

Five funding priorities for the NHS

Briefing ahead of the 2019 Spending Round

The NHS in England received a five-year funding settlement worth £20.5 billion in April 2019. This followed ten years of the lowest funding increases in the history of the NHS, with an average of 1.1 per cent real terms growth from 2009/10-2014/15, this new funding has provided a much-needed boost to an over-stretched system. It will help deliver the ambitions of the NHS Long Term Plan.

However, several critical areas were not covered by the settlement - and these will be crucial to determining whether the NHS is able to deliver the plan. The areas not covered included capital spending, training and education, social care and public health. The accompanying promise was that these topics would be considered as part of a Comprehensive Spending Review (CSR), which was expected in autumn 2019. This CSR has now been shelved in favour of a one-year Spending Round, which is due to be announced on 4 September 2019. Ahead of this announcement, the NHS Confederation has published this briefing, which sets out what we believe to be the key remaining funding priorities for the NHS.

Key points

- **Workforce:** Investing in education and training budgets is essential for recruiting, retaining and strengthening the NHS workforce. The delivery of the forthcoming NHS People Plan will not be achieved without additional funding to attract applicants for clinical careers.
- **Capital investment:** It is welcome that the Prime Minister recently announced £1.8 billion of additional capital investment to enable the NHS to upgrade outdated facilities and equipment. However, this is substantially short of the £6 billion maintenance backlog that has built up in recent years. The government should increase capital funding beyond the £1.8 billion to make sure all NHS organisations can access capital investment to renew buildings, equipment and IT.
- **Social care:** Urgent funding is required in the short term to plug the widening funding gap that has built up in social care. At a bare minimum, the Chancellor should provide an extra £1.1 billion in 2020/21 - this is the level recommended by The Health Foundation, just to maintain the current levels of care and support. It is important that this is genuinely new money and not transferred from existing budgets, including the Better Care Fund.
- **Public health:** The Chancellor should look to reverse cuts to public health funding which has seen the public health grant reduced in real terms by £850 million since 2014/15. This is equivalent to a reduction of 23 per cent in real spending per person over the past five years. Without improved public health funding, the prevention agenda of the NHS Long Term Plan will not be deliverable.
- **Mental health:** The only way to achieving true parity of esteem for mental health is by increasing the spend on mental health as a proportion of the entire NHS budget, eradicating the maintenance backlog and boosting mental health research spending. This spending round provides an opportunity to meet these challenges.

Introduction

The NHS Confederation is the membership body that brings together and speaks on behalf of organisations that plan, commission and provide NHS services in England, Wales and Northern Ireland.

In 2018, the NHS Confederation commissioned the report, [NHS Securing the future](#), to model the funding needs of England's health and care system over the next 15 years. Subsequently, the government dedicated an extra £20.5 billion to the NHS in England by 2023, representing a 3.4 per cent, real-terms increase in annual funding. After a decade of austerity in the NHS, we welcomed this additional funding. However, we pointed out that the settlement did not cover critical areas of health expenditure where urgent action was required.

In discussions with our members ahead of the Spending Round, we have identified five key priorities that we recommend the Government focuses its NHS-related expenditure on.

Funding priorities

1. Supporting and growing the NHS workforce

The government should invest in NHS education, training and staff development beyond 2020/21 to help the NHS attract and retain staff. It should also modernise the NHS Pension scheme to support retention of our people and the presentation of the NHS as an attractive employer for our future workforce.

The Spending Round must set a realistic budget for Health Education England to invest in training clinical staff, especially in high risk areas such as mental health nursing and learning disability nursing, and to restore lost funds for developing existing teams.

Better value could be achieved by using some of the [NHS apprenticeship levy](#) funding to support a wider range of training activities to help deliver successful apprenticeships, particularly for degree-entry professions.

The NHS Pension Scheme would benefit from greater flexibility in the way in which employees can contribute. This is being considered for senior doctors and some other senior clinical staff, but we believe that this flexibility should be extended to all members of our team. This would help those colleagues who can't afford to join the pension scheme, as well as allow others to flex their contributions to, for example, save for the deposit on their first home.

2. Committing to greater capital investment

Crucially, the £20.5 billion does not address the need for extra capital investment in the NHS.

Capital investment in buildings, equipment and IT has been cut in recent years due to rising pressures on daily running costs within the NHS. In a recent survey of NHS Confederation members in England, [NHS 85](#) per cent said that a lack of capital investment has inhibited the ability of local systems to deliver the goals of the NHS Long Term Plan. Unless the government commits soon to greater capital investment, the NHS's maintenance backlog of more than £6 billion will grow and local NHS leaders will remain unable to fully modernise services and facilities.

The Prime Minister has already announced £1.8 billion of additional capital investment to enable the NHS to upgrade outdated facilities and equipment. This announcement enables some NHS

trusts to access funding that they had previously saved but were unable to access until now. This is welcome but only covers 20 areas of the country and will fall well short of addressing the £6 billion maintenance backlog and the need to invest in new facilities, equipment and infrastructure projects.

3. Creating a sustainable social care system, backed up by a long-term funding settlement

The Chancellor needs to deliver additional and immediate funding increases in the Spending Round to help plug a widening funding gap in social care.

Research published last week by The Health Foundation identifies that at a “bare minimum” it would cost the government an additional **£7.5 billion** a year by 2023/24 to address the worst aspects of the social care crisis. This would amount to **£1.1 billion** in 2020/21 and is the minimum amount of extra expenditure that is needed in the Spending Round. However, this should be at the lowest level of the government’s ambition. To restore levels of eligibility to 2010 levels would require **£8.1 billion** a year by 2023/24 (**£15.6 billion** in total).

This short-term funding increase needs to be followed by a long-term solution. Any new settlement should provide secure, long-term funding at a level to enable the social care system to operate effectively and deliver the outcomes that people want and need. The settlement will require the right funding, workforce and a diverse and stable market of providers.

Moreover, eligibility should be based on need and must be widened to make sure that those with unmet or under-met need have access to appropriate care and support. Around **2.1 million** people in the UK were estimated to have received some level of informal care in 2014, but the number of family and friends providing unpaid care in England increased from **4.9 million** in 2001 to 5.4 million in 2011. At the same time, the number of older people receiving publicly-funded care **fell** by 400,000 between 2009/10 and 2014/15 and is likely to have fallen further since. This is an area that needs urgent additional funding and reform.

4. Getting serious about prevention by financing public health services

The public health grant has been reduced in real terms by **£850 million** since 2014/15. This is equivalent to a reduction in the grant of 23 per cent in real spending per person over the past five years. In **our** recent survey of NHS Confederation members, 80 per cent stated that reductions in public health spending have restricted the ability of their local system to deliver NHS services either “somewhat” or “to a great extent”.

Without improved public health funding, the prevention agenda of the Long Term Plan will be greatly undermined, leading to an accumulation of health problems which could be prevented now and will instead have to be addressed in the future at greater expense.

5. Achieving true parity of esteem for mental health

The commitments in the Long Term Plan to increase the spend on mental health as a proportion of the entire NHS budget, and to increase the proportion of the mental health budget that is spent on children and young people, is a step towards true parity. Previous pledges made on mental health investment need to be followed through and the additional funding must reach the frontline.

Capital funding, vital for implementing the Long Term Plan and the recommendations of the Independent Review of the Mental Health Act, must be provided. A minimum of **£370 million** is needed this year simply to eradicate the maintenance backlog in NHS mental health trusts and bring them up to a safe and decent standard. Increased investment is also needed in mental health research to identify the most effective interventions. Mental health research currently receives less than **6 per cent** of health research funding, but accounts for 23 per cent of NHS activity.

Conclusion

Key areas of expenditure that will play a vital role in determining whether the NHS can achieve the ambitions of the Long Term Plan were not considered as part of the £20.5 billion settlement. The Chancellor needs to begin to address these in his forthcoming Spending Round, with more comprehensive and long-term funding needed in the next comprehensive spending review.

For more information or to discuss any of these points, please contact:
Victoria Fowler, Public Affairs Manager at victoria.fowler@nhsconfed.org



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NHS Confederation
Portland House, Bressenden Place, London SW1E 5BH
Tel 020 7799 6666
Email enquiries@nhsconfed.org
www.nhsconfed.org

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