



# HSC Chairs' Forum Response to the 2022/25 Draft Budget for NI

## Executive Summary

---

The HSC Chairs' Forum comprises all 17 Chairs of arm's length bodies in Health and Social Care in Northern Ireland. This document sets out the views of members to the 2022/25 Draft Budget.

- **The multi-year approach to budgeting introduced this year is welcome. However, whilst acknowledging HSC's disproportionate share of the total additional funding for the public sector, proposed funding for the three years falls short of need by a considerable margin.**
- **After a period of sustained underinvestment, significant additional recurrent funding, alongside transformation, is needed to rebuild and maintain existing hospital and community services and build resilience in our HSC system to meet future needs.**
- **A funding gap in excess of £0.6bn is anticipated in 2022/23 based on current expenditure forecasts. Broad assumptions have been made about the financial impact of COVID in 2022/23.**
- **Funding to progress the HSC elective care reform programme is also welcome but significant additional investment in workforce and infrastructure will be needed over the budget period and in the longer term to reduce NI's waiting times to acceptable levels.**
- **Capital investment in the HSC needs to increase significantly over the next ten years to enable the HSC to tackle its considerable maintenance backlog and develop infrastructure fit for the twenty first century.**

HSC Directors of Finance will continue to work closely with HSCB and DoH colleagues to develop a financial plan for the HSC and individual organisation financial plans in order to best address or mitigate against the various risks and challenges presented by the Draft Budget. However, it is highly unlikely that financial balance could be

achieved in 2022/23 without additional funding or reductions in service provision and quality.

## Introduction

---

The seventeen chairs of Health and Social Care arm's length bodies welcome the opportunity to respond to the Northern Ireland 2022-25 Draft Budget. Drawing on the financial information available from DOH and colleagues in the organisations represented, this submission sets out the collective views of Chairs. The consensus is that the proposed funding allocation will restrict the ability of the HSC to maintain and stabilise core services post-pandemic, support the transformation agenda needed to keep pace with demographic growth and clinical advancements, and tackle Northern Ireland's unacceptably long waiting times.

We fully acknowledge the financial pressure across the economy in general and public services in particular. We welcome the Assembly's acknowledgement of the need to allocate a disproportionate share of the total additional funding to health and social care and we recognise the detrimental impact this presents for other government departments. Nevertheless, this response highlights the real concern of Chairs around the adequacy of the proposed budget in meeting the health and wellbeing needs of our population over the budget period and beyond.

## Context

---

It is widely acknowledged that there are unprecedented financial challenges facing the HSC and the NHS.

An analysis of healthcare funding in Northern Ireland in comparison with England from 2011 to 2015 showed that Northern Ireland was underfunded in terms of need by up to £540m (*Healthcare funding in Northern Ireland: An analysis of healthcare funding in Northern Ireland in comparison with England from 2011 to 2015, HFMA, January 2018*). Since that time, annual funding uplifts to the HSC have fallen short of the increases required to meet inflationary rises, inescapable service pressures and service expansion/improvements required to provide twenty first century quality health and social care services. At the same time, the NHS England revenue settlement in 2018 has meant that real term annual funding increases in the NHS have been significantly higher than those in the HSC which has resulted in a growing funding needs gap in Northern Ireland health and social care relative to the NHS in England.



A recent report on public sector services in the four nations developed by the Institute for Government (*Devolved Public Services: The NHS, schools and social care in the four nations, Institute for Government, April 2021*) revealed that:

- Day to day healthcare spending represents around a quarter of total current spending in each of the four nations although England spends more of its budget on health (26%) compared with Scotland (23%), Wales (23%) and Northern Ireland (22%).
- Whilst Northern Ireland spends more per person on health than England, when relative health needs (age, sex, disability, deprivation, supply costs and health inequalities) are taken into account, spend per person in Northern Ireland is less than its England comparator.
- In 2013, average spending in Northern Ireland was 8.5% more per person than in England but if the English funding formula had been applied, Northern Ireland spend per person would have been 9.1% more. It should be noted that the calculations in the Institute's paper are out of date and since spending has increased faster in England than in Northern Ireland since 2015/16 (in 2018/19 the per person spend in NI was only 6% more), an up-to-date calculation is likely to show an even wider spend gap. Furthermore, the magnitude of the gap determined in the paper was based on a formula differential of 9.1%; if a higher deprivation differential is used in the formula to reflect the findings of Mc Kinsey's work in 2010 for example (*Reshaping the system: implications for Northern Ireland's health and social care services of the 2010 spending review: McKinsey, 2010*), the funding gap would have been well in excess of £0.5bn in 2015/16 with the gap increasing thereafter.
- This funding differential is likely to have contributed to longer waiting times, with Northern Ireland waiting times significantly higher than in the other three nations – in September 2019 for example over 100,000 patients had waited more than a year for a first outpatient appointment in Northern Ireland compared with just 1,305 patients in England.
- Despite poorer performance in terms of waiting times, overall inpatient and GP experience in Northern Ireland compares well against the other nations on the limited data available, and crucially the rate of treatable mortality in Northern Ireland was lower than in any of the other nations in the period reviewed (2019).

The findings of these two reports clearly indicate that there is a significant gap between the healthcare funding required in Northern Ireland and actual funding based on a comparison with England and taking account of population need. As a result, the achievement of financial balance, whilst trying to maintain safe levels of service, has relied heavily on non-recurrent monies in recent years. **HSC organisations are now carrying significant recurrent deficits into 2022/23.**

We welcome the move to a multi-year budget plan which is a significant improvement on the previous one-year budgets. This acknowledges that longer term budgeting facilitates financial planning, supports financial stability and improves resilience. It also



allows HSC organisations to agree any pay awards on a timely basis which is important given the impact on services of industrial action in 2019/20. Finally, long-term service change, which we recognise is needed in health and social care, requires longer term investment and budget certainty.

However, the benefits of multi-year budgets can really only be fully realised if those budgets are deemed to be reasonable in the context of need. Unfortunately, the current proposed budget represents a reduction in real term funding compared with 2021/22. There are further budget reductions in real terms in 2023/24 and 2024/25 when pay and price inflation is reflected.

## **Overview of Financial Position and Proposed Budget**

---

It is widely acknowledged that HSC funding has not kept pace with demographic demand and other inescapable pressures. As a result, all HSC Trusts are carrying significant recurrent underlying deficits, attributable to undelivered savings targets in the last few years (following over ten years of significant cash savings) and unfunded inescapable cost pressures. All Trusts are experiencing pressures associated with an ageing population, an increase in patient/user care needs in both the hospital and community sectors, and inflationary and other supply cost pressures. In recent years, financial balance has only been achieved through substantial in-year non-recurrent monies, including additional one-off income from NI Monitoring Rounds, slippage on new investment (mainly due to workforce difficulties) and other non-recurrent measures. Crucially, only 10% of the additional £495m opening additional budget in 2021/22 was allocated on a recurrent basis.

Whilst non-recurrent earmarked COVID-19 funding will inevitably be required in 2022/23 to meet the ongoing needs associated with the HSC's COVID response, additional recurrent funding is urgently needed to maintain core services delivering essential health and social care to our population. If HSC is to achieve recurrent financial balance, significant additional funding for demographic and emerging inescapable pressures is required for 2022/23 and beyond.

COVID-19 has exposed the risks associated with a depleted workforce, lack of investment in ageing infrastructure, and new technologies. There is significant pressure on hospital and community beds, and bed occupancy levels are considerably higher than those seen in high performing health systems. This, combined with shortfalls in community provision, has created a system with little or no spare capacity to deal with normal winter peaks, much less a pandemic.

Innovative solutions and strengthened services to improve flow and quality of care in our health and social care system have been introduced in the last few years and work is ongoing to maintain and develop those innovations which have delivered



improvement. However, this will require additional staff and significant additional recurrent funding.

The proposed budget uplift for the HSC is £0.7bn more than the 2021/22 opening recurrent budget. However, this does not reflect the actual funding allocated to the HSC to reflect non-recurrent monies received in 2021/22 as part of the opening budget and through the various monitoring rounds for example. The £0.7bn allocation represents a real reduction in funding of £200m (circa 3%) when compared with the actual funding provided to HSC in 2021/22 following the outcome of the October Monitoring Round.

It is difficult to be precise about the funding gap for 2022/23 given the uncertainty around the impact of COVID this year and the extent to which business can return to pre-COVID levels. However, as a rule of thumb, based on past experience, health and social care requires investment of approximately 6% each year to meet inflationary uplifts, address inescapable demographic demand and other pressures to maintain safe services and allow a moderate level of investment to help meet emerging clinical and technological needs. In that context, and assuming a reduced but still substantial level of COVID costs will be incurred, additional funding of circa £600m above the proposed budget settlement would be required.

It is important to note that even a 6% real uplift would not be sufficient to effect any significant reduction in waiting times or to meaningfully address the many health and social care inequalities in our system.

Whilst new funding for mental health, elective care and cancer services is welcome, the proposed budget will not be sufficient to cover the full range of current pressures in the system over the next three years. On that basis, no further pay awards could be accommodated within the forecast budget over the three year period. This is likely to have significant consequences for recruitment and retention and presents an increased risk of industrial action.

On the basis of the proposed budget it is unlikely that HSC organisations will be able to develop balanced financial plans for 2022/23. Delivery of financial balance by the end of the budget period is likely then to require a substantial recovery plan. The HSC organisations we represent acknowledge that system level transformation and increased productivity at individual organisation level would help contain costs to mitigate against demand-related cost pressures. There are undoubtedly efficiency opportunities to reduce the current cost base and increase value for money albeit the magnitude of the funding shortfall will require regionally-led system efficiencies. The scale of required efficiencies and length of time needed to agree and implement large-scale system change is unlikely to deliver savings anywhere close to the projected gap within the budget period. As a result, in the absence of additional in-year funding, achieving financial balance would inevitably require considerable service reduction.



## Key Pressures

---

### Workforce

Deficiencies in our workforce levels continues to be a major issue for all HSC Trusts, particularly in relation to nursing, medical and social work staffing. The current nursing vacancy rate is as high as 18% in one Trust, and vacancy levels in particular specialties and at certain bands can be considerably higher, which impacts on service capacity. Likewise, social work vacancies mean that organisations are struggling to meet the demands of a vulnerable client group.

Recent increases in nurse training numbers and internal nurse recruitment should help reduce the level of nurse vacancies from 2023/24 but the Draft Budget would not provide sufficient funding to maintain this level of trainees, much less invest in additional trainees across the various staff groups to help Trusts meet rising demand and address current waiting times on a recurrent basis.

Vacancy levels are unlikely to fall in the next few years, and indeed could rise post-COVID. As a result, Trusts will continue to rely heavily on temporary staff, including high cost agency staff at significant premiums. Obviously this represents poor value for money but more fundamentally it can actually increase the rate of permanent vacancies as staff doing the same job are being remunerated at significantly enhanced rates through agencies.

### Waiting Times

Northern Ireland has by far the longest waiting times in the UK. At 30 September 2021, 358,346 patients were waiting for a first consultant-led outpatient appointment, of which 84% were waiting over the target 9 weeks, and 53% (188,060 people) were waiting more than a year. At 30 September 2021, a total of 116,199 patients were waiting to be admitted to hospitals in Northern Ireland, of which 82% (95,669 people) were waiting over 13 weeks, and 58% (67,474 people) were waiting more than a year. Currently, many thousands of patients have been waiting more than three years for an outpatient appointment or treatment.

The downturn in elective care during COVID has increased waiting times further, despite the HSC using the independent sector to support Trusts (over 4,800 inpatients/daycases and 3,500 outpatient attendances were performed by IS providers between April and September 2021). It is well recognised that patients can come to harm whilst waiting for unacceptably long periods for treatment.

Waiting times have grown over the last six years because in most specialties annual demand outweighs current capacity in Trusts. The lack of recurrent investment to increase capacity at Trust level means that waiting times have grown year on year.



A regional elective care reform plan was implemented across the HSC in 2020. This has led to the development of a number of regional initiatives aimed at improving productivity to help reduce recurrent demand/capacity gaps but much of the additional investment has been used to reduce waiting list backlogs through independent sector providers on a non-recurrent basis. Outpatient reform, expedited during COVID, may help reduce outpatient waiting times to some extent but additional capacity will be required to reduce the backlog. For inpatients and daycases, addressing the waiting list backlog will require significant additional resource and will cost many hundreds of millions of pounds over a number of years. Given the significant workforce difficulties faced by NI Trusts, most of the additional activity in the next few years will have to come from the private sector or other Trusts outside Northern Ireland.

In order to recurrently address the underlying capacity issues across the HSC and to ensure waiting times do not grow again once the backlog is addressed, significant recurrent investment in staff and physical infrastructure, alongside service realignment and reorganisation between Trusts, will be required and immediate steps need to be taken to commission and fund additional students and trainees across a range of professional groups over the next few years.

It is also important to note that urgent and emergency care services continue to be under increasing pressure with growing numbers of patients experiencing long waits to be seen. There were 192,037 attendances at EDs during the quarter ending 30 September 2021, 8.0% (14,213) more than during the same quarter in 2020 (177,824). During the quarter ending 30 September 2021, over half (54.8%) of patients waited less than 4 hours at an ED, compared with 65.8% during the same quarter in 2020. In September 2021, 7396 patients waited longer than 12 hours (12% of attendances)

## COVID

In 2021/22, non-recurrent funding allowed the HSC to maintain financial stability whilst responding to the considerable demands of COVID-19, including effective testing and vaccination programmes, provision of appropriate staffing protection equipment, support for the independent social care sector and support for the health and wellbeing of our own staff during a period of unprecedented pressure.

It is difficult to forecast the impact of COVID for 2022/23 but it is clear that significant funding will still be required to continue with some elements of existing COVID response initiatives and to capitalise upon some of the good practice introduced over the last few years. Further sustained investment will also be needed in mental health services, new services associated with long COVID and crucially in the recovery of elective services and reduction in the current backlog in both elective and social care services. Further investment in primary care, NIAS and preventative healthcare will be essential to enable us to manage increasing unscheduled care demand on hospitals and to keep people well at home.



Finally, COVID has highlighted the need for significant change in social care, particularly in the independent sector, which will have an impact on the total HSC staffing and budget.

### Capital Budget

Additional capital investment, again on a multi-year basis, will be required to improve infrastructure across Northern Ireland in the context of ageing buildings and enhanced clinical and technological needs in order to provide a safe environment for service users. Furthermore, additional capital will be required to support the HSC transformation agenda. Whilst the three year budget settlement for capital shows an uplift on previous years' allocations, it does not meet the minimum capital funding requirements in 2023/24 and 2024/25. Recent significant increases in inflation in the construction industry combined with considerable hikes in energy prices are likely to reduce the number of schemes that can be delivered within the anticipated capital budget.

Further investment in primary care, NIAS and preventative healthcare will be essential to enable us to manage increasing unscheduled care demand on hospitals and keep people well at home, and to tackle the growth in long term chronic illness.

### Other Pressures/Challenges

There are a range of other emerging pressures facing the HSC, the scale of which is not yet clear, including the impact of EU Exit and worldwide energy prices on supply chains, services and workforce.

HSC Trusts strongly believe that a more joined up approach to health and social care, working with partners in education, local councils and housing, is needed, focusing on health and social inequalities, ill health prevention and 'life to years' as well as 'years to life'. In this context, Chairs welcome further discussion on how the HSC can work with others to influence the social and economic determinants of health and social care, support economic development, reduce social inequalities and promote and improve environmental sustainability.



## Summary

---

Whilst the move to multi-year budgets is welcome, significant additional funding is required over the budget period to put HSC organisations into recurrent financial balance and to meet any inescapable pressures in 2022/23.

Additional recurrent funding, alongside transformation and improved efficiency, is needed to enhance hospital and community services to continue to respond to COVID, recover core services and build resilience in our HSC system.

Radical reform in the way elective care is delivered in NI, alongside sustained and substantial investment in workforce and infrastructure, will be required to tackle NI's unacceptable waiting times. Immediate steps are needed to plan the commissioning and funding of additional medical, nursing and other professional student and trainee places over the next five years.

Capital investment needs to increase significantly over the next ten years to improve the current infrastructure across the HSC and provide safe and appropriate facilities for a modern day health and social care system.

## Further Information

---

The Northern Ireland Confederation for Health and Social Care (NICON) provide the secretariat to the HSC Chairs' Forum. For further information, please contact [Megan.fitzsimons@niconfedhss.org](mailto:Megan.fitzsimons@niconfedhss.org)



## **Annex: HSC Chairs' Forum bodies**

---

The 17 Health and Social Care arm's length bodies that comprise the HSC Chairs' Forum and their respective Chairs can be found below.

- **Belfast HSC Trust**, Peter McNaney
- **Northern HSC Trust**, Bob McCann
- **South Eastern HSC Trust**, Jonathan Patton
- **Southern HSC Trust**, Eileen Mullan
- **Western HSC Trust**, Sam Pollock
- **Northern Ireland Ambulance Service HSC Trust**, Nicole Lappin
- **Business Services Organisation**, Julie Erskine
- **Health and Social Care Board**, Les Drew
- **Public Health Agency**, Andrew Dougal
- **Northern Ireland Blood Transfusion Service**, Bonnie Anley
- **Northern Ireland Guardian Ad Litem Agency**, Gemma Loughran
- **Northern Ireland Medical and Dental Training Agency**, Derek Wilson
- **Northern Ireland Practice and Education Council for Nursing and Midwifery**, Bronagh Scott
- **Northern Ireland Social Care Council**, Paul Martin
- **Patient and Client Council; Regulation and Quality Improvement Authority**, Christine Collins
- **Safeguarding Board for Northern Ireland**, Bernie McNally