

Autumn Budget and Spending Review 2021

October 2021

Summary

The NHS Confederation [has welcomed](#) the allocated extra public spending for the NHS as it continues to respond to the greatest health and economic crisis of a generation. The new funding covers the spending review period up to 2024/25.

Health leaders will do everything within their power to ensure this funding is put to best use – including reducing the elective care backlog, responding to rising demand for mental health support, carrying out more tests and reducing health inequalities.

However, there remains a major unanswered question on how the growth in planned departmental spending will affect NHS training and education budgets. Without a strong and supported NHS workforce, this additional funding will not be able to deliver for the public in the ways intended.

The increased DHSC capital budget is welcome and in line with what the NHS Confederation has [called for](#). However, this figure only now returns the capital spending to where it was in 2010 and comes at a time when the NHS in England has a [£9.2 billion maintenance backlog](#).

Additional funding for mental health services falls far short of what's needed to meet the [high levels of unmet need](#). In addition, the public health grant will remain the same in real terms which will [significantly undermine](#) the ability of NHS leaders to reduce health inequalities in partnership with local authorities.

More widely, to enable the NHS to have the best chance of managing the ongoing threat of COVID-19 and reducing the backlog, we believe Ministers need to enact '[Plan B](#)' and mitigate the risks of COVID-19 infection rates and hospital admissions rising further.

Finally, we are also calling on the government to level with the public that the additional funding, while welcome, will not provide a quick fix to the deep-rooted problems facing local health and care services. It will take several years to clear the backlog.

NHS revenue funding

- The Budget confirms September's NHS revenue funding announcement. The NHS will receive a revenue funding settlement of £36 billion (£30.3 billion for England) for health and care to 2024/25. NHS England's resource budget will rise to £162.6 billion in 2024-25 (3.8 per cent average real terms growth up to 2024-25). This Budget and Spending Review set out how this money will be spent in more detail, including government plans to spend over £8 billion over the Spending Review period to tackle the elective backlog.
- This will be funded in part by a new health and care levy: a 1.25 per cent increase in National Insurance contributions.

- Given the wider state of the public finances, this extra funding is welcome. But as we said ahead of September's revenue announcement following our joint report with NHS Providers, the funding falls short of what our members in England told us will be needed.

NHS capital funding

- The Department for Health and Social Care capital budget will increase at an average of 3.8 per cent per year over the Spending Review period to reach £11.2 billion in 2024/25. This rise is in line with what we called for in our recent report, [Beyond Bricks and Mortar](#).
- This is a welcome rise that will help the NHS embed recent positive changes brought on by the pandemic and assist in addressing the elective backlog. We also welcome that NHS leaders will be able to spend capital funding flexibly according to need.
- However, this figure only now returns the capital spending to where it was in 2010 and comes at a time when the NHS in England has a £9.2 billion maintenance backlog.

Workforce

- It is disappointing to see so little detail about Health Education England budgets and we will be seeking more information to avoid staff shortages, including in the smaller allied health professions, from contributing to elective backlogs delays. Reducing the large shortages will only come with a long-term funding settlement and strategy.
- The government reaffirmed its commitment to recruiting 50,000 new nurses and promised an increase in funding to increase the size and training of NHS staff. However, the Budget doesn't set out in detail how this will be funded. This is expected soon.
- The government is increasing apprenticeships funding to £2.7 billion by 2024-25. Employers will welcome the continued focus on apprenticeships as an important route to support people into the workforce and support our existing workforce to develop. However, the Budget does not go far enough and doesn't include the necessary funding to expand these apprenticeships significantly.
- The Budget also failed to address issues with the NHS Pension Scheme to provide flexibility and ensure there are no further reductions in the lifetime allowance. Without changes, there is a risk that senior staff will leave their professions.

Mental health

- The [level of unmet need](#) in terms of mental health services was high before the pandemic, and is now at even higher levels. Latest NHS figures show 1.6 million people are on waiting lists for mental health services. A further 8 million who would benefit from treatment do not meet the threshold for care because of a lack of capacity.
- The £150 million of capital funding over a three-year period to invest in NHS mental health facilities linked to A&E and to enhance patient safety in mental health units is welcome but falls far short of the £3 billion needed to make mental health estates safe and fit for the 21st century.
- The £18 million to create a network of family hubs will go some way in providing necessary early intervention mental health support for parents and children.

However, the funding is not available until 2024/25 and will only cover half of local authority areas. We need increased early intervention services for children and young people now to help stop more serious mental health conditions emerging.

- No additional funding for NHS mental health services endangers the sector's ability to implement existing government commitments such as the NHS Long Term Plan, Mental Health Act reform and new clinical standards.

Public health

- The failure to provide a real terms increase in the public health grant will [undermine the ability](#) of NHS leaders to tackle health inequalities, and the ability of local authorities, working with the NHS and the voluntary sector, to deliver good outcomes across a wide range of services in local communities.
- The health and care system must be treated as an interconnected whole - without adequately funded social care and public health, there are likely to be additional pressures and demands on community health services.

Social care

- Of the £5.4 billion already announced for social care in September, £3.6 billion will be allocated to local government over three years to implement the cap on personal care costs and changes to the means test.
- Over the three-year period, £1.7 billion will be allocated to enhance the quality and integration of the social care system, including at least £500 million to improve conditions for the workforce.
- These announcements are an initial step in making good the commitment given in the last election to fund a long-term plan for social care.
- The rise in the National Living Wage will benefit social care workers and the £162.5 million workforce fund for winter is welcome, but [long-term funding is required](#) to radically improve services and improve the recruitment and retention of social care staff.

Beyond health and care

- COVID-19 has highlighted how much policies and funding allocated and delivered by other government departments impact health and care.
- We [welcome](#) the first projects for the Levelling Up Fund and Community Ownership Funds. However, there is scope to do more with further funding to support people in their communities, pre-empt them needing care and improve the nation's health. We await further detail in the forthcoming Levelling Up white paper.
- Cutting the Universal Credit (UC) taper rate from 63p to 55p and increasing work allowances by £500 per year which will increase the take-home income of some UC claimants, which could ensure less people have to make a choice between heating and eating.
- A £500 million household support fund to help the most vulnerable families with the cost of living, to be distributed via local councils, could also help to minimise any further entrenchment of health inequalities.

What the NHS needs this winter

- The NHS is seeing worrying increases in coronavirus cases in its hospitals and the community at a time when it is preparing for a busy winter period, its staff are close to burnout, and it is being expected to recover services to pre-pandemic levels.
- Health leaders will do everything within their power to put the new funding to best use. However, to enable the NHS to have the best chance of managing the ongoing threat of Covid and reducing the backlog, we believe Ministers need to enact 'Plan B' to mitigate the risks of Covid infection rates and hospital admissions rising further.
- The government also needs to level with the public that the additional funding, while welcome, will not provide a quick fix to the deep-rooted problems facing local health and care services. It will take several years to clear the backlog.

Key questions for government

- When can we expect the Health Education England settlement to support, educate and train our NHS workforce?
- When can we expect the Levelling Up White Paper to be published, so we can see what more Community Ownership Funds can do to improve the nation's health?
- When can we expect the white paper on integration and social care reform, announced in September?
- Will government ensure bureaucracy does not become the enemy of this investment by allowing local health and care systems the freedom to determine how it should be spent to best benefit their local communities?
- Will the government be honest with the public, and acknowledge that this funding does not provide a quick fix to the deep-rooted problems facing local health and care services?

About the NHS Confederation

The NHS Confederation is the membership organisation that brings together, supports, and speaks for the whole healthcare system in England, Wales, and Northern Ireland. The members we represent employ 1.5 million staff, care for more than 1 million patients a day and control £150 billion of public expenditure. We promote collaboration and partnership working as the key to improving population health, delivering high-quality care, and reducing health inequalities.

For more information, or to discuss any of the issues raised in this briefing, please contact externalaffairs@nhsconfed.org.