

Briefing

House of Commons Debate on the address: Health, social care and security

Key points

- The adult social care system is failing older people, their families and carers and will face a £2.1 billion funding gap by 2019/20.
- The government's forthcoming consultation paper on social care should be substantial and wide-ranging, and must set out costed options to put the system on a sustainable footing for the future.
- While there are significant opportunities to improve productivity in the NHS, services can no longer meet rising demand and maintain standards of care within current funding constraints and performance has deteriorated.
- The amount we spend on health care as a proportion of GDP has fallen – the government must increase spending to provide the NHS with sufficient funding to address current spending pressures and support changes to services.
- The health and social care workforce is under significant pressure, with widespread shortages and staff morale an increasing concern – this is being exacerbated by Brexit, with a huge fall in the number of nurse registrations from EU countries since the EU referendum.
- Despite a difficult beginning, sustainability and transformation plans (STPs) offer the best hope of addressing the challenges facing the NHS and delivering the vision set out in the *NHS five year forward view*.
- Politicians should support changes to hospital services set out in STPs where a clear clinical case has been made that they will benefit patients, even if these plans encounter local opposition.
- We welcome the emphasis in the Queen's Speech on mental health but parity of esteem will only become a reality when all the new funding promised reaches the front line, and mental health is given equal focus in developing new models of care.

- Reductions in public health budgets are resulting in cuts to a wide range of services – this is a false economy, putting people’s health at risk now, storing up problems for the future and undermining STPs.
- Politicians must be honest about the reforms needed and the funding required to provide health and care services to the standard the public expects, and the consequences if it is not economically and politically possible to deliver this.

Background

The Queen’s Speech follows a general election that has left the country facing considerable political and economic uncertainty. Brexit will dominate the agenda for the next two years and will have a significant impact on health and social care, most notably on the workforce, which includes 60,000 EU nationals working in the NHS and 90,000 working in social care (McKenna 2017). We therefore welcome the Secretary of State for Health’s recent assurances that securing the rights of EU nationals working in the NHS will be a top priority during the Brexit negotiations (Donnelly 2017).

The election outcome also signals growing dissatisfaction among the public with austerity and concern about its impact on public services. Regular polling published by Ipsos MORI shortly before the election found that 61 per cent of the public identify the NHS as one of the most important issues facing the country, the highest level recorded since 2002 (Ipsos MORI 2017). Although patient and public satisfaction continue to hold up well, 62 per cent of people expect the NHS to get worse over the next few years, the highest level of pessimism recorded since this was first reported in 2002 (Ipsos MORI 2017).

These concerns reflect growing public awareness of the pressures facing health and social care services. The NHS is facing significant financial and operational pressures, with waiting times rising as services struggle to meet increasing demand and maintain standards of care during the most severe funding squeeze in its history (Maguire *et al* 2016). Meanwhile, six consecutive years of funding cuts and the failure of successive governments to reform social care have resulted in a system that is failing older people, their families and carers (Humphries *et al* 2016).

Social care

Rising demand for services due to an ageing population and years of underfunding have left adult social care services in crisis. An 8 per cent real-terms cut in spending by local authorities between 2009/10 and 2015/16 means that the number of older people accessing publicly funded services has fallen by 400,000 (The King’s Fund 2017a). The introduction of the Council Tax precept and the £2 billion in additional funding over the next three years announced in the Spring Budget have provided some breathing space for overstretched local authorities. However, the sector still faces a funding gap of £2.1 billion by 2019/20.

As a result, many vulnerable people are being forced to rely on friends and family or are unable to access care at all. At the same time, the combined impact of reductions in fees paid by local authorities, staff shortages and the costs of paying those working in the sector the National Living Wage is forcing increasing numbers of care providers to leave

the market. These problems are exacerbating pressures on the NHS, with the number of bed days lost due to delays in discharging patients from hospital attributable to social care having risen by 47 per cent in the two years up to the end of March (NHS England 2017).

The focus on social care in the Conservative Party's manifesto was welcome, even if the proposals were poorly thought through. The belated pledge during the election campaign to introduce a cap on the lifetime costs of care – also a manifesto commitment in 2015 – offered the prospect of protection for people facing the catastrophic costs of long stays in residential care. However, there now appears to be significant doubt about whether these proposals will be taken forward. With the agreement between the Conservatives and the Democratic Unionist Party confirming that the manifesto commitments to end the triple lock on pensions and to means-test winter fuel payments – the proceeds of which had been earmarked to pay for health and social care – have been dropped, it will be more difficult to find the money needed to pay for them.

The need for change in how social care is funded remains as vital and urgent as when the Prime Minister made the case for it during the election campaign. Having raised expectations by committing to act 'where others have failed to lead' (The Conservative Party 2017), it is essential that the government follows through on this in its forthcoming consultation paper. This should be substantial and wide-ranging, setting out costed options to put social care on a sustainable footing for the future and striking a fair balance between public and private funding. It must also address workforce challenges and improve service models. In doing so, it should draw on the work of the Barker Commission which proposed a new settlement for health and social care (Commission on the Future of Health and Social Care in England 2014), including more generous entitlements to publicly funded social care. This is realistic and affordable if implemented over time and hard choices are made about how to find the additional resources.

For two decades, politicians have recognised the need for fundamental reform of social care backed by a cross-party consensus. Yet, despite numerous reviews, commissions, Green and White Papers, successive governments have ducked the challenge. It is essential that this government has the courage to succeed where its predecessors have failed by living up to its promise to tackle one of the burning injustices of our time.

NHS funding

The NHS is facing unprecedented financial and operational pressures. Rising demand for health care means it is treating more patients than ever before. For example, between 2003/4 and 2015/16, the number of admissions to hospital increased by 3.6 per cent a year (Maguire *et al* 2017). At the same time, the service is enduring a prolonged slowdown in funding. On current spending plans, the NHS budget will increase by an average of 1.1 per cent a year between 2009/10 and 2020/21, compared to a long-term average increase of nearly 4 per cent a year since the NHS was established (The King's Fund 2017c).

The mismatch between activity and funding means that NHS services are struggling to maintain standards of care. All areas of NHS care are affected, with acute hospitals, general practice (Baird *et al* 2016), mental health (Gilbert 2015) and community services

(Maybin *et al* 2016) all under strain. NHS trusts and foundation trusts recorded a deficit of £791 million in 2016/17 (NHS Improvement 2017). Although this is a considerable improvement on the previous year's record deficit, the service remains under significant financial pressure, with the provider sector forecasting a deficit of nearly £500 million in 2017/18 (Clover and Dunhill 2017).

NHS England and NHS Improvement's latest response has been to introduce a new capped expenditure process in a number of areas that are at risk of overspending their budgets in 2017/18. NHS leaders in these areas have been asked to consider radical measures to cut costs, including stopping funding for some treatments, closing wards and operating theatres and reducing staffing. While the details of the final proposals are unclear, the potential implications for patient care could be significant.

Given the financial pressures, performance held up well for some time in many areas of care, but has now deteriorated with key targets being missed all-year round. For example, the four-hour standard for treating patients in A&E has not been met since July 2015, the 62-day standard for beginning treatment for cancer following an urgent referral has not been met for more than three years, while the 18-week referral-to-treatment target for elective care has not been met for more than a year and has now been effectively been downgraded (Murray *et al* 2017).

There is also evidence that access to some treatments is being rationed and quality of care in some services is being diluted (Robertson *et al* 2017), while staff are under huge pressure as a result of growing workloads and staff shortages. Staff morale has been raised as one of the top two challenges facing their organisation by NHS finance directors in each of our last four quarterly monitoring reports on NHS performance and finances (Murray *et al* 2017). Brexit is exacerbating workforce pressures, with the number of EU nationals registering as nurses having fallen by 96 per cent since the EU referendum (Health Foundation 2017).

The NHS has delivered productivity gains of 1.2 per cent a year since 1979 (Office for Budget Responsibility 2017), outstripping the gains made in the rest of the economy over the past decade (Bojke *et al* 2017). Although many of the easier options for cost savings have been exhausted and the service is struggling to deliver further efficiencies at the scale and pace needed, there is still much it can do to improve how it spends its budget. There are significant opportunities to improve productivity by reducing waste, improving clinical practice and tackling unwarranted variations in the delivery of care (Alderwick *et al* 2015).

Despite this, it is unrealistic to expect the NHS to continue to meet rising demand and maintain standards of care within current funding constraints. The Conservative Party's manifesto pledge to increase NHS England's budget by £8 billion over the next five years is welcome. However, this falls a long way short of the Office for Budget Responsibility's estimates of the funding required to keep pace with spending pressures. While we accept that NHS funding has been relatively protected compared to other budgets, the amount we spend on health care as a proportion of GDP has fallen and we now spend significantly less than countries such as France and Germany on this measure. The government must

increase NHS spending to provide it with sufficient funding to address current spending pressures and support changes to services.

Capital budgets have been cut in recent years to fund revenue spending, reducing investment in buildings and equipment. We therefore welcome the Prime Minister's commitment to implement the Naylor review of NHS property and estates (Naylor 2017) by increasing capital spending by £10 billion over the parliament. Some of this will come from NHS land sales rather than new funding, and there are many challenges to overcome before the money can be released. Nevertheless, it represents a significant opportunity to deliver much-needed investment.

NHS reform

The ageing population, changing patterns of disease – with more people living with multiple long-term conditions – and rising public expectations mean that fundamental changes are needed to the way services are delivered. The key is to organise care around the needs of the patient by integrating primary and secondary care, physical and mental health services and health and social care. This requires NHS organisations to work together and with local partners to design new service models, give much greater priority to prevention and deliver care closer to people's homes, in line with the vision set out in the *NHS five year forward view* (NHS England *et al* 2014).

This vision is being taken forward locally in 50 'vanguard' areas, many of which are making good progress in developing new ways of delivering care, and through sustainability and transformation plans (STPs). STPs had a difficult beginning, attracting criticism for failing to involve patients, the public and staff, not engaging sufficiently with local authorities and proposing controversial changes to hospital services. Despite this, they represent the best hope for the NHS and its partners to address the challenges they are facing. The priorities now are to turn STPs from ambitious proposals into credible plans, achieve much greater local engagement and strengthen their leadership and governance (Ham *et al* 2017).

Many STPs include proposals to change the role of hospitals and specialist services. Evidence suggests that reconfiguring hospital services rarely saves money and often fails to improve quality of care. However, for some specialist services - such as stroke, trauma and vascular surgery – concentrating care in fewer hospitals produces better clinical outcomes. Growing shortages of doctors, nurses, midwives and other staff also mean that, in some cases, services including A&E and maternity care will need to be delivered on fewer sites to ensure acceptable standards of care. Where the clinical case has been made that changes will improve quality of care and deliver benefits to patients, politicians should back them even if they encounter local opposition.

STPs are a workaround of the complex and fragmented arrangements resulting from the Health and Social Care Act 2012 and have no basis in law. The Conservative manifesto committed to legislate, if necessary, to overcome barriers to implementing the *NHS five year forward view* and to clarify accountability. The Secretary of State has since said that any legislation is off the agenda for at least two years. As national NHS leaders have pointed out, significant progress can be made in delivering the changes needed without

amending legislation. However, while another top-down reorganisation must be avoided, the law will need to be revisited to update a legal framework that was designed to promote competition and is increasingly out of step with a vision of the future based on collaboration between NHS organisations.

Mental health

We welcome the cross-party consensus on delivering parity of esteem for mental health and the commitments in the Queen's Speech to reform mental health legislation and publish a Green Paper on children and young people's mental health. This builds on the strategy for improving mental health services set out in *The five year forward view for mental health* (Mental Health Taskforce 2016) and the government's commitment to provide additional funding of £1 billion a year by 2020/21.

As long as promised funding fails to reach the front line, a sizeable gap will remain between rhetoric and reality. Our analysis found that 40 per cent of mental health trusts in England received a real-terms decrease in their operating income in 2015/16, despite NHS England setting clear expectations that mental health spending should increase at least at the same rate as clinical commissioning groups' overall budgets (Gilbert 2016). So, the first test of the government's commitment will be to ensure that the funding reaches frontline services. Equal focus must also be given to mental health in developing new models of care and in STPs.

Public health

The *NHS five year forward view* called for a 'radical upgrade' on prevention and public health. However, on current spending plans, local authority public health budgets will be cut by an average of 3.9 per cent a year up to 2020/21, resulting in a real-terms reduction in spending of at least £600 million, on top of a £200 million cut from the 2015/16 budget (The King's Fund 2017b). As a result, cuts have been made to a wide range of services including smoking cessation, adult obesity and sexual health services. This is a false economy, putting people's health at risk now, storing up problems for the future and undermining STPs, many of which are predicated on assumptions that improvements in population health will reduce demand on the NHS.

The government must protect public health budgets and reverse current planned cuts. A cross-government strategy is urgently needed that focuses on improving population health and reducing health inequalities. This means acting on the wider determinants of health including housing, employment, air quality, diet and nutrition, and on opportunities to take exercise and keep fit. This should draw on the approach taken in Wales where all relevant government policies are now subject to a health impact assessment. It should also include a much tougher approach to regulation, and action on pricing and taxes to help tackle obesity and other public health challenges. The NHS also needs to do more to support this by harnessing its economic power and influence as an employer to improve people's health.

General practice

Although public satisfaction with general practice remains high, evidence suggests that people are finding it more difficult to get appointments, while GPs report that they are under growing pressure. Our recent analysis highlighted a 15 per cent increase in the number of consultations between 2010/11 and 2014/15, while over the same period the proportion of NHS funding spent on general practice declined by 0.4 per cent (Baird *et al* 2016). At the same time, the profession is facing a recruitment and retention crisis with fewer GPs choosing to undertake full-time clinical work, many opting to work in salaried or locum roles rather than as partners and large numbers also retiring. Despite the last government's pledge to increase the number of doctors in general practice by 5,000 by 2020/21, the number of full-time equivalent GPs fell by 0.3 per cent in 2016.

We welcome the publication of the *General practice forward view* (NHS England 2016) which committed additional funding and outlined measures to help recruit and retain GPs. It is essential to continue investing more of the NHS budget in general practice. At the same time, practices must accelerate progress towards working at scale in federations and networks to provide a wider range of services to patients, make better use of technology and adopt new ways of working.

Conclusion

Seven years of austerity have left health and social care services facing unprecedented pressures. In the NHS, this is manifesting itself in financial deficits, longer waiting times for treatment and moves towards the rationing of services. In social care, the system is failing older people, their families and carers. The public are increasingly aware of these pressures and concerned about the implications for services on which they depend.

The election campaign saw little meaningful debate about the NHS. While social care was a key issue during the campaign, the result has been to once again set back progress towards fundamental reforms identified as urgent two decades ago. This followed an EU referendum campaign during which the key claim was an unsupported assertion that Brexit would result in a huge funding dividend for the NHS.

The public deserve better than this. Politicians must be honest about the reforms needed and the funding required to deliver services to the standard people expect. If the government does not believe this is economically or politically possible, it must be honest with the public about the consequences and the inevitable deterioration in services that will follow.

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