Steve Brine MP
Chair of the Health and Social Care Select Committee
Health and Social Care Committee
House of Commons
London
SW1A 0AA

Sent by email to: hsccom@parliament.uk

Dear Mr Brine,

I am writing to thank you for inviting Hospice UK to give evidence at the Health and Social Care Select Committee evidence session on hospice funding. We very much appreciate the attention being given to this important issue, and the opportunity to speak on behalf of over 200 hospices across the UK.

As we discussed, hospices receive, on average, only one third of their income from statutory sources and rely on charitable giving to fund their essential services. This funding model has always been an anomaly but the cost of living crisis has severely threatened its stability. Neither statutory funding nor charitable income has kept up with soaring costs and now hospices are struggling to fund their services.

The costs of fuel, food and energy are all increasing but the primary driver of increased costs is payroll. Payroll costs have surged by 11% this past year, as charitable hospices struggle to match NHS pay rises. This equates to approximately £130m in additional spending over the full year.

All in, the cost of delivering care has gone up, as it has across the entire health and care system. However, unlike NHS trusts, hospices cannot rely on the Government to meet these costs. This has led to an estimated £77 million collective deficit for the UK hospice sector for the year just gone. These are the worst financial results we have seen for 20 years. To address this, hospices will have no choice but to look at closing or reducing their services.

The risk to hospice services is hugely concerning given that the need for palliative care in the UK is projected to increase by 25% over the next 25 years (2023-2048). By 2040, around 130,000 more people will die each year in the UK than today.

In 2022-23, hospices cared for 300,000 people living with life-limiting conditions or facing the end of their life and provided bereavement, counselling and practical support to 60,000 of those dear to them. Hospices are an integral part of the UK's

palliative and end of life care provision and a strong and well-resourced hospice sector will be vital to meeting future demand.

As we discussed a few weeks ago, in 2022, the Government introduced a statutory duty for ICBs to commission palliative care to meet the needs of their populations. However, funding delivered across ICBs is insufficient and doesn't reflect the true cost of essential care or the needs of their local populations.

There is also huge variation in hospice funding. For example, Freedom of Information requests in July 2023 revealed that ICB adult hospice funding ranges from 23p to £10.33 per head of population. Where ICB areas have a higher percentage of over 65s, this is not reflected in the level of funding received by adult hospices.

Finally, even the limited funding hospices receive from local commissioners is not keeping pace with the soaring cost of care. Across 2021-22 and 2022-3, ICB adult hospice funding fell short of inflation by £47m million. Over this period, only 13% of ICBs uplifted hospice contracts in line with NHS inflationary and Agenda for Change uplifts.

National Government state that hospice funding is the responsibility of local commissioners. However, what we are hearing from hospices is that local commissioners are not incentivised to prioritise palliative and end of life care. Furthermore, those commissioners who are invested in improving provision in their area do not have the funding to do so. There is a clear need for central Government to recognise that the current system is failing hospices, and for proper incentives and additional funding to be made available to ICBs.

It is vital that national Government produces a national plan to fix hospice funding, which aims to make the sector sustainable. If the political will exists, we do not think that identifying a new funding model would either be technically difficult or prohibitively expensive, and Hospice UK remains more than willing to work with the Government, NHSE and ICB representatives to ensure that a new plan would work for all parties and deliver the outcomes for populations that we all seek.

There are various components that could be included in such a plan, such as:

- Added incentives, funding and support for ICBs to commission palliative care that meets the needs of their populations, for example:
    - a national minimum standard for the level of provision of palliative care that must be provided within ICBs.
    - stronger guidance, direction and funding for ICBs to cover the full cost of core and specialist services delivered by hospices.

- the development of national reference costs on palliative and end of life care that can be used by commissioners.

- National Government funding of all clinical staff in hospices or providing funding to help hospices pay for staff cost increases each year.
- A national hospice hardship fund that hospices serving more economically challenged communities can draw down from when their services are at risk.

I would like to thank you again for giving me the opportunity to give evidence to the Committee on this important issue. If you would like any further information on funding for hospices or the palliative and end of life care landscape across the UK please do not hesitate to get in touch.

Kind regards,

Toby Porter
Chief Executive
Hospice UK

Hospice UK, Hospice House, 34 - 44 Britannia Street, London, WC1X 9JG
Tel: 020 7520 8200 **Email:** info@hospiceuk.org www.hospiceuk.org