be permanent or not and whether this will need to be considered as part of workforce planning going forward.

Our recent report, *Providers Deliver: achieving value for money*, and a recent NHS Providers survey of our members highlight a number of measures trusts are implementing to help reduce expenditure and increase activity levels. Such measures include workforce initiatives aimed at improving retention and staff wellbeing; implementing new models of care and improving patient pathways; streamlining pathways to improve discharge rates and theatre utilisation; and digital investment that will free up staff time to ensure they can work in the most effective way possible. Despite the various barriers trusts are facing in stimulating productivity growth, they continue to work flat out at identifying and delivering innovative local solutions that will improve their productivity levels.

However, while a portion of the productivity gap is within the gift of trusts to control, it is important to recognise that trusts will need government support to bridge the gap completely. Long-term productivity growth is dependent on a number of key enablers which would help transform the NHS and equip it with the right tools to tackle the challenges of the future. These long-term enablers are as follows:

- 1 Investing in NHS infrastructure to future-proof the NHS estate
- 2 Delivering the NHS Long Term Workforce Plan and improving staff retention and wellbeing
- 3 Targeting the prevention of ill health and tackling health inequalities
- 4 Expanding primary and community care capacity to ensure care is provided in the right place at the right time
- 5 Placing social care on a sustainable footing

If government wants to tackle productivity throughout the economy, a good starting place would be investing in the long-term enablers of productivity growth across the NHS. We provide further detail on each of these enablers below.

Investing in NHS infrastructure to future-proof the NHS estate

Persistently high levels of inflation have significantly eroded the value of capital budgets agreed at the October 2021 Spending Review. For 2024/25, NHS England allocated £4.1bn of operational capital funding to ICSs and £3.9bn was held for nationally allocated funds and programmes (NHSE, 2024i). In a recent NHS Providers survey of trust chief executives and finance directors, 90% of respondents said that the level of operational capital available to their organisation was insufficient. Trusts have

reported that they simply do not have sufficient resources to deliver safety critical repairs to buildings, update antiquated equipment and invest in transforming their estates. The latest estates return information collection (ERIC) data for 2022/23 highlights the significant deterioration of the NHS estate in recent years. The NHS maintenance backlog (which measures how much needs to be invested to restore assets to suitable working condition) now stands at a record-high level of £11.6bn (NHSE, 2023). Even more concerning is that the proportion of the maintenance backlog that is categorised as 'high' risk is now over six times higher than the equivalent figure for 2013/14 – now standing at £2.3bn.

The rising maintenance backlog has a significant impact on trusts' ability to improve productivity, with medical procedures often being disrupted, postponed or cancelled due to faulty equipment or safety hazards. There are also particular challenges for mental health trusts where outdated buildings and facilities are not providing suitable therapeutic environments for patients accessing mental health services. Sufficient investment is also required for the ambulance sector in order to ensure staff and ambulance crews are equipped with the tools they need to deliver emergency services effectively. Therefore, it is vital that government takes urgent action to ensure that trusts have access to sufficient capital funding to be able to halt the deterioration of the NHS estate, eradicate the maintenance backlog and support trusts to provide high-quality care in suitable environments. **Increasing capital investment in the NHS is essential to securing a high quality, productive service now and for the future. Trust leaders would welcome discussion with government about removing current barriers to capital spending due to the national capital departmental expenditure limit (CDEL) and exploring alternative routes to capital investment for the longer term.**

Despite £3.9bn of capital funding held nationally by NHS England, trusts continue to experience significant difficulty in accessing strategic capital envelopes to help kickstart investment in major health infrastructure projects. Trusts involved in the New Hospital Programme (NHP) have been frustrated by the lack of clarity and certainty on the funding and delivery of their schemes, with the 2030 deadline looking increasingly unlikely to be met. Government must update trusts involved in the programme on the outcome of their review so that they can expedite the transformative benefits that a new hospital will bring their local communities. Furthermore, the 2030 deadline is increasingly pressing for trusts whose estates are contaminated with reinforced autoclaved aerated concrete (RAAC). Should RAAC schemes be delayed any further there is a credible risk to the safety of both staff and patients at affected sites. **Government must ensure the NHP is fully funded and every scheme is delivered to a realistic timeframe.**

Over 100 applications were made from trusts for the final eight places on the NHP, highlighting the significant demand for capital investment for trusts to overhaul their ageing estates. There is particular concern about the relative absence from the NHP of mental health and community trusts. However, the NHP alone is insufficient to meet the total capital funding needs of the NHS. **Government must ensure that access to capital funding for ambulance, community, specialist and mental health is widened to ensure trusts are able to continue delivering high-quality, integrated care that meets local need.**

Delivering the NHS Long Term Workforce Plan and improving staff retention and wellbeing

Trust leaders welcomed the publication of the NHS Long Term Workforce Plan (LTWP) in June 2023 alongside an initial funding envelope of £2.4bn to fund the specific LTWP ambition for additional domestic training places up to 2028/29. The LTWP's modelling is predicated on the assumption that labour productivity will grow by between 1.5% - 2% each year and it recognises the connection between productivity and a well-resourced workforce. NHS England has made clear that "recovering productivity is categorically not about staff working harder" (NHSE, 2023b). Recent NHS staff survey results and the reduction in young people applying to medical schools show that work needs to be done to improve retention and staff wellbeing if the NHS is going to have sufficient workforce pipelines to manage future demand levels. **Government must commit to delivering and fully funding the LTWP and prioritise action to improve retention – through raising staff morale, reducing burnout and ensuring staff are adequately supported in their roles.**

As a result of the challenging financial context, trusts understand the national focus on tightening control on substantive staffing levels and consolidating the growth in staffing numbers experienced in recent years. Significant progress has been made on reducing the health services' reliance on temporary staffing, notably bank and agency staff. Trusts have virtually eliminated off-framework agency spending and have reduced total spending on agency staff by £500m over the 2023/24 financial year (NHSE, 2024j). However, trusts are also concerned that the current focus on restricting workforce growth will inherently damage the necessity to increase total workforce numbers if the health service is to keep pace with the trajectories set out in the LTWP. The LTWP's first update is due in summer 2025, and **if government is to ensure that the NHS has sufficient resources to keep pace with demographic pressures and the changes to the prevalence of ill health (for example, surges in demand for mental health services) then it must nurture a thriving health and care workforce and make the NHS a great place to work.**

Trust leaders will welcome the steps government has already taken to reset and repair industrial relations following a prolonged period of industrial action taken by various staff groups. Industrial action has had a significant impact on the NHS' ability to reduce the size of waiting lists and deliver financial balance. NHS England estimated that strike action through to the end of the 2024/25 financial year cost the NHS approximately £2.4bn (NHS England, 2024k). **Full implementation of agreed deals with trade unions will be vital to return industrial relations to a strong footing, and trust leaders would welcome further action from government to expedite the pay review process to ensure that the process is re-aligned with the financial year to provide trusts with the certainty they need to plan for the year ahead.**

Targeting the prevention of ill health and tackling health inequalities

Population health is determined by a wide range of factors, including poverty levels and deprivation, housing, education, welfare, the environment, structural racism and employment opportunities. The NHS is a vital partner for government in supporting an approach which looks to prevent ill health and prioritise the health and wellbeing of the wider population. However, in recent years there has been a significant financial strain on public services, with many local authorities unable to cope with balancing growing demand for services and severe financial pressures. **Trust leaders would welcome a cross-departmental approach to health and wellbeing, including integrating health impact assessments into the work of every government department.** If the government's mission is to tackle the wider determinants of health, then **its approach should involve specifically targeted improvements to the health of the population, especially in the most deprived areas, in order to address health inequalities.**

Trust leaders support the government's proposal to shift towards allocating more funding to the prevention of ill health, rather than only taking responsibility for health when we are sick. The public health grant has been extensively cut by 28% on a real-terms per-person basis since 2015/16 – with the largest cuts to the areas most in need (Health Foundation, 2024). **Increasing the public health grant would be a good start to enhancing the delivery of preventative services that will look to improve population health.** The public health grant is specifically important for delivering preventative services in communities, many of which are targeted at children and young people – providing an opportunity for early intervention and promoting positive health outcomes.

In a recent NHS Providers survey of its members, 85% of respondents felt that they did not have sufficient resources to tackle health inequalities and 94% felt that they did not have sufficient funding

to invest in the prevention of ill health to manage future demand growth. While trusts are provided with ongoing recurrent funding to tackle health inequalities, due to the financial pressures across the entire health system, there is significant concern that the level of funding provided does not match the scale of the challenge. **Trusts would welcome permanent, protected, long-term funding streams that will enable them to channel sufficient investment into initiatives that will target addressing health inequalities.**

Providing care in the right place at the right time

Improving NHS productivity is a whole-system challenge. Historically, much of the focus on the NHS and the health service more broadly has been on hospital and ambulance performance, often at the expense of primary care, community services and mental health services. However, if the NHS is going to be able to cope with the expected increased levels of growth in demand for its services, then it will need to pivot towards investing in early intervention schemes and adopt a population health management approach to healthcare delivery. This will enable the health service to target effort and resources into initiatives that will reduce the number of patients requiring care, enable people to access care much closer to home and at an earlier stage of illness, reducing the risk of deterioration and avoiding hospital admission. To improve whole-system productivity in this way, **government should expand capacity across primary and community care, with the necessary investment and prioritisation attached to deliver the transformation required and introduce longer-term funding cycles to ensure resources are invested in the most effective and efficient way possible.**

Given a proportion of the population's ill health is not preventable, resources will still be required in upstream services to enable long-term conditions to be managed effectively to prevent any further deterioration and ensure patients continue to receive the most appropriate level of care, in the most appropriate setting.

While trust leaders recognise that mental health services have received increased investment in recent years, with the introduction of the Mental Health Investment Standard (MHIS) following publication of the NHS Long Term Plan, it is important to note that such funding increases have not kept pace with the rise in demand in recent years. **Government must prioritise mental health services in forthcoming NHS funding decisions to ensure mental health trusts can meet rising demand through new and future models of care, and in recognition of the economic benefit derived from investing in the delivery of high quality, accessible mental health services.**

For example, the right care right person (RCRP) guidance or potential reform of the Mental Health Act must come with appropriate funding to ensure trusts have sufficient resources and capacity to implement any required changes.

Placing social care on a sustainable footing

Following the Chancellor's statement to parliament on 29 July 2024, trust leaders have expressed their concerns that the long-awaited adult social care charging reforms will not proceed any further. Trusts understand the government's fiscal position and the necessity to ensure value for money is delivered for taxpayers. However, the NHS and the social care sector are inextricably linked. The NHS depends on a social care sector that is able to support the health service to deliver care and keep patients healthy at home. While charging reforms would not necessarily resolve all of the challenges facing the social care sector, it was an important first step in placing social care services on a path towards sustainability. **Government must ensure that their 10-year plan for health includes a specific focus on social care, and how it can best be supported to deliver for patients and service users.**

Trust leaders have expressed significant concerns about the financial challenges facing other public services, particularly across local government, which have obvious knock-on effects for the social care sector. Recent survey findings published by the Association of Directors of Adult Social Services (ADASS) describe an exceptionally challenging financial situation, with many directors of adult social services reporting that they do not feel confident that their budgets will be sufficient to meet their statutory duties. The sector has seen a significant rise in demand over recent years as well as a similar increase in the acuity of need which has resulted in more people requiring more intensive care and support. This presents obvious challenges for constrained budgets, but the volume of demand and resultant financial pressures also result in social care providers having insufficient resources to direct additional funding towards early intervention schemes and preventative support. **Trust leaders want to see the government deliver a long-term, multi-year settlement to place social care on a sustainable footing.**

One step which will help to support and stabilise the social care sector is to implement a workforce strategy for the adult social care sector. We welcomed the [Skills for Care adult social care workforce strategy](#) which provides a clear vision that will bolster the adult social care workforce. **It is clear that if government wants to deliver on its mission to improve the health of the population, then it must look to invest in the social care workforce and deliver fair pay for those working in the sector.** Failure to support the social care workforce will likely only damage efforts across the health system to shift to a more preventative care model and result in poorer health outcomes for patients.