28 June 2019

NHS Providers response: Labour Party Health and Social Care Policy Commission - Rebuilding a public NHS

About NHS Providers

NHS Providers is the membership organisation and trade association for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS foundation trusts and trusts to deliver high-quality, patient-focused care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate.

NHS Providers has all trusts in membership, collectively accounting for £84bn of annual expenditure and employing more than one million staff.

Our submission

We welcome the opportunity to contribute to the Labour Party health and social care policy commission document, *Rebuilding a public NHS,* both in this document and in person at a meeting of the health and social care policy commission.

We have not responded to all questions in the document and instead have focused our response on the most pressing concerns for the provider sector including: key funding priorities, integrated care and workforce.

Key messages

- The **immediate funding priorities** for trusts over the next five years include:
  - education and training to help address workforce shortages and ensure the right skill mix;
  - national funding for pay increases to appropriately reward staff;
  - capital investment to repair estates, transform models of care and to enable the NHS to take advantage of new technology; and,
  - recovering performance for core NHS services against agreed national standards.

  To shore up the health and care system for the future, funding is also needed to enable service transformation, promote prevention and public health and ensure the sustainability of the social care sector.
- The NHS long term plan consolidates the national policy direction since 2014's Five year forward view in placing an emphasis on **system working** as the key driver of change and improvement in the NHS. The

opportunity to increase collaboration and develop more integrated services is welcome, but in doing so it is important to ensure that any descriptions of the role and accountability of the statutory organisations operating within systems remains clear and properly reflects the NHS legislative framework. This means being explicit about the fact that integrated care systems (ICSs) and sustainability and transformation partnerships (STPs) are the sum of their component, statutory, parts (clinical commissioning groups [CCGs], local authorities, NHS foundation trusts and trusts, and primary care colleagues and other local health and care organisations.

- Workforce is the number one concern for trusts, with over 100,000 vacancies across the sector. The interim NHS People Plan is welcome and is the first, clear, public recognition from the national system leaders of the severity of the workforce challenges the NHS faces. As we look ahead to the spending review and the publication of the final plan in the autumn, we would like to see appropriate funding for education and training and issues around domestic supply addressed in more detail. We would also like to see additional funding for continued professional development; clarity over financial support and targets for international recruitment; and revisions to the apprenticeship levy.

A publically funded NHS

There are a number of areas where additional funding is needed for the NHS to address historic underfunding or to enable the service development necessary over the next five years. The key funding priorities for NHS trusts over the next five years include:

- education and training to help address workforce shortages and ensure the right skill mix;
- funding pay increases to appropriately reward staff;
- capital investment to repair estates, transform models of care and to enable the NHS to take advantage of new technology; and
- recovering performance for core NHS services against agreed national standards.

To shore up the health and care system for the future, funding is also needed to enable service transformation, promote prevention and public health and ensure the sustainability of the social care sector.

Department of Health and Social care (DHSC) budget

The current government has committed to a real terms funding increase for the NHS in England of £20.5bn (or 3.4%) over the next five years (2019/20 to 2023/24). This is the ring-fenced NHS England budget.

How the DHSC budget might increase over the next five years has not been confirmed. This wider budget covers costs including workforce education and training, public health and capital. The total DHSC budget in 2019/20 is £129.6bn (of which £121.8bn is the ring-fenced budget).

Capital

The capital budget, which funds spending on estates and equipment, has not been protected in the way that day-to-day NHS spending has been since 2010. As a result, trusts are increasingly concerned about

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the safety and condition of NHS facilities. This has a direct impact on patients – for example, in the form of appointments cancelled due to broken equipment, disruption due to cyber attacks, wards closed due to leaky roofs, and mental health wards unfit for people at risk of suicide. It can also impact staff's wellbeing if they are required to work in sub optimal facilities.

NHS trusts and foundation trusts had a backlog of maintenance work worth £6bn in 2017/18. This is an increase of £500,000 on the year before, and a 50% increase on 2013/14, when it was £4bn. Over half of the total backlog is rated as being "high" or "significant" risk. In addition, one-off spending to clear overdue maintenance works and an increase in the routine spend on NHS facilities, will also be needed to prevent the backlog increasing again.

Recovering performance

Performance against the constitutional standards is at an all time low, including missing targets for A&E and elective care, diagnostics and cancer diagnosis and treatment. Determining how much it would cost to recover NHS performance is a multifaceted and complex issue. Investment in the workforce and capital investment are both critical to addressing performance challenges. It is unclear to what extent the costs of performance recovery will be met by the existing 3.4% uplift to the NHS England budget.

In addition, as new standards are introduced for mental health – all of which expand access and coverage of mental health services – these will also have additional workforce and resourcing implications over the next five years. Money within the current settlement has been earmarked for mental health, but many commentators are unhappy with the amount in real terms as viewed as a proportion of the overall uplift.

Transformation

The NHS long term plan sets out a vision for transforming the NHS, with an emphasis on prevention and integrated services. Transformation will be enabled by other costs, such as by expanding the workforce and by investing in technology, equipment and estates. Furthermore, longer term ambitions around the prevention agenda will be best served by increases to the public health budget. However, it is likely that the NHS will need centralised transformation funding to roll out and implement new care models.

The Institute for Fiscal Studies and the Health Foundation have estimated that the funding gap between the current NHS and a modernised NHS in 2023/24 will be £9.4bn (of which part could be expected to come from the 3.4% funding increase).

Public health

Public health budgets, which pay for essential community services such as sexual health, school nursing and health visiting, are essential to a more prevention-focused health service, but were placed outside the

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NHS ring-fence in 2013 under the Lansley reforms. The public health grant from DHSC to councils has been cut from a peak of £3.6bn in 2016/17 to £3.1bn in 2019/20.[1]

There is a link between cuts to public health budgets and local support services, and a rise in hospital admissions. Investment in public health and prevention is vital if we are to move care closer to home.

Additional funding is required to reverse the cuts to local government public health budgets and shift payment systems so that the incentive is to prevent rather than cure. Uplifting investment in public health could also help to reinstate a strong and strategic role for public and population health clinicians in provider organisations which will benefit all other parts of the public health system.

It is also important to note that the thread that runs through any consideration of public health is health inequalities, and more specifically, the wider determinants of health and wellbeing. A precondition to good public health is socio-economic prosperity and equity: individuals and communities being enabled to access the support they need to thrive.

Funding for social care

The NHS and social care are two sides of the same coin and we must invest appropriately in both if people are to access the health and care support they need. The growing gap between the demand for social care services and the funding available needs to be closed.

There are a number of options for funding an increase in the adult social care budget, including changes to tax contributions, a social care premium, and changes to the self-funding model. The merits and drawbacks of these have been explored at length across numerous publications over the last five years. The choice of which option to pursue is ultimately a political decision and we would hope that cross-party consensus can be achieved in order to ensure long-term certainty and stability.

The Health for Care coalition – of which NHS Providers is a leading member – has set out a number of principles which any settlement for adult social care should meet:

- 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.
- Any settlement should provide secure, long-term funding at a local level to enable the social care system to operate effectively and deliver the outcomes that people want and need, addressing immediate needs from April 2020 as well as putting the sector on a sustainable path for the longer term.
- Social care funding would need to rise by 3.9% a year to meet the needs of an ageing population and increasing numbers of younger adults living with disabilities, and any additional funds must be accompanied by reform and improved service delivery.

[1] Health Foundation, *Briefing: Taking our health for granted* (October 2018), https://www.health.org.uk/sites/default/files/upload/publications/2018/Taking%20our%20health%20for%20granted_for%20web.pdf

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A publically delivered NHS

Integration of health and social care

The NHS long term plan consolidates the national policy direction since 2014's Five year forward view in placing an emphasis on system working as the key driver of change and improvement in the NHS. The opportunity to increase collaboration and develop more integrated services is welcome, but in doing so it is important to ensure that any descriptions of the role and accountability of systems are clear and properly reflect the NHS legislative framework. This means being explicit about the fact that integrated care systems (ICSs) and sustainability and transformation partnerships (STPs) are the sum of their component, statutory, parts (clinical commissioning groups [CCGs], local authorities, NHS foundation trusts and trusts, and primary care colleagues and other local health and care organisations).

Each part of the system, given its decision-making powers, needs to be held answerable and accountable for those decisions. Without this recognition, in practice it means that responsibility may be confusingly dispersed and patients, service users and local communities lack routes of recourse. We would also note that evidence from the private and public sectors suggests that unitary boards –the governance mechanism within trusts – provide the best vehicle for good corporate governance because they combine an independent perspective with detailed knowledge of the organisation in setting strategy and culture, in oversight of the work of the executive and in being accountable to stakeholders.[2] The fact that the unitary board is responsible and accountable for everything that happens within the trust brings vital clarity in an environment which contains a significant amount of risk.

The ongoing consolidation of CCGs creates both challenges and opportunities for providers. NHS Providers welcomes the more strategic role this will allow CCGs to play and the potential for providers to take on some activities previously undertaken by CCGs.

Increasing oversight of new emerging structures

As local systems develop and work in closer collaboration, there is a need for flexibility in the application of regulation and oversight during this transition. This is important because the consequence of contributing to a system-level plan may be that some individual organisations are disadvantaged or advantaged. The potential risks and gains need to be shared appropriately across organisations and monitored at a system level. Trusts which are facing performance issues will particularly need flexibility from the regulators to balance system responsibilities with requirements to improve organisational finance and performance.

The current vehicles for system working – STPs and ICSs – are not statutory bodies, and so it remains the case that any regulatory intervention or enforcement action can only be taken at individual organisation level. It is crucial that system oversight does not add an extra layer of performance management or burden, and that trusts and their local partners are not subject to multiple judgements.

[2] See https://nhsproviders.org/we-still-need-to-talk-about-boards for further detail.

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It is also crucial that the national bodies and regulators agree a shared view of quality across a system and are aligned and coordinated in how they assess quality and offer support to local areas. There is much that the national bodies can learn from the CQC's programme of local system reviews – for example, some providers have noted that a benefit of the system reviews is the focus on improvement, as opposed to performance management or pleasing the regulator, because the CQC cannot take regulatory action against systems.

The NHS workforce

Workforce issues are the number one concern for NHS foundation trusts and trusts. There are currently over 100,000 vacancies in the provider sector alone, a number which is predicted to grow in the coming years without urgent and significant policy reform.[3] The impact of providers' difficulties in recruiting and retaining sufficient staff numbers is significant. Two thirds of nurses say they cannot do their job properly due to understaffing[4]. Safe and effective staffing levels are crucial to maintaining morale as well as safe and effective care. Data from the NHS staff survey and recent workforce statistics paint a picture of significant pressures on staff satisfaction compounded not only by rates of pay but also staffing levels, poor staff morale and work-related stress or poor work/life balance.

A long term workforce strategy

The interim NHS people plan[5] (published in June 2019) is the first, clear, public recognition from our national leaders of the severity of the service's workforce challenge. It is a welcome statement, helpfully acknowledging that, alongside better workforce planning and increased funding, we need to look at culture and behaviours, with the government, arm's length bodies and the frontline having a key part to play here.

The interim plan makes clear that to ensure a sustainable workforce the NHS must:

- Become a better place to work, with the "new offer to staff" developed by the government providing the conditions for legitimate career flexibility and improved work-life balance.
- Be able to increase its recruitment of staff from abroad to plug gaps in the short-term given the considerable time it will take to expand the "home-grown" workforce.
- Receive significant investment from the spending review to expand clinical education and training budgets; and
- Receive support from HM Treasury, the Home Office and other departments across government to remove barriers to recruitment and retention, including addressing distortionary pension tax rules; apprenticeship levy limitations; and immigration restrictions.

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[3] NHS Improvement, *Performance of the NHS provider sector for the quarter ended 31 December 2018* (March 2019), https://improvement.nhs.uk/documents/4942/Performance_of_the_NHS_provider_sector_for_the_quarter_ended_31_Dec_2018.pdf

[4] https://www.unison.org.uk/content/uploads/2017/04/Rationotrationing.pdf

[5] https://www.longtermplan.nhs.uk/wp-content/uploads/2019/05/Interim-NHS-People-Plan_June2019.pdf

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A detailed framework and clear funding settlement are now needed in order to take these priorities forward.

Addressing recruitment and retention

Only 22% of respondents to the 2018 NHS staff survey[6] reported they 'never' or 'rarely' suffered from unrealistic time pressures in their jobs. The interim people plan is correct in stating that "the culture of the NHS is being negatively impacted by the fact that our people are overstretched".

In the difficult environment facing NHS providers and their staff, trusts are innovating to seek to improve health, wellbeing and work-life balance. Examples include trusts:

- Employing a staff support chaplain to provide free pastoral care and counselling to those affected by stress, anxiety or depression.
- Collaborating with the local council to offer free housing to 24 junior doctors.
- Introducing flexible working schemes, including an option for some staff to take on term-time only working.
- Providing other additional benefits, such as annual leave on staff birthdays.

However, the only way to solve morale and retention issues in any meaningful way is a significant increase in the number of staff working in the NHS. Although our response focuses on the NHS workforce in particular, we are mindful that similar action needs to be taken to recruit and retain staff in social care roles. The primary short term solution to increasing supply would be to ensure immigration policy enables the health and social care sectors to recruit sufficient staff from the EEA and internationally. As well as adopting a positive approach to recruiting health and care staff within the UK immigration rules, a level of coordinated support from the national level would help those trusts who have been less successful or historically active in recruiting from abroad. It would also be helpful for any government to consider an offer of financial support for both trusts and prospective new staff who face a number of cost barriers to migration.

Alongside this, to increase supply, any government needs to work with trusts, universities and unions to ensure the planned 25% increase in nursing student places are filled, as well as fast-tracking development and regulation of new roles and remove trusts' barriers to apprenticeships funding. Removing return to work barriers would also be a positive step forward. Significant barriers remain in place where recent leavers might consider a return to working the NHS. More flexibility in re-training and appraisal for experienced staff would benefit both experienced nurses and hospital consultants, while changes to pension rules and other incentives should be considered to encourage early retirees back into practice.

Pay, terms and conditions also need to be addressed. The NHS is dependent on the efforts of clinical and non-clinical staff which frequently go above and beyond the call of duty as they respond to increasing service demand. Staff must be appropriately and fairly rewarded in order to support recruitment and

[6] https://www.nhsstaffsurveys.com/Page/1064/Latest-Results/2018-Results/

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retention and help create a motivated workforce. Prior to the latest Agenda for Change agreement, with a prolonged period of restraint, NHS pay had not kept pace with the wider economy and inflation.[7] This regression needs to be addressed, alongside reform to NHS pensions in order to retain NHS staff and ensure long-term scheme viability. Pension tax charges must be reformed as part of efforts to retain valued, experienced staff while protecting future benefits for all NHS workers. For this reason we welcome the cross government initiative to review pensions policy.

[7] For example, the Health Foundation found that between 2008/09 and 2015/16 the basic pay of NHS staff fell by 6% in real terms. Health Foundation, *In short supply: Pay policy and nurse numbers* (April 2017) https://www.health.org.uk/sites/default/files/Workforce%20pressure%20points%202017%20FINAL_0.pdf

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