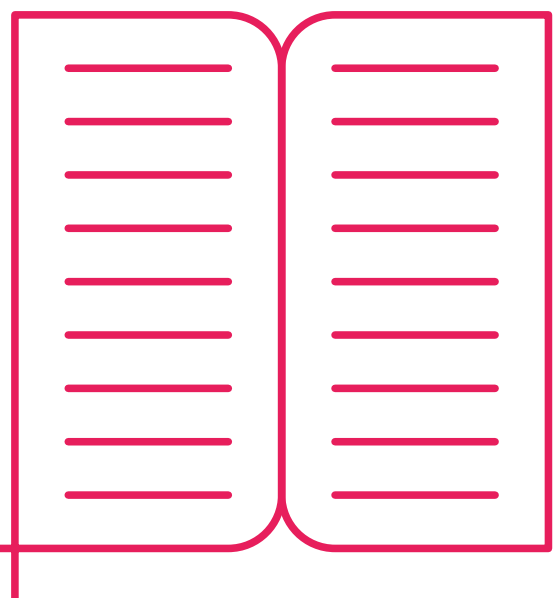


Value and resources



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What is the issue?

The current funding envelope for the health and social care system in England is insufficient. The success of the NHS over many decades, as well as medical progress, has resulted in people living longer, but this in turn has also put additional pressure on the system. This pressure is not being met with an increase in financial support. In addition, both social care and public health services have faced budget cuts, putting NHS services under further strain.

How to make the NHS in England more sustainable is currently a hotly debated topic and is the driver behind the [Sustainability and Transformation Plans](#), [New Care Models](#) and the topic of a recent review chaired by [Lord Patel](#).

The growth in demand without an increase in the necessary funding has left health and social care providers with unprecedented deficits and crucial targets missed. [Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21](#) drafted by the six national NHS bodies, expected Trusts and Foundations Trusts to be in financial balance in 2017/18 – but this is unlikely.

The King's Fund most recent [Quarterly Monitoring Reporting](#), which surveyed NHS trust finance directors in September and October 2017 shows that 43% of those who responded are forecasting a deficit by the end of the financial year.

Data from NHS Improvement indicates that providers will accumulate an aggregate new deficit of £523 million in 2017/18.

What can the Government do?

The UK spends less of its GDP (around 7.4%) on healthcare than most other developed nations and so the Academy believes that there is scope to increase overall spending. [The Office for Budget Responsibility's](#) projections in 2016 suggested that UK health services require a real-terms increase of £40bn by 2030. This amounts to a rise from 7.4% to 8.8% of GDP over the next 14 years and is a proposal the Academy supports.

In 2014, the [Five Year Forward View](#) (5YFV) published by NHS England set out a vision for health and social care which received widespread support across the system. It proposed a 'radical upgrade in prevention' but instead we have witnessed a £200 million cut to public health budgets in 2015. It is imperative that the Government reverses these if a sustainable healthcare system is to be achieved. The Faculty of Sexual and Reproductive Health demonstrates the false economy these cuts create in the case of preventing unintended pregnancy. If the estimated current levels of provision and access to contraception are maintained, unintended pregnancy is expected to cost the UK's social welfare system between £113bn and £203bn by 2019. There are many more examples of this kind, particularly in public health.

The Academy believes that the overall funding for health and social care should be funded through increased taxation – hypothecated or otherwise – and restrictions on products where there is evidence that this will improve people's health, such as minimum alcohol pricing and further levies on sugar and tobacco products should be introduced.

In addition, the Government and the NHS can curb wasteful spending, which can be redirected to the care patients need. There are three core areas where saving could be considered: locum staff costs, consultancy fees and unnecessary reorganisation.

More can be done to reduce the demand for locum doctors, which costs the [NHS £1.1 billion annually](#). While Trusts have successfully reduced locum expenditure in the last two years, more fundamental changes must be implemented to make more substantial savings. The rota gaps and staff shortages which drive the use of locums can only be fully overcome if the Government funds additional places at medical schools. However, this has a significant time lag. In the meantime, measures should be put in place such as including more medical specialities in the national shortage occupation list and increasing the number of visas available to those wishing to participate in the Medical Training Initiative.

More details of how to overcome staff shortages can be found in the Academy's policy brief on work force.

Similarly, the cost of unnecessary reorganisation, implemented by Government has resulted in substantial waste of valuable funds and resources. The reforms contained in 2012 Health and Social Care Act [cost £1.5 billion to implement](#), although these official Government figures are argued by some to be underestimated. The Academy and many other organisations operating in health and social care, believe the 2012 reforms were distraction and ultimately wasteful.

Finally, the NHS nationally and individual organisations are paying very considerable sums in fees to external management consultancy organisations. In a bid to meet savings targets and draw up Sustainability and Transformation Plans, many regions have employed management consultants, resulting in a rise in their use. Whether the extensive use of external management consultancy represents good value must be questioned.

What can colleges and the medical profession do?

The Academy of Medical Royal Colleges will continue to call on the Government to increase overall funding of the NHS. NHS staff can support a sustainable system by tackling the waste seen in the NHS through changes in clinical practice.

It is estimated that around 20% of mainstream clinical practice brings no benefit to the patient, as there is widespread overuse of tests and interventions. In 2014, the Academy published [Protecting resources promoting value: a doctor's guide to cutting waste in clinical care](#), which outlined practical advice to support a high value healthcare system.

In addition, [Choosing Wisely](#), a global initiative which works with both patients and clinicians to reduce unnecessary tests, treatments and procedures is led by the Academy in the UK. This is an ongoing project which aims to create a cultural shift, and was launched by drawing up a list of 50 treatments and procedures of questionable value.