

Autumn Statement

November 2022

Background

On Thursday 17th November, Chancellor of the Exchequer Rt Hon Jeremy Hunt MP will bring his Autumn Statement before the House of Commons to set out how the Treasury will “*put public spending on a sustainable footing, get debt falling and restore stability.*”

NHS leaders understand the focus of this Autumn Statement, but the reality is that cutting spending on the NHS on Thursday will cost more in the medium to long term.

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 NHS and social care services need the right support and investment now to tackle the backlog, ensure people can access the best possible care and to make the health service more sustainable in the future. The service is being asked to deliver 2.2 per cent productivity growth this year alongside the worst inflation in decades. This is despite historical productivity growth in the NHS being 0.8 per cent.

NHS leaders understand the precarity of the current financial situation facing the country and are committed to playing their role in using their funding in the most effective way to boost efficiency.

They are, however, deeply concerned about the impact cuts to public services would have on the NHS and the health of the nation. While they have been pleased to see reports that the NHS budget will be ‘prioritised’ in the context of spending cuts, it is critical that this government doesn’t repeat the mistakes of previous governments in the 2010s when capital budgets were raided to plug holes in day to day spending budgets.

Also, this protection of the NHS budget must extend to important areas that sit outside the NHS England ring-fence, including local authority budgets which cover social care, public health and other NHS services not funded directly by NHS England. Without this, more people will become more unwell and will have more need for the NHS, costing more in the medium to long term.

Much of the commentary surrounding NHS spending considers spending as a drain on the public finances. But all investment in the health service is investment in our communities. Our independent research shows that for each £1 spent per head on the NHS, there is a corresponding return on investment of £4 – showing an economic benefit to investing in our national health service.

In addition, the NHS itself has a powerful role as an employer. Half of NHS spending is on workforce and the NHS is the largest employer in England. The role of the NHS as an employer is especially important in more deprived areas.

This means that spending on the NHS should be regarded as an investment not a cost. Improving population health can drive higher levels of economic growth across the country.

What NHS leaders need from the Autumn Statement

1) Action on social care

- **Urgently release the Adult Social Care Discharge Fund to local leaders** – the previous Secretary of State for Health and Social Care Thérèse Coffey announced £500 million of funding to help speed up the safe discharge of medically fit patients from hospital beds and to help recruit and retain more social care workers in September. However, not a penny of this money has yet been allocated and there is no detail about how it will be. The longer this money is delayed, the less positive impact it will have this winter.

2) Action on NHS workforce

- **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.

3) Action on inflation

- **Immediate funding top-up** for the NHS to make up for the budget shortfall that's been caused by soaring inflation levels. This means not just protecting the NHS from cuts – public health and primary care should be ringfenced too – but returning the health service to where we were at last year's Spending Review. We estimate the shortfall to be £7 billion at minimum next year, once inflation, an unfunded pay rise and further demand pressure are taken into account. Under current projections, this could rise to *£18bn per year* by the 24/25.

4) Action on capital

- **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.

5) Action on cost of living

- **Give NHS leaders certainty about support on energy bills** – health leaders welcomed the support announced by government earlier this year

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.

- Increasing energy price rises will mean increasing numbers of people will fall sick and we will see worsening health outcomes across the country. The NHS and social care services will be left to pick up the pieces, with increased hospital admissions and demand on GP surgeries, A&E departments, ambulances, care homes and other social care services. Therefore, the public health grant must be restored to where it was in 2015 in real terms.
- The government should continue to shield households from unaffordable energy bills this winter, including ensuring people facing wider cost-of-living issues are given extra support.

Suggested questions for the Chancellor of the Exchequer

- In September, the previous 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. Yet, local leaders are yet to receive a penny of this funding, nor have they been told how it will be allocated. Can the Chancellor tell you today when they can expect to receive it?
- The NHS Confederation estimate that even before the impact of today's Autumn Statement, the NHS is facing a £7 million shortfall in funding compared to last year due to inflation. Can the Chancellor tell us if he took that in to account when he approached today's announcements?
- 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?
- In June, 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 protect capital budgets from cuts to boost efficiency?
- The Chancellor will know that the Secretary of State for Health and Social Care wants to find efficiencies within the NHS budget. Can he tell us if he and the Secretary of State have discussed the role of capital investment in boosting efficiency, as advocated for by the NHS Confederation?
- 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?
- The NHS spends £1.3 billion a year on conditions caused by cold, damp homes. Will the Chancellor commit to a cross-departmental review of the impact of the cost of living crisis on health including policies to address the issue before we enter the

coldest months and ensure the NHS are provided with which that need to meet this increased need for care?

- Independent research published by the NHS Confederation last month shows that every pound invested in the NHS results in around £4 back to the economy through increased productivity. Can the Chancellor tell us whether he considered the investment return on NHS funding when he and his officials made the on the NHS that he's announced today?
- In many local towns and cities, the NHS is the single biggest employer, and makes a vital contribution to the local economy. New analysis from the NHS Confederation and Carnall Farrar published last month shows every pound invested in the NHS results in around £4 back to the economy through increased productivity. Does the Chancellor agree with me that investing in our NHS is key to levelling up and does he think that's reflected in his statement today?

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.

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.