NHS Confederation

Spring Budget 2023 representation

1. 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.

2. In the 2021 Spending Review, the government announced that the health and care system would receive a £36 billion funding settlement over the next three years. Nearly 18 months on from what was billed 'a record investment' spiralling inflation has reduced the real amount of money the service receives, while demand continues to bring unsustainable pressure on the service.

3. Spending money on the NHS isn't just about plugging gaps. Health spending drives innovation and growth in communities across the UK. Recent analysis by Carnall Farrar, undertaken on behalf of the NHS Confederation, found that growth in healthcare investment has a clear relationship with economic growth. This analysis shows that for each £1 spent per head on the NHS, there is a corresponding return on investment of £4 – showing a wider economic benefit to investing in our national health service.

4. The analysis found that long-term illness is negatively linked to employment, median income and economic output (GVA) per person; long-term sickness levels have risen steadily in the UK and have not returned to pre-COVID-19 levels, resulting in a cumulative total of 2.46 million working-aged adults off work due to long-term illness; and investing in primary care workforce shows links to reduced A&E attendances and non-elective admissions, both of which are

signals of ill health and in turn influence workforce participation.

5. In addition, the NHS itself has a powerful role as an employer. Half of NHS spending is on its 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.

6. 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.

7. **Capital funding:** UK capital funding has lagged behind peer countries for the past 12 years. This has hampered members' ability to reduce the backlog, transform care and improve productivity. 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.

8. In primary care, over one in five of the near 9,000 general practice and primary care premises in England are not fit for purpose, primary care leaders are calling on the government to set aside additional investment to support the building and modernisation of new and expanded clinics to treat patients in the community, as well as for improved IT and management support for staff.

9. To ensure the safety of the NHS estate, the Department of Health and Social Care (DHSC) capital departmental expenditure limit (CDEL) budget should increase to fulfil the needs of the NHS. This means enough money to eliminate

the maintenance backlog and make up for a decade of poor capital investment. Funding will also help drive the NHS towards the UK's net zero target through potential measures such as further digitisation to reduce printing and making buildings more energy efficient. Further digitisation could also save money by reducing numbers of administrative staff.

10. In addition, members continue to describe the capital allocation process that's opaque and too slow to help them plan.

11. **Service funding:** The NHS also needs more service funding to fully account for inflation and the ever-increasing burden of ill health, caused in part, by the ongoing fallout from COVID-19. While the government increased NHS funding for 2023/24 in last year's Autumn Statement, this fell short of NHS England's own analysis of need presented in its board papers two months previous. Without sufficient funding, the service will struggle to reduce the backlog, embed positive pandemic-era changes and truly make inroads in reducing inequalities by transforming models of care.

12. **Workforce:** The number of vacant posts across the NHS in England has reached a record high of 132,139 – almost 10 per cent of its planned workforce (as of 1 September 2022) – due to both limited supply of qualified staff and a high-turnover of existing staff. This excludes further vacancies in primary care and an ever-decreasing GP workforce. This workforce shortage is severely hindering the ability of our members to deliver the care and transformation required.

13. While the promise of a workforce plan is very welcome, it requires funding to support workforce growth and employers need to see investment in areas which will have a significant impact on reducing service demand. This includes investing in community services, mental health and primary care.

14. The government also still needs to address existing workforce policy and funding issues such as the lack of a multi-year funding settlement and an unfunded pay uplift and unclear future commissioning arrangements – to reduce the elective backlog and meet increasing demand, the workforce must increase by around a fifth by 2024/25.

15. The high rate of vacancies is having an impact across the system. The Health Foundation has said there is currently a shortage of around 4,200 full-time equivalent GPs, which is projected to rise to around 8,900 FTE GPs in 2030/31. This means close to one in four of the 37,800 general practitioner posts needed to deliver pre-pandemic standards of care would be vacant. Despite there being fewer fully qualified FTE GPs, each practice has on average 2,057 more patients than in 2015.

16. One specific priority action for employers is pay. With the service under extraordinary pressure, it is imperative that the government works with unions to negotiate an acceptable pay deal for 2022/23 and look to the cycle from April 2023. We cannot continue with industrial action which is putting patients at risk and preventing greater progress on the backlogs across the system. The public's support has been invaluable in following national advice which has allowed health services to continue to pull out all the stops to ensure that urgent and life-saving care could be prioritised, but this is simply not sustainable day in day out.

17. We also need ongoing investment in NHS apprenticeships beyond 2024. They provide a strategic supply pipeline for the sector and offer the ability for new and existing staff to develop and increase their earning potential through the acquisition of higher-level skills. Importantly, the evidence shows that the retention rate for apprentices is high. The success of the ambulance sector apprenticeships, nursing associate and registered nurse degree apprenticeships

provide a blueprint for other roles and professions, particularly allied health professionals (AHPs). An investment to enable employers to cover 'back-fill' costs of this model of training would deliver positive outcomes for employer and individual.

18. NHS Employers, which is part of the NHS Confederation, wrote to the government calling for urgent changes to how NHS pension taxes are calculated. There was an indication that this issue would be addressed in the September 2022 fiscal event but detail has yet to materialise, and it was not included in October's Autumn Statement.

19. Furthermore, not all providers of services outside of standard hours have access to the pension scheme. Sub-contractors of the PCN enhanced access service cannot offer the NHS Pension to staff they employ for that specific contract, reducing the appeal of working during the evening and Saturdays for them.

20. **Social care:** The social care workforce is continuing to deplete as staff leave the sector in favour of other, better paid jobs in sectors such as retail and hospitality. Social care workers do not feel fairly renumerated for the valuable and skilled work that they do. The government should therefore take action to make care work feel like the valued profession it is, including introducing a national minimum care workers wage.

21. The dedicated, additional funding to support the discharge to assess model during the COVID-19 pandemic delivered value swiftly as 30,000 acute beds were freed up in spring 2020 to support flow through the system. Making discharge-to-assess funding permanent would mean community providers can help reduce inequalities and address long COVID.

22. Lifting local authority and public health budgets will mean that community providers do not have to absorb the recent unfunded Agenda for Pay uplift costs. The Homecare Association has published its new calculation for the Minimum Price for Homecare of £25.95 per hour in England, effective from April 2023, when the National Living Wage increases to £10.42 per hour. This should be factored into the local authority budget uplift, ensuring that is sufficient funding available to meet the costs of delivering care so that there is a functioning market, and that there can be an increase in pay for individuals to help attract and retain.

23. The changes to immigration rules 12 months ago have enabled over 10,000 colleagues to join as care workers. The additional funding provided to support international recruitment has been short term. To continue the progress made on recruitment, at scale, will require sustained funding. We also know that availability of housing is an issue to successful recruitment in both the NHS and social care – investment in student-style accommodation would provide a solution for some areas of the country.

24. DHSC made the Social Care Discharge Fund available to integrated care boards (ICBs) at short notice on 21 November 2022, with ICBs required to submit plans by 16 December 2022. This was topped up by a further up to £200 million at the start of this year.

25. Funding was dependent on being spent against 11 criteria, assessed by six metrics, with repeated fortnightly reporting on spending. This funding is worth about 0.3 per cent of the total NHS budget – proportionally the specificity of the criteria and volume of reporting significantly constrains ICSs flexibility and adds bureaucratic pressure. At the time of writing, it is not clear that all integrated care systems have yet received the funds, making it too late to receive maximum possible benefit and efficacy from the funds.

26. The last-minute and short-term nature of the funding does not match the more fundamental challenges the health and care sector is facing – the widening gap between the capacity, resource and need. In addition, short-term, prescriptive funding pots limit the ability of the sector to innovate, creating more risk that we invest into extending existing services rather than reimagining more joined-up care that makes best use of staff available.

27. Discharging more patients from hospital into care homes will help flow and is a better alternative than medically fit patients being prevented from leaving hospital. However, it also runs the risk of people being inappropriately placed and remaining in residential provision indefinitely. The risk of this is heightened by needing to make rapid decisions around the care and arrange full wrap-around support required for people to make full recoveries. It is therefore important that the government also invests in other social care solutions that will allow people to live well more independently for as long as is appropriate.

28. The implementation of the interventions is further hampered by the substantial reporting burden attached to the funding – the specificity of criteria and volume is significantly constraining flexibility and adding bureaucratic pressure.

29. Next winter, the government must set out its plan for winter well in advance of the season, so that systems can design and deliver solutions that are appropriate to the local challenges they face.

30. **Public health:** The rising cost of living is likely to worsen public health and increase demand for healthcare services, particularly at winter. Even taking into account the measures such as the £400 cost-of-living rebate from the government, this will push over two-thirds of UK households into fuel poverty, leading them to choose between eating and heating

and exacerbating health inequalities that were already widened during the pandemic. Children growing up in cold, damp homes are more than twice as likely to suffer from respiratory conditions than their classmates in warm homes.

31. In September, one in four households with children (4 million children) experienced food insecurity. With malnutrition costing the NHS an estimated £19.6 billion each year, investment in greater support, particularly targeted at those who are most vulnerable, would lead to returns in reduced demand on the NHS.

32. Increased DLUHC funding for local authority social care and public health is important as up to 80 per cent of what affects health – both physical and mental – and therefore demand for service is from outside of the health system. Managing demand is therefore key to making healthcare services more financially sustainable. Much of this will be about preventative public health measures that bear fruit in the longer term, without which, NHS providers will face more pressure and higher costs

33. **Mental health:** Currently, one in six adults are experiencing moderate to severe depression and one in six children and young people aged 7-16 have a probable mental disorder. Figures rose during the height of the pandemic, and we now face a cost-of-living crisis which is causing and exacerbating mental health issues.

34. Modelling work on how the pandemic would impact on demand for mental health services, forecast that an additional 10 million people, which includes 1.5 children and young people would need mental health support. During the pandemic, the number of referrals to children and young people's mental health services were 76.6 per cent higher in February 2022, compared to February 2020. Mental health services have their own backlog, with about 1.2 million

people referred to mental health and learning disability services, still waiting for their second appointment. The length of stay in mental health inpatient care has increased, with people staying for more than 60 days, due to an increase in the severity of mental health problems and problems discharging people. This has resulted in bed capacity of about 98 per cent, which is significantly above what is considered safe at 85 per cent.

35. Recent data reported that almost four times as many people are waiting more than 12 hours in A&E before they can access mental health care, often waiting for a bed, compared to two years ago. The pressures are also causing more people to be placed in inappropriate settings. Eliminating inappropriate out-of-area placements in acute adult mental health inpatient services by April 2021 was a target in the NHS Long Term Plan, but the current pressures mean that as of September 2022, there were still around 600 people in inappropriate out-of-area placements.

36. The government must introduce real terms increase to the level seen before 2015/16 to the public health grant paid to fund services and public mental health programmes to help improve the whole population's mental health. Mental health services will need between £1.6–£3.6 billion, an annual average of £410–£900 million per year until 2023/24 (depending on demand) over and above existing funding to deal with the current surge in people seeking support. Funding must also be made available to continue the roll out of the mental health support teams (MHSTs). A recent Barnardo's report found that for every £1 invested in MHSTs, £1.90 is returned to the state. The estimated cost of not rolling out the MHSTs will cost the state £1.8 billion.

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