Parliamentary Briefing for Queen's Speech Debate

Polling shows that health is seen by the public as one of the most important issues facing the United Kingdom. Ahead of the Queen's Speech health debates this briefing looks at the facts and issues which will confront the 2017 Parliament.

NHS finances

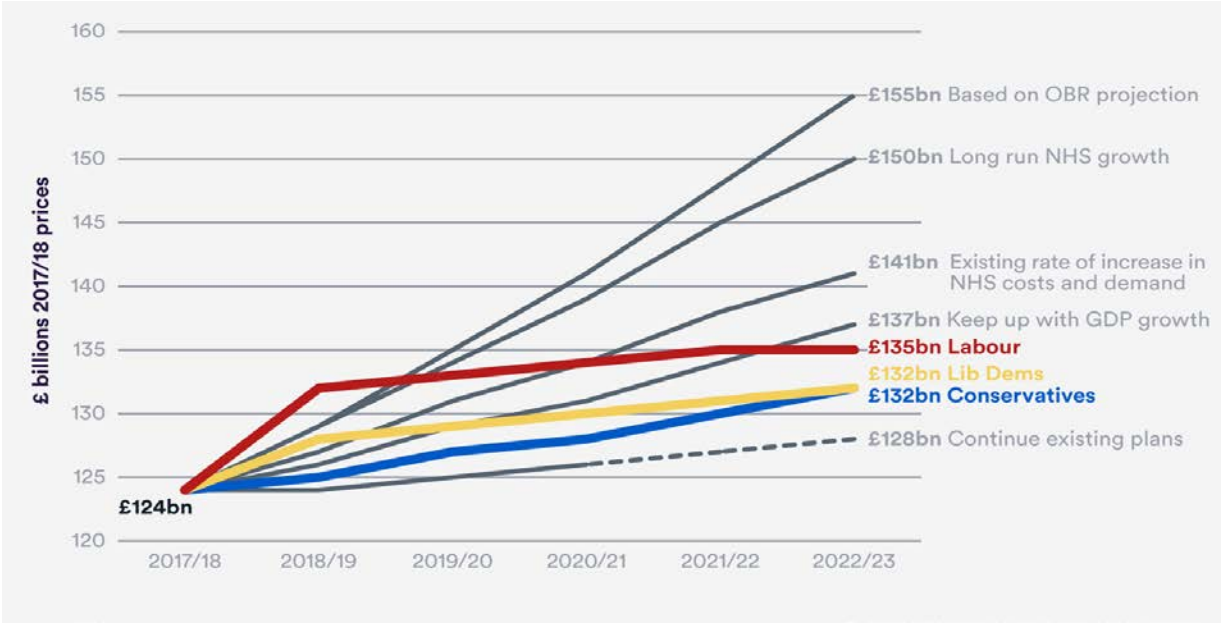
Current annual health spending is **£124 billion** in England or **£149 billion** across the UK.[i]

The NHS has been under serious financial strain recently across the UK. In England, it has been receiving funding increases of **less than 1 per cent a year**, compared to around **4 per cent on average** over its history.[ii] Spending has also been roughly flat in Scotland, Wales and Northern Ireland. English NHS trusts have run up repeated overspends in the last few years, most recently **£791 million**.[iii]

The financial situation plays into pressure on targets as the availability of beds and staff becomes increasingly stretched. For example, the four-hour A&E target **was missed** in all four countries during the 2016/17 financial year.

We looked at four measurements of how much the Health Service will need by the end of this Parliament. Although all parties' manifestos pledged significant increases, **none would even keep NHS spending rising in line with the wider economy** – the minimum scenario we considered. All fall far short of keeping up with costs and demand.[iv]

Figure 1: Parties' pledges set against our future NHS funding scenarios



Without more funding, pressure on services will continue and expectations of what the NHS can deliver will need to be kept realistic. New targets or ambitions are unlikely to be achieved.

Social care

Health care is provided free to everyone by the NHS in England and Wales. But council-funded social care for older people, helping people suffering from frailty and dementia with everyday activities like washing and dressing, is available only to those with the least assets and most severe needs. This is a longstanding anomaly.

The number of people aged over 85 is set to **rise by 0.5 million** (33 per cent) between 2014 and 2024.[v] Yet the Association of Directors of Adult Social Services estimates that **£1.6 billion** has been cut from local authorities' adult social care budget since 2010.[vi] The Nuffield Trust and King's Fund calculated in our 2016 joint report on social care funding that cuts to local authority budgets mean that **26 per cent (250,000) fewer people** are now receiving care packages from their local council than five years earlier.[vii] A funding gap of **£2.1 billion** is set to emerge by 2019/20.

The current system is also marked by unfairness, with **one in 10 people** unlucky enough to have serious needs paying more than £100,000.[viii]

We have called on the Government to devise a long-term, fair and sustainable solution to the problem of how we fund the care almost all of us will need in our old age. This could include the proposal for a cap on individual payments, already passed into law and pledged by all parties, or proposals to raise the amount of assets people can have and still receive free care. However, fully addressing the issue of unfairness may require an insurance system alongside this. So far, voluntary private insurance has failed to take hold, so the Government should continue to consider a social insurance system where costs are pooled across everybody, as exists in Japan.

Workforce

The NHS across the UK employs **1.7 million** staff, making it our largest employer. But there are currently serious shortages. The National Audit Office found **50,000 vacancies** among all clinical staff in 2014. The Royal College of Nursing has found that **one in nine** nursing posts, or about 40,000, are vacant in England alone.[ix] This is a particular concern because ratios of nurses to patients are important for safety. The Department of Health believes that if Brexit shuts out future nursing migration, it could cause an additional shortage of **20,000 nurses** by 2025/26.[x] Largely as a result, hospitals in England spent **£2.9 billion** on agency staff last year, typically at higher costs.[xi]

There are particular problems with GPs and district nurses at a time when the NHS is trying to do more outside hospital. Recent data from 866 practices shows 430 GP posts vacant – one vacancy for every two practices.[xii] The number of NHS district nurses has **fallen by more than**

half since 2010.[xiii] Part of this is due to more private companies and charities taking on work, but experts believe there is also an underlying drop in numbers.

There are also growing difficulties in medical recruitment and retention. Hospitals are struggling to fill consultant posts in some specialties and locations, with a knock-on effect where junior doctors are taken out of hospitals if staffing shortages mean their training cannot be safely supervised. Furthermore the proportion of junior doctors entering specialist training to become consultants has fallen dramatically, possibly as a result of the protracted contract dispute. Last year, only **50 per cent of trainee doctors** progressed directly to work as NHS specialists.[xiv]

Brexit

Although the £350 million extra per week that the Leave campaign implied would be available to the NHS is a myth, the net £7.1 billion we do give the EU each year could free up more than **£100 million more a week** for the NHS.[xv] However, the OBR estimate that a short-term slowdown associated with Brexit will take **£15.2 billion** out of Treasury funding by 2020.[xvi]

In the year before Brexit, **one in three** new nurses came from the European Economic Area.[xvii] Figures show a dramatic **fall of 95 per cent** in nursing migration from Europe since Brexit.[xviii] If this continues, it will add to an already serious shortage. In social care, we calculate that if unskilled EU migration is shut off there could be a **shortage of 70,000 workers by 2025**.[xix]

Currently, the NHS can buy medicines from across the EU as all countries are regulated by the European Medicines Agency (EMA). This helps avert shortages and makes us part of a priority market for cutting-edge drugs. After Brexit the UK should either remain subject to the EMA, or come to an arrangement to recognise its rulings so that these benefits continue.

The EU's S1 scheme allows UK pensioners to receive care abroad: we estimate that if they had to return, their care could cost **£500 million more** to provide within the UK (the £1 billion cost of that care minus the amount already spent on their care through the S1 scheme).

However, there are also EU regulations some in the NHS would like to change, like the Working Time Directive which limits the hours doctors work, and the requirement to put contracts out to competitive tender. Our ongoing agreement with the EU will decide whether these still apply, and it will be important to remember the impact on the NHS.

Public health

Improving public health is one of the only ways to alleviate pressure on the NHS in the long term, while improving health lifespans. Yet obesity and excess weight have slowly risen to **63 per cent of adults** in England, one of the highest rates in Europe.[xx] Measures of the health of children, including obesity and mortality, again lag behind many similar countries and are an area of particular concern. Issues of public mental health are only beginning to be addressed, even as the rate of under-18s presenting at A&E with a psychiatric condition has **doubled between 2010 and 2015**.[xxi]

Improving the health of the general public, through regulation, financial measures and the work of all public services including the NHS must be an urgent priority for this Parliament, and we call for bold action.

Moving care out of hospital

Removing the need for many patients to be treated in hospital is the holy grail of health policy. There is a hope that if more people receive their treatment from GPs or nurses in the community, or even in their own homes, it will both cost less and be less inconvenient and disruptive for the patient. This vision underlies NHS England's Five Year Forward View, and has also been adopted by the Welsh and Scottish NHS. However, so far it has not happened: emergency admissions to hospital have **risen by 14 per cent** since 2008/09.

Our research has shown that while schemes to shift care out of hospital often are better for patients, the assumption they will save money is not always right. Of the 27 initiatives we examined (which included schemes such as hospital consultants holding clinics in the community and extending GP opening hours), **only seven clearly saved money**. Nine had mixed evidence on whether they actually saved money, while **six were found to potentially cost more**.[xxii]

These findings have particular implications for the new 'Sustainability and Transformation Plans' (STPs) which now cover the whole of England, all of which contain several of these methods of managing patient demand. Scottish Integration Authorities, and Integrated Plans in Wales, are pursuing similar projects. We firmly believe that these more joined-up ways of planning are the right thing to do, but there is a need to be realistic about how much money they will save.

[i] https://fullfact.org/health/what-is-the-nhs-budget/
[ii] https://www.kingsfund.org.uk/publications/autumn-statement-2016
[iii] https://improvement.nhs.uk/resources/quarterly-performance-nhs-provider-sector-quarter-4-1617/
[iv] https://www.nuffieldtrust.org.uk/resource/nhs-funding-choices-and-the-general-election-2017#political-party-manifesto-pledges
[v] https://www.nuffieldtrust.org.uk/files/2017-02/shifting-the-balance-of-care-report-web-final.pdf
[vi] https://fullfact.org/health/social-care-funding-pmqs/
[vii] https://www.nuffieldtrust.org.uk/research/social-care-for-older-people-home-truths
[viii] https://www.ifs.org.uk/publications/9243
[ix] https://www.rcn.org.uk/-/media/royal-college-of-nursing/documents/publications/2017/may/pub-006195.pdf
[x] https://www.nuffieldtrust.org.uk/files/2017-05/getting-brexit-deal-for-nhs-web-final.pdf
[xi] https://improvement.nhs.uk/uploads/documents/M12_201617_provider_sector_performance_report_-_Fin_Accts_-_FINAL.pdf
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[xxi] https://www.nuffieldtrust.org.uk/news-item/building-communities-with-resilient-children-at-their-hearts
[xxii] https://www.nuffieldtrust.org.uk/files/2017-02/shifting-the-balance-of-care-report-web-final.pdf

59 New Cavendish Street
London W1G 7LP
Telephone: 020 7631 8450
www.nuffieldtrust.org.uk
Email: info@nuffieldtrust.org.uk

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