House of Commons

Public Accounts Committee

NHS capital expenditure and financial management

Eighth Report of Session 2019–21

Report, together with formal minutes relating to the report

Ordered by the House of Commons
to be printed 29 June 2020

HC 344
Published on 8 July 2020
by authority of the House of Commons

The Committee of Public Accounts

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Summary

The challenges presented by the COVID-19 pandemic have been severe and immense. Staff at the Department of Health & Social Care (the Department) and the NHS, including staff across the wider social care sectors, have worked incredibly hard to help the country deal with this crisis. We would like to place on record our thanks to all those involved for their collective effort in rising to these challenges.

As the response to COVID-19 continues, we are extremely concerned by the widely reported shortages of personal protective equipment (PPE) faced by NHS and care workers during the COVID-19 pandemic. Although the Department says it is committed to building up PPE stocks to meet longer-term demand, we are not convinced that it is treating the matter with sufficient urgency or that the procurement is robust enough. The Government needs to have a clear understanding of what is needed and how to distribute it—particularly in the more fragmented care sector. Our predecessor committee raised similar concerns about plans to ensure access to medicines and equipment in the social care sector in the event of a no deal Brexit. We intend to look at this in more detail in the coming months.

As part of the preparation for COVID-19 "to protect the NHS and save lives" the Government provided significant additional funding to the NHS, including writing off £13.4bn of loans. But this, and funding for specific staffing and other support, does not address the underlying issues of the NHS's financial sustainability which we have been highlighting for some years.

As the NHS prepares to introduce more routine and planned services again, it does so in the context of a range of pre-crisis performance measures that it was struggling to meet. For example, on financial performance, all NHS trust and NHS foundation trust (trust) resulted in a combined net deficit of £827 million for 2018–19. Within patient services, performance against the 18-weeks waiting times standard in 2018–19 was at its worst since 2009–10, and the number of people on the waiting list had increased to an historical high of 4.23 million at the end of March 2019. The pandemic has highlighted the need for the NHS to continue its efforts to fundamentally transform services to ensure that it can meet rising demand in the future while maintaining vital service standards. In order to get to that position, the NHS needs to have a coherent plan for how it will function after the peak of the COVID-19 crisis.

The COVID-19 crisis should not be used as an excuse not to address long-standing issues which we have highlighted in our previous reports such as workforce shortages, coherent and aligned capital investment strategies, tackling trust deficits and at the same time, remaining ready to deal with any future peaks in the pandemic.

We will be closely watching the day to day financial performance of the NHS as well as its COVID-19 preparedness to ensure that both sets of expenditure are properly accounted for.

Introduction

The Department of Health & Social Care (the Department) has overall responsibility for healthcare services. It is accountable to Parliament for ensuring that its spending, as well as spending by NHS England and NHS Improvement (NHSE&I), other arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament. The Department is also responsible for ensuring that those organisations perform effectively and have governance and controls in place to ensure they provide value for money. The Department also sets an annual NHS capital budget based on local spending trends and central initiatives and is responsible for ensuring that the capital limit is not exceeded. Most of the funding allocated to the Department is given to NHS England to plan and pay for NHS services. In 2018–19, this amounted to £113.6 billion, with most of this spent by 195 clinical commissioning groups (CCGs) which purchased services from 227 trusts.

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £33.9 billion in cash terms by 2023–24. This equates to an average annual real-terms increase of 3.4%. In January 2019, NHSE&I published the NHS Long Term Plan (the Plan), setting out how it aims to achieve the range of priorities set by the government in return for the long-term funding settlement.

Conclusions and recommendations

1. **The NHS had not made the transformation required to meet rising demand before the COVID-19 pandemic.** We have reported on the financial and service sustainability of NHS bodies every year since 2011, and have consistently highlighted a range of challenges faced by the NHS, including rising demand, lack of capital investment, tackling trust deficits and workforce issues. The NHS has failed to get a grip on these challenges. The NHS did not achieve the vision of its last long-term plan, the Five-Year Forward View for the five years to 2020–21 including moving more care out of hospitals. This plan was superseded by the NHS Long Term Plan in 2019. Although the NHS delivered increased activity in 2018–19, patient waiting times continued to slip and variations in financial performance continued to grow.

2. **In addition, a lack of clarity persists on key areas of health and care spending that are likely to affect the NHS's ability to deliver the Plan, including capital, education and training and social care.** Even before the COVID-19 crisis, there were concerns that the NHS may struggle to deliver all its commitments in the Plan with the additional money available. In response to the crisis, NHSE&I suspended the implementation of the Plan and temporary changes to existing payment mechanisms for trusts. These changes have resulted in a shift from the earlier move towards more local devolved control, back to a command and control system coordinated by national bodies. Stakeholders tell us that this has helped to improve decision-making in many areas of working. It is unclear how this will develop and what impact this will have on local trusts, but NHSE&I thinks it unlikely that it will fully go back to the previous regime after the crisis.

   Recommendation: ***To ensure a sustainable NHS, the Department and NHSE&I should review how it directs its support to the most challenged parts of the NHS and how this will support a coherent plan to return to normal services and service improvements after the COVID-19 peak. This includes continuing to take on board our previous recommendations and the current ones in this report on improving financial and service sustainability across the NHS. The Department and NHSE&I should write to us by December 2020 to update us on its progress in this regard.***

3. **Writing off the loans owed by struggling trusts does not solve the underlying problems facing these NHS bodies.** We are concerned that the trust sector has not been in surplus since 2012–13. Despite increased one-off support from national bodies, trusts were unable to contain their combined deficit to NHSE&I's ambition for 2018–19. 106 out of 227 trusts reported a deficit, and variation in the financial performance of trusts grew. The 10 trusts with the worst financial results reported a combined deficit of £844 million, up from £758 million in 2017–18. Struggling trusts are increasingly dependent on short-term measures to meet financial targets, including loans issued by the Department to pay for their day-to-day services. In April 2020, the Department announced that it would be writing off £13.4 billion of loans owed by trusts and replacing this with non-repayable public dividend capital. However, writing off loans itself does not tackle the underlying deficits of these trusts, and is not a substitute for a sustainable system of proper funding. National bodies do not yet seem to fully understand what is driving the deficits of these trusts

and failed to outline how they will support those trusts most in deficit to become sustainable. Uncertainties around demand and service requirements going forward will put additional strain on the system, but COVID-19 should not be used as an excuse not to address underlying problems.

Recommendation: ***NHSE&I should set out a plan with a timetable of steps aimed at getting the 10 most financially distressed trusts back to financial balance and report back to the Committee on that plan by December 2020.***

4. **Access to health services has reduced substantially, creating backlogs that will need to be addressed.** For several years now this Committee has been reporting on the increasingly poor performance against waiting times standards for A&E and cancer, and the growing waiting lists for elective treatments. To respond to COVID-19, the NHS was told by NHSE&I to suspend elective activity to free up capacity, which will inevitably add even more pressure to waiting lists. Fewer people have been using A&E services, despite NHSE&I encouraging people who should use them to do so. This means that patients in need of urgent care may not be accessing it on a timely basis, creating further demand for services in future. NHSE&I has asked local health systems to step up non-COVID-19 urgent services and consider options to resume non-urgent care. However, there is uncertainty about what capacity is required to deliver services during and following the pandemic, and how this should be allocated. The initial financial arrangements for trusts during the COVID crisis were for the period April to July 2020. Trusts will need guidance and potential financial support to plan beyond the summer and respond to winter pressures, as they are also being required to retain spare capacity for future surges in COVID-19 cases.

   Recommendation: ***NHSE&I should clearly set out and communicate to the public the range and extent of health services that will be available, what patients can expect in terms of access and waiting times, and what it is doing to encourage patients to access services when they need to.***

5. **The NHS has still not published a capital funding strategy to support the NHS Long Term Plan.** The Department had planned to announce its capital strategy to support the Plan in the autumn 2019 Spending Review. However, a one-year spending round was delivered given the government's focus on exiting the EU, with a full spending review postponed to 2020. At October 2019, trusts reported an estimated total backlog maintenance cost to restore their estate to an appropriate standard of £6.5 billion, of which £1.1 billion was high-risk, indicating that not doing the maintenance meant an increased risk of harm to patients. NHSE&I recognises the issue of the growing backlog and accepts that improved capital investment is vital. In October 2019, the Department published the Health Infrastructure Plan which announced 40 new hospital projects and associated funding. During the COVID-19 crisis, implementation of the NHS Long Term Plan was halted and capital expenditure requests from trusts were required to be clearly linked to delivery of the COVID-19 response. The crisis has also demonstrated the potential of, and the need to, invest further in IT and digital services.

   Recommendation: ***The Department and NHSE&I should identify a capital strategy and provide clear guidance to local partnerships, that supports the NHS***

Long Term Plan, including expectations on how backlog maintenance costs will be addressed alongside competing priorities for digital investment and the Health Infrastructure Programme.

6. **NHSE&I has yet to publish its long-awaited 'people plan' and there is a continued lack of long-term investment in people and training, which is not helped by the lack of alignment across the Department, NHSE&I and Health Education England.** The people plan, intended to be published in 2019 to support the NHS Long Term Plan has been repeatedly delayed, and only an interim, non-costed plan has been published. The delayed people plan has now been put on hold again by the COVID-19 crisis. We remain concerned by the 40,000 nursing vacancies and 9,000 vacancies for medical staff in the NHS. Local NHS bodies have also reported that staffing shortages are one of the biggest risks to delivering the long-term plan. NHSE&I tells us that responsibilities and funding for workforce planning and training are spread across several bodies including the Department, NHSE&I, Health Education England and universities. Although it states that these bodies now have an "aligned view as to what now is needed on workforce support and growth", we are not convinced that the current system will work effectively without a clear line of accountability.

   Recommendation: ***The Department should review the effectiveness of having a separate body overseeing the planning and supply of the NHS's future workforce. NHSE&I should work with Health Education England to evaluate how workforce planning can be improved including the integration of training and education funding models with service planning and delivery in order to overcome persistent challenges. The Department, NHSE&I and Health Education England should write to the Committee by December 2020 to update us on progress in this regard.***

7. **We are extremely concerned by the widely reported shortages of personal protective equipment (PPE) faced by NHS and care workers during the COVID-19 pandemic.** There have been numerous reports of the lack of PPE for clinical and social care staff during the crisis. The Department says that nationally it never ran out PPE stock, but that COVID-19 had put supply chains and distribution networks under unprecedented strain. It tells us that this required substantial changes to how the system managed distribution and posed great challenges getting the available equipment to the right place at the right time. The Department says that it buys the vast majority of its PPE on international markets and will continue to do so. Although the Department says it is committed to building up stocks to meet longer-term demand, we were not convinced that it was treating the matter with sufficient urgency. In particular, the governance arrangements to procure and distribute PPE across health and social care remain unclear and uncertainty prevails around future provision of local PPE across the health and social care sectors. It is absolutely vital that the same problems do not happen again in the event of a second wave.

   Recommendation: ***The Department should write to the Committee within two months to clarify its governance arrangements and outline at what point in the future it expects to have a predictable supply of stock and ready access to PPE supply within the NHS and care sectors. This should include detail on the roles and responsibilities for the procurement and distribution of personal protective equipment across NHS and social care settings.***

1 Resuming NHS services following the COVID-19 crisis

1. On the basis of two reports by the Comptroller and Auditor General, we took evidence from the Department of Health & Social Care (the Department), NHS England & NHS Improvement on capital expenditure[1] and the financial sustainability of the NHS.[2]

2. The Department has overall responsibility for healthcare services. It is accountable to Parliament for ensuring that its spending, as well as spending by NHS England, NHS Improvement, other arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament. The Department is responsible for ensuring that those organisations perform effectively and have governance and controls in place to ensure that they provide value for money. It made NHS England and NHS Improvement responsible for ensuring that the NHS balances its budget. From April 2019, NHS England and NHS Improvement came together to act as a single organisation, NHSE&I.[3]

3. Most of the funding allocated to the Department is given to NHS England to plan and pay for NHS services. In 2018–19, this amounted to £113.6 billion. Most of NHS England's budget was spent by 195 CCGs, which purchased healthcare services from 227 trusts. These trusts deliver acute, community, ambulance, specialist, mental health and disability services.[4]

4. In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget grow by an average 3.4% a year in real terms over the next five years. This amounts to a £33.9 billion increase in cash terms by 2023–24, compared to 2018–19. In January 2019, the NHS published the NHS Long Term Plan. This set out how it aims to achieve the range of priorities and five financial tests set by the government in return for the long-term funding settlement. These priorities included: making progress towards agreed waiting times; improving cancer outcomes; better access to mental health services; better integration of health and social care; and focusing on preventing ill-health. Local partnerships, known as sustainability and transformation partnerships (STPs) and integrated care systems (ICSs) are charged with delivering the Plan in their local areas.[5]

5. The Department also sets an annual NHS capital budget based on local spending trends and central initiatives. The NHS capital budget is for the construction of new buildings and the replacement of medical and other equipment. It is also used to enhance existing assets and to develop the infrastructure for transforming services. Capital investment is essential for modernising and improving the quality of care and for achieving the changes that will make the NHS sustainable in the longer term. Overall, the Department is responsible for ensuring that the capital limit is not exceeded while NHSE&I works with trusts to set out their capital needs in business plans.[6]

1 Report by the Comptroller and Auditor General, *Review of capital expenditure in the NHS*, Session 2019–20, HC 43, 5 February 2020
2 Report by the Comptroller and Auditor General, *NHS financial management and sustainability*, Session 2019–20, HC 44, 5 February 2020
3 C&AG's Report *NHS financial management and sustainability*, para 2
4 C&AG's Report *NHS financial management and sustainability*, para 1.2
5 C&AG's Report *NHS financial management and sustainability*, para 3 and Figure 1
6 C&AG's Report *Review of capital expenditure in the NHS*, paras 2 and 3

Service transformation

6. This Committee has been reporting on the financial and service sustainability of NHS bodies every year since 2011, highlighting a range of challenges faced by the NHS, including rising demand, lack of capital investment, tackling trust deficits and workforce issues.[7] These challenges are still there today. For example, in 2018–19, NHS commissioners and trusts reported a combined surplus of £89 million, but financial balance was only achieved with significant underspends by NHS England. Trusts were unable to contain their combined deficit to NHSE&I's ambition in 2018–19, and commissioners failed to achieve financial balance. Trusts as a sector has not achieved financial balance since 2012–13.[8]

7. The NHS has sought to transform its services and reduce the rise in demand for NHS services through its last long-term plan—the Five Year Forward View—which was published in 2014. However, the NHS has not fully achieved its vision to reduce the rise in demand for NHS services to support a sustainable NHS in its Five Year Forward View.[9] For example, it planned to strengthening care out of hospitals. However, from 2015–16 to 2018–19, total spending on primary medical and community health services as a proportion of the NHS expenditure decreased from 20.0% to 19.4%. This plan has since been replaced by the NHS Long Term Plan published in 2019.[10]

8. Written evidence from NHS Providers noted that the five-year funding settlement introduced from 2019–20 falls short of what is needed to recover performance and transform services within the health service. The NAO also raised concerns that the NHS may struggle to deliver all the commitments in its long-term plan with the additional money available.[11] In addition, a lack of clarity persists on key areas of health and care spending that are likely to affect the NHS's ability to deliver The NHS Long Term Plan, including capital, education and training and social care.[12] The 2019 Spending Review originally intended to set day-to-day budgets for three years and capital budgets for four years. However, it only provided budgets for one year. The Department was unable to provide an update on the timing of the next spending review due to the uncertainties brought about by the COVID-19 response.[13]

9. Before the COVID-19 crisis, NHSE&I was working with NHS local bodies to develop the implementation plans for the NHS Long Term Plan. It intended to publish the implementation plan in December 2019 but that was delayed.[14] In response to COVID-19, NHSE&I was given additional powers to coordinate services nationally. In March 2020, it suspended the implementation of the NHS Long Term Plan. It also moved funding for trusts from the activity-based tariff system before the crisis to one with fixed funding under block contracts until July 2020. These changes have resulted in a shift from moving more towards more decision making at a local level back towards a command and control

7 Committee of Public Accounts, *NHS financial sustainability: progress review*, Ninety-First Report of Session 2017–19, HC 1743, 3 April 2019; Committee of Public Accounts, *Sustainability and transformation in the NHS*, Twenty-Ninth Report of Session 2017–19, HC 793, 27 March 2018

8 C&AG's Report *NHS financial management and sustainability*, Figure 5

9 C&AG's Report *NHS financial management and sustainability*, paras 16, 3.2–3.8

10 Q43; C&AG's Report *NHS financial management and sustainability*, para 3

11 NHS Providers' written evidence; C&AG's Report *NHS financial management and sustainability*, para 17

12 Qq 53, 60

13 Q74; C&AG's Report NHS *financial management and sustainability*, para 20

14 NHS England and NHS Improvement, NHS Long Term Plan Implementation Framework, para 9.1, June 2019

system coordinated directly by national bodies.[15] NHS Providers noted that some of the measures introduced were welcomed by trust leaders. However, it warned that these measures were temporary, and that it is not yet clear how trusts will return to normal financial arrangements.[16] NHSE&I told us that it is unlikely to go back to the previous regime after the crisis, that a move towards a more blended payment system is likely, and that it would set out its arrangements for the rest of the year in July.[17]

Supporting trusts with financial difficulties

10. In 2018–19, 106 out of 227 trusts reported a deficit. The gap in financial performance between the best- and worst-performing trusts (i.e. with the largest surplus and the largest deficit) increased from £218 million in 2017–18 to £282 million in 2018–19. Over the last few years, the Department and NHSE&I have introduced several short-term support funds to help stabilise the finances of NHS bodies, but the extra money brought in has continued to drive volatility and variability.[18] The Department acknowledged that it had focused on achieving balance as a whole and some techniques used in the past had perverse effects. NSE&I told us that it was on track to halve the number of trusts in deficit in 2019–20 compared to 2018–19.[19]

11. Financially distressed trusts are increasingly relying on loans from the Department to meet their running costs, with little or no prospect of paying them back. By 31 March 2019, outstanding debt issued by the Department to these trusts was £10.9 billion, up from £8 billion the previous year.[20] In April 2020, the Department announced that it would be writing off £13.4 billion of loans owed by trusts and replacing this with non-repayable public dividend capital. The Department explained that the decision to write off that level of debt was taken alongside plans to return the provider sector in aggregate to financial balance.[21] Although welcomed by NHS Providers, it told us that it would like to see more detail on how the write-off will work in practice, and that financial issues will only be fixed when the underlying financial problems of trusts are addressed.[22] The Department noted that once the provider sector is returned to financial balance in aggregate, the focus will shift to individual trusts that have structural financial issues.[23]

12. In 2018–19, the 10 trusts with the worst financial results reported a combined deficit of £844 million, representing 31% of the combined total of all trusts reporting a deficit, up from £758 million in 2017–18. The financial performance of these trusts each year has continued to deteriorate over several years. The NAO highlighted that the underlying reasons for deficits in these trusts are not always fully understood.[24] NHSE&I did not clarify how it will better understand the underlying issues and address them, but said that it has been discussing with trusts and local health systems about what further support could be provided to see those deficits reduce.[25]

15 Qq 23, 52, 58, 73; Department of Health and Social Care, The Exercise of Commissioning Functions by the National Health Service Commissioning Board (Coronavirus) Directions 2020, 20 March 2020
16 NHS Providers' written evidence
17 Q52
18 C&AG's Report *NHS financial management and sustainability*, paras 14, 22, 3.14–3.15 and Figures 6 and 7
19 Qq 38, 48
20 C&AG's Report *NHS financial management and sustainability*, para 13
21 Q19
22 NHS providers' written evidence
23 Q19
24 Q48; C&AG's Report *NHS financial management and sustainability*, paras 14, 2.7
25 Qq 19, 48

Ensuring timely access to services

13. For several years now this Committee has been reporting on the increasingly poor performance against waiting times standards for A&E and cancer, and the growing waiting lists for elective treatments.[26] Although the NHS delivered increased activity in 2018–19, patient waiting times continued to slip. For example, performance against the target that 95% of patients should be seen within four hours fell to 88.1% from 88.3% in 2017–18.[27] NHSE&I explained that a clinical review of standards for urgent and emergency care, mental health, elective care and cancer services has been ongoing for nearly two years. It told us that the review is focussing on whether the standards set to measure care are appropriate for the service being provided, but that this work has been put on hold during the COVID-19 pandemic.[28]

14. Before the COVID-19 pandemic, the number of patients on waiting lists for non-urgent treatment continued to rise, from 3.85 million in 2017–18 to 4.23 million in 2018–19.[29] As a response to the pandemic, elective (non-urgent) treatment was suspended to focus on releasing beds for patients with COVID-19, although NHSE&I emphasised that it intended to maintain access to cancer services and A&E.[30] However, the NHS has seen reduced numbers of cancer referrals and people with urgent needs accessing emergency services. NHSE&I confirmed that A&E admissions fell to about 56% of what would normally be expected but had since picked up and now stood at about 80%. NHSE&I told us that it launched a campaign to ensure patients were aware that emergency services had remained open and have observed an increase in the number of people using emergency services.[31]

15. NHSE&I noted that there is going to be a backlog of patients requiring treatment, for headline conditions as well as routine operations, at a time when more hospital beds and critical care facilities will be required on standby for a potential new peak of COVID-19 cases. NHSE&I recognised the importance of stepping up elective cases again as quickly as possible, given there is potential harm to delaying treatment.[32] It told us that it is working with the medical Royal Colleges and others, to identify the services that need to be prioritised and restarted across the country.[33] NHSE&I recognises that services cannot go back to the way they were delivered before due to the risk of the virus and that additional capacity will be required just to treat the same number of patients as before. However, neither the Department nor NHSE&I were able to confirm whether adequate resources would be made available for trusts to cope with these increased pressures. NHSE&I stressed however that this was more of a capacity issue in terms of what the NHS can do than a financial issue.[34]

26 Committee of Public Accounts, *NHS financial sustainability: progress review*, Ninety-First Report of Session 2017–19, HC 1743, 3 April 2019; Committee of Public Accounts, *NHS waiting times for elective and cancer treatment*, One Hundredth Report of Session 2017–19, HC 1750, 12 June 2019

27 C&AG's Report *NHS financial management and sustainability*, para 8

28 Q42

29 C&AG's Report *NHS financial management and sustainability*, para 8

30 NHS England and NHS Improvement's letter to senior figures in the NHS and local authorities: *Next steps on the NHS response to COVID-19*, 17 March 2020.

31 Qq 24–27

32 Q25

33 Q27

34 Qq 24, 25, 27–33

2 Investment for the future

Capital

16. NHSE&I acknowledged that over the last few years, trusts have had to use some of their capital budgets to sustain day-to-day services (£1.2 billion in 2016–17, £1 billion in 2017–18, £500 million in 2018–19 and £470 million in 2019–20). NHSE&I told us that its aim is that this falls to zero this year.[35] As at October 2019, trusts reported an estimated total backlog maintenance cost of £6.5 billion to restore their estates to an appropriate standard, of which £1.1 billion was high-risk, indicating an increased risk of harm to patients. NHSE&I acknowledged that having well-maintained hospitals is highly desirable, and the Department noted that there is now a clearer focus on directing capital funds to local areas with the greatest need.[36]

17. Making better use of capital investment and its existing assets to drive transformation is one of the key financial commitments in the NHS Long Term Plan.[37] The Department had intended to announce its capital strategy for 2020–21 to 2024–25 in the autumn 2019 Spending Review. However, a one-year spending round was delivered given the government's focus on exiting the EU, with a full spending review postponed to 2020.[38] In October 2019, the Department published the Health Infrastructure Plan which announced £2.7 billion for hospital projects for six NHS providers between 2020 and 2025.[39] During the COVID-19 pandemic, transformation of services was halted and capital expenditure requests from trusts were required to be clearly linked to delivering the COVID-19 response to ensure the immediate needs of the pandemic were met. The Department explained that, before the COVID-19 pandemic, the government had an extensive range of capital plans, but still had several decisions to make about longer-term capital that were put on hold.[40]

18. We asked NHSE&I if the historic backlog of maintenance costs had a bearing on the COVID-19 response. NHSE&I told us that although they had to respond quickly and flexibly to re-purpose capacity, this had not been the main constraint in the response.[41] During the COVID-19 response many NHS services have switched to being provided digitally, such as remote consultations. NHSE&I noted that this is the direction of travel set out in the NHS Long Term Plan. However, it acknowledged that new investment is required for additional capacity on a "permanent basis", including critical care, general and acute beds in hospitals and additional capacity in community care settings.[42]

Workforce

19. The NHS continues to have around 40,000 nursing vacancies and 9,000 vacancies for medical staff. Local NHS bodies have also reported that staffing shortages are one of the biggest risks to delivering the NHS Long Term Plan. The NHS's own estimates indicate that

35 Qq 38, 51
36 Qq 45–46, 53, 57; C&AG's Report *Review of capital expenditure in the NHS*, para 8
37 NHS England, *The NHS Long Term Plan*, para 6.3, August 2019
38 Q53; C&AG's Report *Review of capital expenditure in the NHS*, para 16
39 C&AG's report *Review of capital expenditure in the NHS*, Figure 16
40 Qq 47, 53
41 Q55
42 Qq 29, 43–45, 50

demand for nurses is likely to outstrip supply for some years to come.[43] We asked NHSE&I what impact these shortages had on the COVID-19 response. NHSE&I commended the response of NHS staff, not only the current workforce, but also staff returning to the workforce and nursing and medical students, who have all come together at very short notice. It told us that: around 8,900 clinical staff, nurses, therapists and midwives had been redeployed back to frontline services and another 1,800 joined the coronavirus 111 service; and 30,000 student nurses, midwives and allied health professionals came forward to be deployed into paid placements, as did 3,000 final-year medical students. However, it stressed that this is not sustainable and it is considering alternative options for training new staff.[44]

20. The NHS Long Term Plan acknowledged in 2019 the need to increase staff numbers. The NHS intended to publish a people plan in 2019 to set out its strategy for the future NHS workforce to meet its service commitments and to support the NHS Long Term Plan. However, publication of the people plan has been repeatedly delayed, most recently because of the COVID-19 pandemic, and only an interim, non-costed plan has been published to date.[45] The Department was unable to give a definitive timeframe for when the people plan will be published.[46]

21. NHSE&I emphasised that the responsibilities for education and training of NHS staff, including its budget, are spread across several bodies including the Department, NHSE&I, Health Education England and universities. It explained that it has a broad understanding of the training and recruitment requirements for the NHS, and that this view is shared across Health Education England and the Department.[47]

Personal protective equipment (PPE)

22. There have been numerous reports in the media and from professional bodies on shortages of PPE for clinical and social care workers during the pandemic.[48] The Department told us that the stock of PPE for health or social care has never run out at a national level.[49] It explained that the main challenge it faced was to distribute the right PPE to the right place on a timely basis, noting that the Chief of the Defence Staff, who helped with the logistics, described it as the biggest logistical challenge he had seen in his 40 years of military service.[50] The Department noted that before the coronavirus pandemic, national purchasing of these types of item was running at around 35% to 40% of the total, with other purchasing being done on either a regional or a local basis. It told us that this was sufficient outside crisis time, but was not able to cope with the surge in demand during the crisis and it therefore has had to put in place new arrangements in a very short time.[51]

43 Qq 59, 74; C&AG's Report *NHS financial management and sustainability*, para 8

44 Q59

45 Report by the Comptroller and Auditor General, *The NHS nursing workforce*, Session 2019–20, HC 109, 3 March 2020, paras 2 and 11

46 Qq 60, 73 and 74

47 Q69

48 Examples include: The Telegraph, *PPE crisis: 15m protective goggles pulled over safety fears*, 9 May; British Medical Association, *BMA survey reveals almost half of doctors have relied upon donated or self-bought PPE and two thirds still don't feel fully protected*, 3 May; The Guardian, *UK care homes scramble to buy their own PPE as national deliveries fail*, 9 May

49 Qq 2–8

50 Qq 4, 6–7

51 Qq 2, 4, 12.

23. The Department explained that it had moved from supplying 240 trusts to trying to supply 50,000 customers across health and social care. Before the pandemic, the Department did not have a role supplying PPE to private social care providers and it told us that coordinating with so many different organisations was an enormous challenge. It also noted that the opaque nature of the social care system made scaling up provision quickly much more challenging than in the more established NHS.[52]

24. The Department told us that it buys the vast majority of its PPE on international markets and that it wants move from a situation where it is meeting PPE need day-by-day to having security of supply over some months.[53] Given the challenges that procurement on international markets poses in terms of price and not always being at the front of the queue during a global pandemic, we asked the Department if it plans to change the way it procures PPE. The Department told us that there are decisions to be made about the resilience of its supply chains. It noted that building up domestic production is one thing it can do to make supply chains more resilient. However, it conceded that in the current crisis, although domestic production will make a contribution, there is no imminent possibility that it will replace what it needs to buy on the international markets.[54]

52 Qq 2, 4–8
53 Qq 4, 14
54 Qq 16–17

Formal minutes

Monday 29 June 2020

Virtual meeting

Members present:

Meg Hillier, in the Chair

Mr Gareth Bacon	Shabana Mahmood
Sir Geoffrey Clifton-Brown	Gagan Mohindra
Peter Grant	James Wild
Craig Mackinlay	

Draft Report *(NHS capital expenditure and financial management)*, proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 24 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Eighth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 1 July at 10:00am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Friday 22 May 2020

Sir Chris Wormald, Permanent Secretary, Department of Health and Social Care; **David Williams**, Director General, Finance and Group Operations, Department of Health and Social Care; **Julian Kelly**, Chief Finance Officer, NHS England and NHS Improvement; **Sir Simon Stevens**, Chief Executive, NHS England and NHS Improvement; **Professor Steve Powis**, National Medical Director, NHS England	Q1–82

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

NHS numbers are generated by the evidence processing system and so may not be complete.

1 Knowles, Emma (NHS0001)

2 Newman, Rhea (NHS0002)

3 NHS providers (NHS0003)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2019–21

First Report	Support for children with special educational needs and disabilities	HC 85
Second Report	Defence Nuclear Infrastructure	HC 86
Third Report	High Speed 2: Spring 2020 Update	HC 84
Fourth Report	EU Exit: Get ready for Brexit Campaign	HC 131
Fifth Report	University Technical Colleges	HC 87
Sixth Report	Excess votes 2018–19	HC 243
Seventh Report	Gambling regulation: problem gambling and protecting vulnerable people	HC 134