

Health and Social Care Arms-Length Bodies Chairs Response to the 2021/22 NI Draft Budget

budgetconsultation@finance-ni.gov.uk, 25 February 2021

Executive Summary

The key points Chairs of HSC organisations wish to raise in response to the 2021/22 Draft Budget are:

- **Additional funding is required to put HSC organisations into recurrent financial balance and to meet any inescapable pressures in 2021/22.**
- **HSC organisations cannot continue to rely on in-year non-recurrent funds; instead recurrent multi-year budgets are needed to improve financial resilience and planning.**
- **Additional recurrent funding, alongside transformation, is needed to enhance hospital and community services to 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 commission and fund additional medical and nursing training places.**

Chairs are aware that HSC Directors of Finance will continue to work closely with HSCB and DoH colleagues to refine and develop a financial plan for the HSC as a whole and individual organisation financial plans, in order to best address or mitigate against the various risks and challenges presented by the Draft Budget.

Introduction

The publication of the Northern Ireland 2020-21 Draft Budget on 18 January 2021 was noted by the seventeen Chairs of Health and Social Care arms length bodies. Drawing on the detailed financial information set out in the Department of Health Draft Budget Outcomes paper, this submission sets out the collective views of Chairs who warn that the proposed funding allocations will severely hamper the efforts of the HSC to tackle

the waiting list back log, build back and stabilise core services and support the transformation agenda.

Colleagues acknowledge the great uncertainty and financial pressure at this time, and trust this response sets out key considerations which seek to maximise the health and wellbeing of our population.

Context

In January 2018, Healthcare Financial Management Association (HFMA) published a report which highlighted a significant disparity in funding between health funding for Northern Ireland and England. This was estimated to be over £0.5bn in 2015 based on Northern Ireland need. In the intervening period, it is not clear that the Department of Health in Northern Ireland received its full share of the Barnett's consequential of a £20.5bn investment in the NHS over a five year period to 2023/24 which potentially increases the gap further.

There is a strong argument for multi-year budgets to provide long-term tangible improvements in our services, and to provide financial stability and resilience in the HSC. This would improve financial planning and forecasting and enable decisions to be made around multi-year training programmes for example. It would also enable Trusts to agree pay awards on a timely basis which is important given the impact on services of industrial action in 2019/20.

Crucially, whether there are one year or multi-year budgets, if HSC organisations are to be successful in meeting the current and long-term health and social care needs of our population they must be in a position where they rely less on non-recurrent in-year funding. True long-term service change cannot be achieved with short-term investment and Trusts cannot plan effectively without a recurrently funded baseline and funding certainty in relation to new investments.

Financial Overview

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 largely due to undelivered savings targets which have followed over ten years of significant cash savings. All Trusts are experiencing many competing pressures associated with an ageing population and an increase in patient/user care needs in both the hospital and community sectors. Financial balance has only been achieved as a result of 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.

Whilst non-recurrent earmarked COVID-19 funding will be required in 2021/22 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, recurrent funding for demographic and emerging inescapable pressures is required for 2021/22 and beyond.

COVID-19 has further 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 year and there is a compelling case to maintain and develop these further but this will require additional staff and significant additional recurrent funding.

The proposed budget uplift for the HSC of £495.2million will not be sufficient to address existing deficits and new inescapable cost pressures in 2021/22 including demographic growth and high cost drugs/therapies for new patients for example, let alone address the many health and social care inequalities in our system. Trusts are even more concerned about the fact that only £52.1m of the total £495.2m will be allocated on a recurrent basis. This will not be sufficient to even cover pay (to include national minimum wage) and price inflation, which are recurrent inescapable pressures and are estimated to cost around £150m. It should be noted that previous annual budgets have included a much higher percentage of recurrent monies; for example, last year DOH received a budget uplift of approximately £400m, of which £344m was recurrent.

Key Pressures

Workforce

The deficiency in our workforce levels continues to be a major issue for all HSC Trusts, particularly in relation to nursing, medical and social work staffing. Currently, nursing vacancy rates range from around 8% to 18% in Trusts albeit vacancy levels for band 5 nurses are considerably higher, and rates can be as high as 30% or 40% in particular wards and specialties. Whilst the Department of Health commissioned a 30% increase in training numbers in 2020/21, Trusts will not see the benefit of this until 2023/24. Irrespective of this, the numbers will not be sufficient to meet the expected growth in nursing numbers needed to meet rising demand, and will

certainly not facilitate any increase in activity needed to address our current waiting lists.

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

Waiting Times

Northern Ireland has by far the longest waiting times in the UK. At October 2020, there were 332,667 patients waiting for a first outpatient appointment, of which 84% were waiting over 9 weeks, and 49% (162,450 people) were waiting more than a year. For inpatients and daycases, over 100,000 patients were awaiting treatment, of which 83% were waiting over 13 weeks, and almost 50% (49,956 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 3,500 cases were performed by IS providers between April and November 2020). 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 five years because in most specialties annual demand outweighs current capacity in Trusts. The lack of investment over the last five or so years to increase capacity at Trust level or in the private sector means that waiting times have grown year on year.

Outpatient reform 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. The impact of COVID may mean that capacity available in other UK Trusts may be in large demand.

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 medical and nursing training places now.

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. Between October and December 2020, 14,162 patients (10% of

attendances) in Northern Ireland waited longer than twelve hours in emergency departments with only 62.8% of patients treated and discharged or admitted within four hours.

Other Pressures/Challenges

There are a range of other pressures facing the HSC, the scale of which are as yet unknown, including EU Exit and the impact on supply chains and workforce, and the short and longer term impact of COVID-19.

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. Furthermore, additional capital will be required to support the HSC transformation agenda.

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 the emerging dialogue on the draft Programme for Government priorities and the early thinking on the inclusive, green recovery underpinning a population health approach.

Summary

- **Additional funding is required to put HSC organisations into recurrent financial balance and to meet any inescapable pressures in 2021/22.**
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- **Additional recurrent funding, alongside transformation, is needed to enhance hospital and community services to build resilience in our HSC system.**
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Responses to Specific Queries in relation to Budget 2021/22

What services would you prioritise?

Some of the lessons we have learned from COVID-19 pandemic to date provide us with an opportunity to focus more specifically on areas that need to operate at a higher performance level in order to optimise the use of public funds. This means having a greater focus on health protection and prevention, improved digital technology and the need to recruit and maintain a workforce that has the experience, capacity and skills to meet the challenges of the future.

Further investment in social/community care is required – adequate social care provision is key to managing long-term demands especially from frail and elderly populations. Investment is also required in children's services to meet a growth in the number of looked after children and high cost complex cases.

COVID-19 is expected to give rise to new hospital services, particularly in respiratory and cardiology departments. It will certainly have a long lasting effect on the demand for community services, as patients in long-term recovery will require ongoing treatment and rehabilitation services, alongside existing unmet need for these services from people suffering long-term conditions.

Meeting the coming surge in mental health care demand will also be a priority – additional investment will be required to enable the service to manage an already constrained capacity and but also to meet the surge in demand directly associated with the impact of COVID-19. There is a strong link between economic downturns, unemployment and risk of suicide. A long-term approach that allows people to access quality services before they reach crisis is required.

The need to sustain the Test and Trace programme and the roll-out of the COVID-19 vaccination programme will have a significant financial impact. The priority, however, must be to stabilise the system as much as possible and ensure that individual organisations can deliver as many essential services as possible.

Putting health, wellbeing and inequality at the heart of spending decisions and cross-departmental policymaking is also essential to address the wider determinants of health.

How do we balance public sector pay against other priorities?

A pay and reward offer that is funded and sustainable and recognises the skills and talents of our workforce is of utmost importance.

We would appeal for an improvement in the operational aspects of the apprenticeship policy and levy to make it functional and fit for purpose, including allowing HSC employers to reinvest the money paid into the levy.

Fair investment in pay and reward is recognised to be part of the response to the immense contribution of our staff during the pandemic but must not be at the

expense of other priorities, particularly relating to improving the supply. There is an urgent need for additional investment in workforce growth, including in training places across all professions.

Other Views for Discussion?

There is a significant ongoing maintenance backlog which must be prioritised, particularly where there is an imminent or potential threat to patient and /or staff safety.

We need a long-term capital funding settlement, preferably over the next ten years to enable transformation and to secure our existing ageing estates.

Further Information

This response has been submitted on behalf of the Chairs of the 17 HSC Arms-Length Bodies. For further information please contact Heather.moorhead@niconfedhss.org