



HFMA statement on the current NHS pressures

February 2023

The NHS is facing unprecedented pressures currently, with all staff working flat out to meet significant urgent demand while also addressing the extensive elective backlog. These pressures are being experienced across the whole service, including acute, mental health, community, ambulance and primary care services, with similar pressures in social care adding to the challenge.

Clinical and operational colleagues are feeling the full force of these pressures. But support staff are also under extreme strain as they collectively look to meet the needs of patients.

The frontline pressures – many of which are down to workforce shortages – are compounded by significant financial pressures, which are being felt by NHS boards and finance departments in particular. Increased funding is not the solution to all the challenges facing the NHS, but some of the short-term solutions to the frontline pressures do increase costs. And systems are still required to break-even despite high occupancy levels creating capacity issues.

Although the government set the NHS an efficiency target of 2.2% for the year, in reality systems had to identify much larger spending reductions, averaging 5%. In part this reflected a significant reduction in specific Covid-19 funding, which was provided during the first two years of the pandemic. However, Covid-19 activity has been higher than anticipated, and the level of the virus in the population has also increased staff sickness absence.

Although staff numbers overall have increased in recent years, the NHS is still carrying more than 130,000 vacancies, including nearly 50,000 nursing vacancies and 9,000 medical vacancies. Backfilling these vacancies and dealing with the higher levels of staff absence than anticipated typically requires use of temporary staffing solutions to ensure rotas are staffed safely, using both bank and agency staff as appropriate. This is typically at a higher cost than paying for a substantive staff member and can force trusts beyond their agency spending cap.

Staff are exhausted after their efforts during the first years of the Covid pandemic. And they continue to work hard, with the service relying heavily on staff undertaking additional shifts through bank arrangements. Morale is low with many unhappy about the impact of current pressures on quality of care, access and patient experience. The current industrial action is both a symptom of the poor staff morale and an obstacle to making faster progress with the elective backlog.

The service and financial challenges faced this year look set to carry on into 2023/24, despite welcome increases in funding announced in the autumn statement. Trusts again face significant demands in terms of efficiency and have been set a headline target of reducing agency spending across the NHS to 3.7% of the total pay bill for next year. The association fully supports the reduction

of spending on agency staff, but, given the lead times needed to train both nursing and medical staff, temporary staff are likely to continue to feature heavily in local solutions to ongoing pressures.

Workforce remains the most critical issue facing the service. There are insufficient staff to deliver current services at the level required, with significant vacancies in all sectors. New initiatives and service models can draw staff away from under pressure services to more attractive roles, exacerbating pressures on the day-to-day delivery of services. Frontline staff also need to contribute to next year's planning process, pathway redesign and productivity initiatives, which aim to improve value and ensure the future sustainability of services.

However, this will be difficult considering the current local focus on the near-term and the extreme pressures facing the frontline – both in terms of emergency demand and the elective backlog. It is also expected that more services and provision will move to community settings where appropriate – this needs to be supported by making staff movement between organisations and sectors easier.

The association has additional concerns that the current financial pressures will force the service to focus on its immediate problems at the expense of the longer term sustainability challenge. Finance directors have warned that the initiatives most at risk from current financial pressures are likely to be those related to investing in prevention, addressing health inequalities and population health management, despite these all being recognised as key priorities.

It should also be remembered that this is the first planning round for integrated care boards since their statutory establishment. This year will set the tone for future relationships, which need to be collaborative and not competitive. However, there is a danger that the current pressures will adversely impact on these relationships, which will be difficult to recover from.

What needs to happen now

While we recognise that the problems are complex and some of them not easily solved, there are some actions that would at least help to not make things worse.

Systems and the finance directors within them need to be given maximum flexibility to do what's right for their local populations. They need to be trusted to know how best to tackle local challenges. This means that as much funding as possible needs to be allocated to systems without being ringfenced. If we are clear on 'what' the national priorities are we need to allow local systems to develop the 'how'. The national role is to keep sight of the shared purpose.

National priorities should be set in collaboration with local systems, who understand the realities of delivering services to patients and improving population health. The impact must be considered across the whole system – so priorities around acute activity recognise the work and costs created for other sectors such as community, mental health, or ambulance services.

In all this, finance leaders need to be mindful of the intent behind the Health and Social Care Act. Emphasis needs to be on how best to spend the totality of resources allocated to systems rather than the financial performance of individual organisations.