

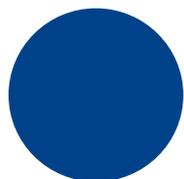


The Comprehensive Spending Review 2020

In light of the pressures presented by the COVID-19 pandemic, the government has announced that its planned multi-year Comprehensive Spending Review (CSR) will now be a one-year settlement, to be unveiled in late November. The government has, however, committed to fully fund what it describes as a multi-year resource settlement for the NHS. Based on ongoing engagement with NHS leaders, our CSR submission to the Treasury, submitted in September 2020, outlines what the health and care system needs to get back on track and transform services. This briefing summarises the key points of the submission, which is available in full on the NHS Confederation website.

Key points

- Health and care, and reducing health inequality, should be at the heart of the Spending Review. The government must deliver on its commitment to a multi-year funding settlement for the NHS – both in terms of revenue and capital spending.
- COVID-19 has meant that demand is up, capacity is down and waiting lists are increasing. The existing funding settlement for the NHS, though relatively generous compared to other public services, needs to be re-examined in light of the extra pressures caused by the pandemic.
- The NHS needs additional investment to stabilise, improve resilience and deliver the ambitions outlined in the widely supported NHS Long Term Plan. Crucially, investment is required in areas that are outside the core NHS England and NHS Improvement budget that have not been dealt with – including a multi-year capital settlement, the public health grant, education and training budgets, and social care. These were always intended to be funded at the CSR.
- The NHS workforce is overstretched and exhausted, and existing commitments to fill clinical vacancies are not being met. The NHS needs additional investment to increase staffing levels, including by extending training places across all professions.
- The government must follow through on its commitment to reform social care by delivering a sustainable social care system, backed up by reform and a long-term funding settlement.



Introduction

The NHS has shown huge dedication, resilience and expertise in meeting the initial shocks of COVID-19, but the pandemic struck a health and care system already working at its limits.

It is widely acknowledged that the NHS now faces a significant funding gap that means the pre-COVID-19 funding settlement of 2018 will no longer be enough to meet demand on services. This funding gap has been caused, in part, by:

- the operational costs of responding to COVID-19, which include infection control measures, personal protective equipment (PPE) and additional staff
- the ongoing capacity constraints imposed by the need for infection control measures, which require the NHS to respond to extra demand with less capacity, ultimately reducing productivity
- the backlog of clinical demand, which was already substantial, created by the need to pause or suspend some services earlier in the pandemic – for example, at the end of July 2020, nearly half a million patients were waiting six weeks or more from referral for one of the 15 key diagnostic tests
- the impact of new or increased demand that has been caused by the pandemic, including rising demand for mental health and the ongoing requirement to support patients with 'long COVID'.

After a decade of austerity in the 2010s, which saw the NHS receive close to flat funding for most of the decade, the NHS went into the pandemic under significant pressure, with a range of performance targets not being met. The 95 per cent standard for four-hour A&E waits has not been met for five years and only around one in three children and young people with a mental health need received treatment and support. On top of this, the NHS has around 84,000 vacancies. In 2018/19, almost half of the provider sector was in financial deficit, and in 2019/20 the need for cash support saw provider debt increase to over £13 billion.

The government's five-year funding settlement for the NHS resulted in £20.5 billion of extra investment, starting in April 2019. This amounted to a 3.4 per cent annual real-terms increase. By comparison to other parts of the public sector, this was considered a relatively generous settlement. However, [a report commissioned by the NHS Confederation](#) and undertaken by the Institute for Fiscal Studies and the Health Foundation, stated that this level of funding increase was only ever enough to sustain current levels of care, given the demand pressures associated with an ageing population. In order to recover performance against key targets, the report concluded that 4 per cent was required. To deliver genuine transformation of services – the kind envisaged in the NHS Long Term Plan – the report determined that 5 per cent annual increases would be necessary.

Importantly, the funding settlement only covered frontline NHS services – so-called ‘revenue’ spending – but it did not cover a number of other key areas, including investment in new buildings and technology, known as capital spending. England currently spends just over half the OECD average for capital spending on health,¹ while capital budgets have been raided in recent years to prop up the day-to-day revenue running costs of hospitals and other services. Other key areas that were not covered in the 2018 funding settlement included the public health grant; education and training budgets, which are crucial to ensuring we have the right staffing levels in place; and social care. The failure to invest in social care continues to impact on performance in the NHS. Therefore, the 2018 settlement has left some critical areas of unfinished business that need to be addressed in the upcoming CSR.

While this briefing primarily focuses on the settlement for the English NHS, as an organisation that covers other parts of the UK NHS, we know these issues are faced across the UK health system.

Priorities for investment

Health and care, and reducing health inequality, should be at the heart of the Spending Review

In the midst of a health crisis, the service, patients and the public need to know that the government continues to back the NHS and the care sector. We welcome the government’s commitment that in crucial areas, including the NHS, budgets will be set for further years – although at this stage it is unclear what the government’s intentions are. The existing multi-year funding settlement for the NHS, while relatively generous, was never enough to deal with rising demand and fund transformation – and these pressures have been exacerbated by COVID-19. The Spending Review also needs to fund the key areas outside the core NHS England and NHS Improvement budget that were not addressed in 2018.

Putting health at the centre of the government’s spending plans is an investment in our society and our economy. Health organisations are often economic anchor institutions for their communities, creating jobs and tackling health inequalities head-on in local communities. Accessible and effective health services are a key enabler for employment and improved life chances.

1 Kraindler J, Gershlick B, Charlesworth A, ‘Failing to capitalise: capital spending in the NHS’. Health Foundation; 2019 www.health.org.uk/publications/reports/failing-to-capitalise

The pandemic has highlighted the avoidable and unfair differences in health outcomes; differences and biases in the access, quality and experience of care; and the critical importance of the wider determinants of health. Health inequalities have been apparent for many decades and neither legislative provisions nor policy directives have significantly reduced them. We know that COVID-19 has widened the gap and will continue to do so. We therefore urge the government to address the avoidable and unfair differences in health outcomes that have been exposed to us all during the pandemic by resetting the way we deliver health equality.

COVID-19 means demand is up, capacity is down and waiting lists are spiralling

The unfolding impacts of the second surge, the elective backlog, increased mental health demand and the needs of long COVID patients are putting huge pressure on budgets this year and beyond. Escalating waiting lists have a significant impact on patients. In mental health, some providers and commissioners are estimating a 20-30 per cent increase in demand, with particular pressures in child and adolescent services.

As the NHS faces a second wave of infections, the workforce is overstretched and exhausted and the social care sector is fragile. COVID-19 continues to increase operational costs, including staff and equipment, while also reducing capacity and productivity through infection control measures. As of July this year, COVID-19 had required an additional £31.9 billion support for health services.² Not addressing these pressures on a sustainable basis will have serious consequences for patient care, staff wellbeing and longer-term transformation plans. Without additional investment, it will take several years to recover waiting lists, with all the consequences for health outcomes that that entails.

The NHS needs additional investment to stabilise, improve resilience and deliver long-term transformation ambitions

Even before the unprecedented pressures of COVID-19, the NHS was funded at a level that did not include the resources needed to improve performance and transform services. Maintaining the existing settlement for the next three years is not tenable; the government's commitment to multi-year funding must go beyond this. The revenue element of the five-year settlement needs to be re-examined in light of COVID-19, while a multi-year capital funding settlement is needed. Capital investment must look beyond hospitals to address inadequacies in the mental health, primary care and community

2 HM Treasury (2020), A Plan for Jobs https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898421/A_Plan_for_Jobs_Web_.pdf

services estate. Investment in digital and infrastructure is made more urgent by the impacts of COVID-19 and will result in improved patient outcomes and, over time, more efficient services. There was also a set of key issues that were not addressed in the previous funding settlement and these need a multi-year plan: training and education budgets, public health and social care. All are vital to the success of the NHS Long Term Plan.

We have made, and will continue to make, exceptional demands on our health and care services and they must be granted the multi-year investment they need.

Supporting the current and future workforce

The workforce is overstretched and exhausted; existing commitments to fill clinical vacancies are not being met. The NHS needs additional investment to increase staffing levels, including by extending training places across all professions.

The NHS Long Term Plan, 2020 NHS People Plan and 2019 Conservative Party manifesto set out commitments to reduce the 84,000 vacancies and enable the service transformation needed. But progress has been slow. The long-standing supply and vacancy challenges were mitigated during the early stages of the pandemic by the reductions in non-COVID-19 work. As these services resume to a greater level, alongside dealing with a second surge, the CSR can support a longer-term national narrative that is desperately needed to give teams hope that the situation for them and their colleagues will improve.

Investment is needed to grow the clinical workforce and address long-standing and critical workforce challenges in, for example, mental health and learning disability nursing, and smaller allied health professions. Changes to the operational aspects of the apprenticeship policy and levy are needed to make it functional and fit for purpose.

We need a sustainable social care system, backed up by reform and a new long-term funding settlement

The government recognised this as a priority when re-elected and promised to reform social care within the first 100 days of the new administration. However, almost one year on and the government has still to publish its proposals, let alone implement them.

The pandemic has highlighted the critical role that social care plays in the delivery of health and care services, as well as its vulnerability. It has exacerbated the underlying weaknesses in social care and strengthened the case for fundamental reform. Staff shortages, a severe lack of funding, the absence of robust data and access to PPE and testing, among other issues, have exposed the need for urgent government action to fix social care.

A stable social care market is vital to support an NHS dealing with COVID-19 and NHS backlogs in elective treatment. Adequate social care provision is also key to managing long-term demands on NHS services, especially from frail and elderly populations.

NHS Confederation viewpoint

The Spending Review must deliver on the government's commitment to a multi-year funding settlement for the NHS by:

- **re-examining the £20.5 billion that the NHS is due to receive up until 2023/24** – this was never enough to meet rising demand and the NHS is now facing significant extra costs as a result of the pandemic.
- **addressing the vast areas of expenditure on health and care that have not been dealt with** and which were always planned to be dealt with in the Comprehensive Spending Review – a multi-year capital funding settlement, which looks beyond the hospital sector to address needs in primary care, community services and mental health; training and education budgets; the public health grant; and social care.

Unless these vital areas are addressed the ambitions of the NHS Long Term Plan will be jeopardised.

Access our full Comprehensive Spending Review submission:
www.nhsconfed.org/CSR

About the NHS Confederation

The NHS Confederation is the membership body brings together and speaks on behalf of organisations that plan, commission and provide NHS services in England, Northern Ireland and Wales. We represent hospitals, community and mental health providers, ambulance trusts, primary care networks, clinical commissioning groups and integrated care systems.

To find out more, visit www.nhsconfed.org or email ExternalAffairs@nhsconfed.org



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