

# Health and Social Care Levy (Repeal) Bill

October 2022

## Background

On Thursday 22<sup>nd</sup> September, Chancellor of the Exchequer Rt Hon Kwasi Kwarteng MP announced that the Government was introducing legislation to Health and Social Care Levy.

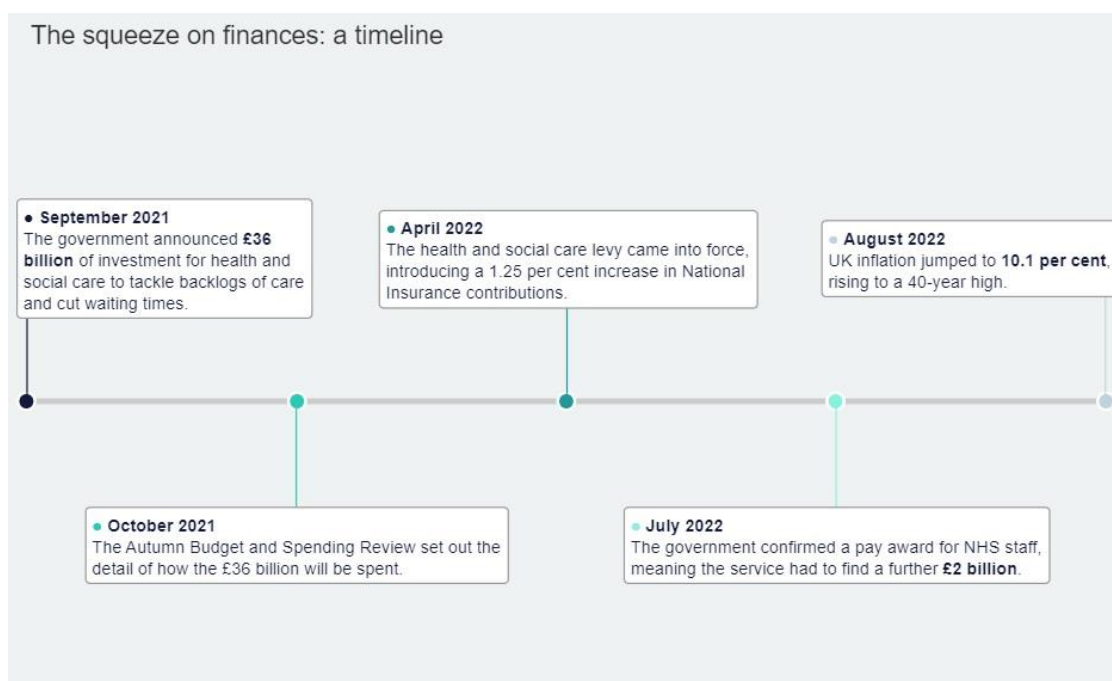
This was a 1.25 percentage point rise in the National Insurance Contributions (NICs) rates for employees, the self-employed and employers from November 2022. The levy was due to raise almost £36 billion over the next three years for health and social care services.

Government has assured parliamentarians that the repeal of the levy will not result in any reduction in funding for the NHS and social care services.

NHS leaders understand wish to use the repeal of this Bill to reflect the current financial situation in the NHS.

The prevailing narrative has been that the NHS received record investment last year. Whilst this is true, the NHS is actually worse off financially than it was before that funding was allocated.

The below timeline sets out the different pressures on NHS finances that have reduced the value of the NHS settlement announced last year resulting in a real-terms funding cut.



## What NHS leaders need from the upcoming fiscal statement

- **Consideration of how the cost of living crisis will impact on people's health and pressure on NHS services** – increasing energy price rises and the wider increase in the cost of living will mean more people will fall sick and we will see worsening health outcomes across the country. This will lead to increased hospital admissions and demand on GP surgeries, A&E departments, ambulances, care homes and other social services.
- **Address the impact on inflation on NHS budgets** – an immediate funding top-up should be provided to the NHS to make up for the budget shortfall that has been caused by soaring inflation levels. We estimate this to be £4 billion minimum, and up to £9.4 billion, based on the most recent government predictions.
- **Improve retention in the social care workforce** – there are currently 165,000 vacancies in the social care sector and social care providers tell us they are losing increasing numbers to better paid roles in hospitality and retail in the context of a tight labour market. NHS leaders have called on government to introduce a national minimum care worker wage of £10.50 per hour to stem this flow of staff to other sectors.
- **Restore Discharge to Assess funding** – figures show 1 in 7 beds in hospital is still occupied by someone medically ready to go home but cannot be discharged due to a lack of available care package in the community. To improve ambulance handovers, more support for patients is crucial. Previous national Discharge to Assess Funding was successful in providing this freeing up to 30,000 hospital beds and the equivalent of 6000 staff. Health leaders were disappointed that this funding abruptly came to an end at the start of the financial year and welcomed the introduction of more funding in the statement from the Secretary of State for Health and Social Care for this purpose this week but more detail is urgently needed. In order to tackle ambulance delays measures that address the whole system must be implemented. Scrapping the 4 hour A&E target as trailed in the media is not something NHS leaders oppose (NHS England have been undertaking a review of clinical standards for some time already) but it will not in and of itself fix the issue.
- **Fully fund the pay award for NHS staff** – in July the government announced a well-deserved pay increase for NHS staff but failed to provide the funding to cover it. As such, this money has to come from existing budgets which reduces funding available for other things. Government must cover the costs of this pay rise or NHS leaders face impossible choices about which services to withdraw funding from.
- **Fix the NHS pensions issue** – last month NHS Employers (part of the NHS Confederation) wrote to the then-Chancellor calling on him to fix the NHS pensions issue which is disincentivising doctors from taking on additional shifts. This is making it more difficult to address the elective backlog. Indications that action would be taken on this during the Secretary of State for Health and Social Care's statement on 22<sup>nd</sup> September are welcome but again, detail is needed without delay.
- **Bolster efficiency and effectiveness by investing in capital** - nine in ten members recently told us the lack of capital investment is undermining their efforts to reduce waiting lists and is putting patient safety at risk. It is also impeding them from working as efficiently as they otherwise could. Ensuring investment in capital in the NHS will boost productivity, support the NHS to get through its care

backlogs and ensure patients can access the best possible treatment and support must be a part of this statement.

- **Give NHS leaders certainty about support on energy bills** – health leaders welcomed the support announced by government earlier that they will offer a discount on wholesale gas and energy prices. Many hospitals have already seen their bills increase by as much as 300% and primary care sites are also facing soaring costs. It is clear this crisis will not have abated by April so the three-month review period will be critical to give NHS leaders more certainty and help them plan services for the future.
- **A realism reset** – rather than relying on political rhetoric, NHS leaders want the government to level with the public about the challenges facing the NHS – including financially. This includes countering the prevailing narrative that the NHS is awash with cash – a claim that simply doesn't stack up.

## Suggested questions for the Chancellor of the Exchequer

- The NHS Confederation have calculated that inflation means the NHS is facing up to a £9.4 billion real-terms funding cut from last year. Will the Chancellor commit to addressing this shortfall in his fiscal statement planned for 31<sup>st</sup> October?
- The Government have said the repeal of this legislation will not lead to any reduction in funding for the NHS and social care. Will the Chancellor commit to this from the Despatch Box today?
- Yesterday the Secretary of State for Health and Social Care announced £500 million of social care funding to support discharge from NHS services over the winter period. Will the Chancellor say on the record whether the Treasury will cover the cost of this, and it won't have to come from existing budgets?
- In September, the NHS Confederation urged government to intervene on household energy bills or risk a public health emergency. Can the Chancellor confirm whether the Treasury have undertaken an impact assessment of the cap on household energy bills that considers the health impacts of the support provided, and if more will be needed?
- Nine in ten NHS Confederation members recently said the lack of capital investment in the NHS is undermining their efforts to reduce waiting lists and undermining patient safety. Will the Chancellor address this during his fiscal statement on 31<sup>st</sup> October to ensure the NHS can ensure they are working as productively and effectively as possible?
- NHS leaders recently identified that ensuring better retention of staff in social care as the number one priority for addressing capacity issues across the health service. As a result, the NHS Confederation recently called for the introduction of a national minimum care worker wage of £10.50 an hour to reduce the flow of social care workers to other, better paid sectors. Will the Chancellor introduce this national minimum care worker wage to stem the flow of care workers to other sectors during his fiscal statement later in the month?
- In July, government announced the well-deserved and needed 5% pay increase for NHS staff, However, they didn't provide the funding to the NHS to cover these increased wages, meaning NHS leaders face impossible decisions about how they

can reduce funding elsewhere to cover this. Will the Chancellor rectify this and provide this funding to the NHS to reduce pressure on its already pressed finances?

- Ahead of the three month review period on the support for energy bills for businesses and public services, will the Chancellor commit to meeting with NHS leaders to discuss the impact rising energy costs are having on their ability to deliver services?
- Will the Chancellor acknowledge that inflation, rising energy costs and the lack of additional funding to cover the NHS workforce pay increase mean the NHS is facing a real-terms funding cut compared to last year, and will he rectify this?

Should you need any more information or we can provide a further briefing, or you would like information to help you ask Secretary of State about a specific issue, please don't hesitate to be in touch via [externalaffairs@nhsconfed.org](mailto:externalaffairs@nhsconfed.org).

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## 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.