

Funding of the NHS after the UK leaves the EU

Royal College of Physicians' briefing

This briefing has been prepared by the Royal College of Physicians for Chuka Umunna MP ahead of the adjournment debate on 'funding for the NHS after the UK leaves the EU', on 15 November 2016.

Summary

- NHS finances are under unprecedented pressure and this is having a real impact on the delivery of patient care
- 85% of physicians believe that current health funding is insufficient to meet rising demand for services.
- Funding for the NHS has not kept up with demand: demand for healthcare increases by 4% every year but, in real terms, NHS funding will increase by only 0.2% per year to 2020
- There is a real possibility that the UK's withdrawal from the EU will exacerbate the financial challenge facing the NHS¹.
- The government must do all it can to safeguard the NHS from any adverse impact that Brexit could have on the national economy.
- The impact on social care and public health must also be considered
- The RCP has repeatedly called for both social care and the NHS to receive sufficient funding to ensure that care is focused around the needs of patients

Brexit and its impact on the NHS

It is widely acknowledged that the amount of funding available for the NHS is highly dependent on the health of the national economy. We cannot know with certainty what the impact of Brexit will be on the national economy as much of this depends on the details of the deal negotiated with the remaining EU members and future trade arrangements with other countries. However, in the run up to the referendum, a number of leading economic organisations including HM Treasury² and the National Institute of Economic and Social Research (NIESR)^{3,4} published forecasts of the effect of Brexit on the UK economy, based on a number of different scenarios. The overwhelming majority of these forecasts project a negative effect on the economy in the short term. The NIESR's analysis suggests that economic growth might slow to around 1.5% a year up to 2019/20. Lower economic growth will result in a bigger public deficit and the government would therefore need to borrow around £16 billion to fund current spending plans in 2019/20 if that were the case⁵.

¹ HM Treasury. (2016). The immediate economic impact of leaving the EU. HM Treasury, 2016.

² HM Treasury. (2016). The immediate economic impact of leaving the EU. HM Treasury, 2016.

³ Baker J, Carreras O, Kirby S, Meaning J, Piggott R. Modelling events: the short-term economic impact of leaving the EU. NIESR, 2016.

⁴ Ebell M, Hurst I, Warren J. Modelling the long-run economic impact of leaving the European Union. NIESR, 2016.

⁵ Charlesworth, A. Brexit: What next for the NHS? *Commentary*. Royal College of Physicians of London. October 2016. Issue 5

There is a substantial financial challenge facing the NHS in both the short and long term and a real possibility that the UK's withdrawal from the EU will exacerbate this challenge. The government must do all it can to safeguard the NHS and social care from any adverse impact that Brexit could have on the national economy.

Funding for the NHS has not kept up with demand

The financial challenge facing the NHS is having a real impact on the delivery of patient care. Cuts to the budgets of social care and public health services and record hospital deficits⁶ are causing growing waiting lists, patients stuck in hospital because of discharge delays, emergency departments closing their doors, and the threat of 'rationing' treatment⁷.

Demand for healthcare increases by 4% every year⁸ but, in real terms, NHS funding will increase by only 0.2% per year to 2020⁹. 85% of physicians believe that current health funding is insufficient to meet rising demand for services.

Growth in health spending is also set to lag considerably behind growth in the UK's economy. At the start of 2016, the King's Fund calculated that, if health spending kept pace with the growth in the economy, by 2020/21 the UK would be spending £16 billion more than planned on the UK NHS¹⁰.

Numerous analyses of the current funding envelope for the NHS have come to the conclusion that the health service will struggle to meet the requirement, set out by the Five Year Forward View, to save £22 billion by 2020¹¹. Recent analysis by the Nuffield Trust concludes that even if hospitals and other NHS providers made cost savings of 2 per cent a year, the funding gap would still stand at around £6 billion by 2020–21¹². Moreover, 58% of physicians think that efficiency savings made over the past 5 years have had a negative impact on the quality of patient care¹³.

Funding for social care and public health

Investment in the wider health and care system is vital for ensuring patients receive the best possible care and for relieving pressures on the NHS. This means ensuring adequate funding for social care and public health. Across the country, patients fit for discharge are waiting to leave hospital, in many cases because

⁶ National Audit Office. Reports on Department of Health, NHS England and NHS Foundation Trusts' consolidated accounts 2015–16. London: National Audit Office, 2016. www.nao.org.uk/report/reports-on-department-of-health-nhs-england-and-nhs-foundation-trusts-consolidated-accounts-2015-16/ [Accessed 7 September 2016].

⁷ Royal College of Physicians. Underfunded. Underdoctored. Overstretched: The NHS in 2016. <https://www.rcplondon.ac.uk/guidelines-policy/underfunded-underdoctored-overstretched-nhs-2016> [accessed 9 November 2016]

⁸ NHS Confederation. Key facts and trends in acute care. London: NHS Confederation, 2015. www.nhsconfed.org/resources/2015/11/key-facts-and-trends-in-acute-care [Accessed 7 September 2016].

⁹ Appleby J. New NHS inflation figures underline funding pressures facing the NHS. London: *BMJ*, 2016. <http://blogs.bmj.com/bmj/2016/05/20/new-nhs-inflation-figures-underline-funding-pressure-facing-the-nhs/> [Accessed 7 September 2016].

¹⁰ Appleby J. *How does NHS spending compare with health spending internationally?* London: The King's Fund, 2016. www.kingsfund.org.uk/blog/2016/01/how-does-nhs-spending-compare-health-spending-internationally [Accessed 8 September 2016].

¹¹ NHS Five Year Forward View. <https://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf> [accessed August 2016]

¹² Gainsbury S (2016) Feeling the crunch: NHS finances to 2020. Nuffield Trust

¹³ *The NHS: the doctors' view*. Royal College of Physicians (2016). <https://www.rcplondon.ac.uk/guidelines-policy/nhs-doctors-view> [accessed 9 August 2016]

social care support is unavailable. The proportion of delayed discharges attributable to social care has risen recently (from 26 per cent at the end of 2014/15 to 31 per cent in the third quarter of 2015/16)¹⁴. In 2015/16, patients spent more than 1.8 million extra days in hospital because of delays in their discharge. In March 2016 alone, that equated to 5,700 people who were in hospital not because they needed a hospital bed, but because they could not be discharged¹⁵.

This reflects pressures faced by local councils, which have seen significant cuts to their budgets in recent years. Spending on social care began to fall in real terms from 2009, though it has fallen much more steeply since 2010¹⁶. According to a recent briefing from the King's Fund, even if the vast majority of councils choose to levy the new precept on Council Tax as they did this year, the publicly funded social care system faces a £1.9 billion funding gap next year¹⁷. The RCP believes that it is unrealistic for the NHS to absorb these pressures. The RCP has repeatedly called for both social care and the NHS to receive sufficient funding to ensure that care is focused around the needs of patients¹⁸.

Britain's exit from the EU must not exacerbate the financial challenges facing both the social care and public health systems.

Conclusion

The delivery of high quality patient care is vital to the long term sustainability of the NHS. Ensuring adequate funding, staffing levels and resources are key to making services more integrated, responsive and patient-centred. The government must ensure that Britain's exit of the EU does not worsen the substantial financial challenge facing the NHS.

About the RCP

The RCP plays a leading role in the delivery of high quality patient care by setting standards of medical practice and promoting clinical excellence. We provide physicians in the United Kingdom and overseas with education, training and support throughout their careers. As an independent body representing almost 33,000 fellows and members worldwide, we advise and work with government, the public, patients and other professions to improve health and healthcare. Our primary interest is in building a health system that delivers high quality care for patients.

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¹⁴ [What's going on in A&E? The key questions answered](#). The King's Fund [accessed July 2016]

¹⁵ Appleby J, Thompson J, Jabbal J. *Quarterly monitoring report – how is the NHS performing?* QMR 19. London: The King's Fund, 2016. <http://qmr.kingsfund.org.uk/2016/19/> [Accessed 7 September 2016].

¹⁶ [How serious are the pressures in social care?](#) The King's Fund [accessed July 2016]

¹⁷ Kings Fund, Nuffield Trust, Health Foundation joint statement on health and social care. 2016.

https://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/Autumn_Statement_Kings_Fund_Nov_2016_3.pdf

¹⁸ [Doctors urge chancellor to increase social care funding](#). BBC News [accessed July 2016]