# **STAFF SIDE UNIONS SUPPORTING UK ECONOMIC GROWTH:** THE CASE FOR NHS PAY 2024

**FEBRUARY 2024** 

## Introduction

The last 12 months have continued to see industrial disputes in the NHS as wages have not kept pace with inflation and systems and systems for pay setting including the NHS Pay Review Body process have not addressed long-standing structural issues in the pay framework

In this paper, we set out why an investment in pay is critical infrastructure for the UK, supports the economy and is essential for the delivery of the Government's NHS Long Term Workforce Plan. We argue that an investment in NHS pay is an investment in the success of the UK, and should be a prioritised investment for the nation.

This paper represents the collective view of the 14 Agenda for Change (AfC) staff side unions that represent the non-medical staff in the NHS.



British Breterier issociation



Federation of Clinical Scientists





British Association of Occupational Therapists





British Orthoptic Society















Royal College of Nursing



Society of Radiographers

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## **Executive Summary**

## The Health of the Nation is Holding us Back

- Healthcare and economic prosperity are inextricably linked: A healthy population contributes directly to GDP growth, and neglecting our healthcare system weakens the very foundation of our economic potential. Yet, the UK faces a crisis in its NHS, with long waiting lists, limited access, and workforce shortages
- **Current challenges in the NHS are clearly affecting our economic performance**: Reduced productivity due to illness, early retirement driven by poor health, and a significant portion of the population unable to work are all impacting our productivity and economic performance. The UK is lagging behind international peers in economic growth
- Economic inactivity in the UK is an international outlier, and has remained stubbornly high: Millions are unable to work due to illness, creating a vicious cycle where health issues hinder economic participation, limiting resources to address those very issues. This inactivity puts a strain on public finances and represents a loss of potential for our economy
- Lack of access to healthcare is preventing people from working: Long waiting lists and limited NHS capacity force many to delay or forgo treatment, impacting their ability to work and contribute to the economy. This creates a further burden on the system as untreated conditions often worsen, requiring more intensive care later
- **Poor Mental Health is the main driver of young inactivity**: Young people are disproportionately affected by mental health challenges, with limited access to timely support hindering their ability to enter and remain in the workforce. This not only impacts their individual potential, but also represents a loss of future talent and contribution to our economy
- **Caring responsibilities are forcing people out of the workforce**: The growing number of individuals caring for loved ones, particularly adults, necessitates leaving their jobs, further reducing the active workforce and contributing to economic inactivity. Supporting carers with adequate resources and infrastructure is crucial to address this challenge
- **Poor health is leading to early retirement**: With rising numbers of people retiring early due to health issues, we lose valuable experience and expertise from the workforce. Investing in preventive healthcare and early intervention can keep individuals healthy and productive for longer, benefiting both the economy and individuals' lives
- Lack of access to healthcare is a driver of inequality: Those with the means to access private healthcare can bypass long NHS waiting lists, creating a two-tiered

system that widens the health gap between the wealthy and the less fortunate. This not only perpetuates social injustice but also limits the overall health and potential of our nation

• The state of our healthcare system has far-reaching economic consequences: Addressing these challenges and investing in a robust, accessible NHS, is not just a moral imperative, but an essential step towards securing a strong and prosperous future for all

## NHS: Underfunded and under pressure

- **NHS funding has not kept pace with inflation**: Rising inflation has significantly outpaced NHS budget increases, resulting in real-term cuts
- **UK health spending is falling behind comparable countries**: Compared with other developed nations, the UK invests less per capita in healthcare, leading to equipment shortages, fewer beds, and limitations in service delivery
- **Demand for NHS services has continued to grow**: An ageing population requiring complex care, alongside the pandemic's lingering effects, fuels ever-increasing demand for NHS services, straining the system's capacity
- **The system is under enormous pressure:** With demand exceeding available resources, the NHS is struggling to meet growing needs, creating backlogs, longer wait times, and pressure on staff and infrastructure
- **NHS is not meeting its targets:** Performance targets across various areas, including elective and emergency care, are consistently missed, with waiting times reaching record highs and access to primary care facing challenges
- Waiting times have increased to record levels
  The length of time patients are waiting is stark, with a median wait time of 14.4 weeks almost double pre-pandemic statistics of 7.7 weeks in November 2019 and over 3.18 million waiting over 18 weeks
- Emergency care is not able to meet demand: Emergency departments are experiencing high patient volumes and are struggling to meet response time targets
- **Primary care is not able to meet demand**: Increased demand and limited resources within primary care are creating longer wait times and hindering preventative care efforts
- Social Care is not able to meet demand: Lack of resources in social care is leading to delayed discharges from hospitals, further straining the NHS and impacting patient flow

• **Patient safety is being impacted:** Rising delays and pressures is contributing to higher avoidable mortality rates compared to other developed nations, raising concerns about patient safety

## **NHS Workforce Context**

- **A challenging labour market backdrop for the NHS**: There is a tight labour market with high vacancies across the economy, impacting NHS recruitment and retention
- **Staff vacancies in the NHS remain historically high**: 121,070 vacancies in England, exceeding historic levels and despite recent increases in staff numbers
- **Healthcare vacancies are high and hard to fill:** Public sector vacancies are high and hard to fill, with healthcare facing particular difficulties
- **Public Sector Wage growth still lags behind the private sector:** NHS staff wage growth trails the private sector, leading to real-term pay decline due to inflation
- **Cost of living increases have eroded pay increases**: Pay rises are insufficient to cover rising costs, especially for lower-paid NHS staff. Many are struggling to afford necessities, leading to financial hardship and potential staff exodus

## **Delivering the Government's NHS Long Term Workforce Plan**

- The Plan requires a large increase in the NHS workforce: The Government's Plan necessitates a significant increase in the NHS workforce to address vacancies and future demand
- The Plan relies on ambitious productivity increases: There is an ambitious assumption of up to 2% a year productivity increases, when the average over from 2009-10 to 2019-20 was 1.2%. It is unclear how productivity benefits will be achieved
- **Retaining existing staff is critical**: Retaining existing staff is critical to reaching future targets, but intention to leave is growing due to:
  - Unsatisfactory pay levels
  - Chronic staff shortages
  - Declining job satisfaction and morale
- **Restoration of pay will support staff retention**: The labour market is projected to be increasingly competitive. Restoring competitive pay levels is crucial for retaining staff and attracting new talent

- There is increasing reliance on international recruitment: Currently, up to a quarter of the NHS workforce is recruited from international talent pools. In 2022/23, about half of new nursing registrants in England were trained overseas
- The Plan requires a huge expansion of training places: The Plan's monumental expansion of training places faces hurdles from funding to attracting enrolment
- **The Plan projects shortfalls in key professions**: Key professions (particularly nursing, Allied Health Professionals and Healthcare Support Workers) are projected shortfalls, even with optimistic assumptions
- **The Plan implies large pay increases:** The Plan's projections imply 4.4% per year pay increase and a 3.6% real terms budget increase, in its central scenarios

## **Conclusion and recommendations**

Recognising and rewarding staff is critical for supporting our economy, and delivering the NHS Long Term Workforce plan, we are therefore calling for:

- The need for decisive action in the 24/25 round on pay to address the urgent issues with retention of existing staff in addition to a meaningful pay increase to help NHS staff can cope with the impact of high inflation and the rising cost of living
- Specific funding for measures to remove barriers to retention and career progression in the pay and earnings structure and to ensure that all staff are in the right pay bands for their responsibility/skill level
- A firm commitment to address the real-terms decline in the value of NHS pay scales over a clear timetable
- A pay strategy and funding commitment to underpin the long awaited and very welcome long term workforce plan. We would welcome further discussion around this and stand ready to work collaboratively to deliver the ambitions set out in the plan



# SECTION 1: The Health of the Nation is Holding us Back

## The Health of the Nation is Holding us Back

The strength and quality of our national healthcare system is not merely a measure of a progressive society, but is also fundamental to our economic prosperity and international competitiveness.

A robust and universally accessible healthcare system is a standard-bearer for the prosperity of a nation, supporting both the health of its citizens and economic success.

## Healthcare and economic prosperity are inextricably linked

The link between a nation's healthcare system and its economic performance is beyond question, backed up by years of robust international research.

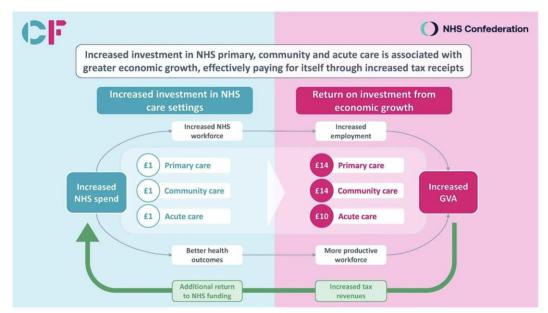
According to the World Health Organization (WHO), every dollar invested in health yields an economic return, with healthier populations contributing significantly to GDP growth.

"Treat health and wellbeing, health workers and health systems as a long-term investment, not a short-term cost. Currently, health expenditure can be threatened by governments under pressure to balance their books. This jeopardises the long-term benefits of stable health provision for the sake of myopic counterproductive austerity measures."

Source: WHO 'Health for All' Report, May 2023<sup>1</sup>

In the UK, the NHS Confederation has found that "every pound invested in the NHS results in around £4 back to the economy through increased gross value added (GVA)": In specific care settings, that return on investment (ROI) is even greater, with a £1 investment in primary care or community care generating £14 GVA and in acute care generating £10:

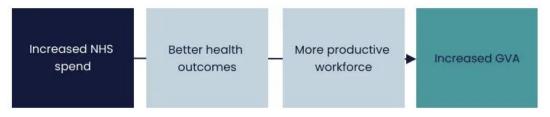
<sup>&</sup>lt;sup>1</sup> <u>https://www.who.int/publications/m/item/health-for-all--transforming-economies-to-deliver-what-matters</u>



Source: NHS Confederation 'From safety net to springboard' Report, October 2022<sup>2</sup>

This is backed up by research from the World Bank, who have shown that investing in healthcare infrastructure not only improves health outcomes, but also contributes to economic development.<sup>3</sup> It is clear that countries that invest in healthcare as a form of infrastructure, experience sustained economic growth.

There is widespread consensus on this issue across the political spectrum, for example McKinsey consultants research found that poor health contributed to a 15% reduction in global GDP each year.<sup>4</sup>



Source: NHS Confederation 'From safety net to springboard' Report, October 2022<sup>5</sup>

Regionally, disparities in health and economic inactivity are particularly acute as less healthy regions suffer from lower productivity, which compounds year-on-year:

<sup>&</sup>lt;sup>2</sup> <u>https://www.nhsconfed.org/publications/safety-net-springboard</u>

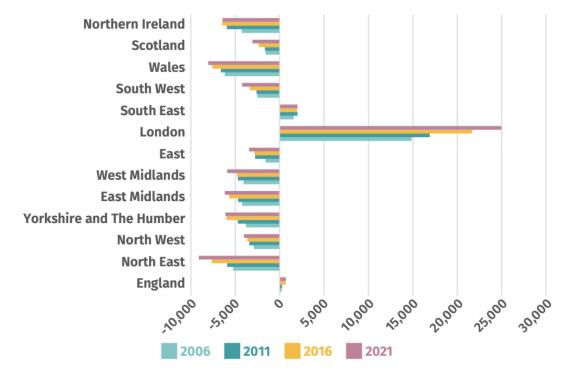
<sup>&</sup>lt;sup>3</sup> <u>https://www.worldbank.org/en/topic/health/overview</u>

<sup>&</sup>lt;sup>4</sup> https://www.mckinsey.com/mgi/overview/in-the-news/poor-health-reduces-global-gdp-by-15-percent-each-year

<sup>&</sup>lt;sup>5</sup> <u>https://www.nhsconfed.org/publications/safety-net-springboard</u>

#### FIGURE 1.4: LESS HEALTHY REGIONS HAVE LOWER LEVELS OF PRODUCTIVITY

GVA per head (balanced) by English region and UK nation, difference from UK average in selected years (five-year intervals 2006–21 (latest data)



Source: Authors' analysis of ONS (2023a)

If the Government is serious about "Levelling Up" and reducing regional inequalities, then health must be at the centre of the strategy.

Higher levels of poverty ultimately increase the NHS's workload. Poverty is a well-known cause of poor health.<sup>7</sup> This is because those most affected may be forced into poorer quality housing, eat lower quality and less diverse food sources, and experience higher levels of mental and emotional stress. The Health Foundation shows, for example, that 31% of people on the lowest incomes report 'less than good' health. In the middle (the fifth income decile) this figure is 22% and for people on the highest incomes the figure is 12%.<sup>8</sup> In 2016, The Joseph Rowntree Foundation estimated that poverty cost the NHS £29bn per year.<sup>9</sup> This figure, particularly given the ongoing cost of living crisis, will now likely be substantially higher.

Source: IPPR 'Healthy places, prosperous lives' Report, January 2024<sup>6</sup>

<sup>&</sup>lt;sup>6</sup> <u>https://www.ippr.org/articles/healthy-places-prosperous-lives</u>

<sup>&</sup>lt;sup>7</sup> https://www.healthscotland.scot/health-inequalities/fundamental-causes/income-inequality/income

<sup>&</sup>lt;sup>8</sup> https://www.health.org.uk/evidence-hub/money-and-resources/income/relationship-between-income-and-health

<sup>&</sup>lt;sup>9</sup> <u>https://www.jrf.org.uk/counting-the-cost-of-uk-poverty</u>

#### Preventing illness delivers significant economic benefits

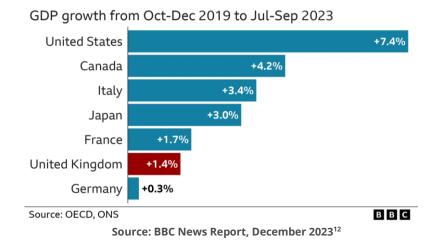
A strong healthcare system is critical for preventing illness, keeping people healthy for longer and reducing time out of the workforce. The economic benefits of preventive healthcare are underscored by the previously referenced research from the McKinsey Global Institute,<sup>10</sup> which estimates that scaling up preventive measures could save billions in healthcare costs. Regular check-ups and early interventions reduce the economic burden associated with advanced illnesses.

Ensuring resilient healthcare infrastructure is not just a moral obligation but a strategic investment in our future.

## Current challenges in the NHS are clearly affecting our economy

#### The UK's economy is stagnating and lagging behind competitors

2023 was a difficult year for many advanced economies with high inflation<sup>11</sup>, stalled wages and stagnant growth. This follows from years of economic shock and uncertainty, driven by the Covid-19 pandemic and political turmoil. The result of this has been that the UK economy has lagged behind many of its G7 peers, and particularly the US.



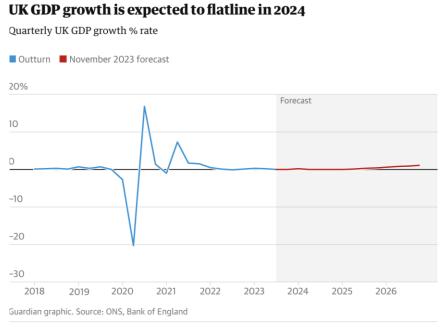
The outlook for the UK in 2024 does not look promising, with the Office for Budget Responsibility forecasting that UK inflation will remain stubbornly above the 2% target

<sup>&</sup>lt;sup>10</sup> <u>https://www.mckinsey.com/featured-insights/themes/how-prioritizing-health-can-help-people-economies-and-businesses</u>

<sup>&</sup>lt;sup>11</sup> This report typically uses the CPI measure of inflation, as the Government's preferred measure. However, there are disagreements around which is the best inflation measure to use when measuring the cost of living, with unions believing CPI inflation underestimates the real cost of living for working people.

<sup>&</sup>lt;sup>12</sup> https://www.bbc.co.uk/news/business-66269947

until well into 2025<sup>13</sup> and the Bank of England predicting that there is still a 50% chance of recession<sup>14</sup>.



Source: ONS/Bank of England data compiled by the Guardian, December 2023<sup>15</sup>

## Economic inactivity has remained stubbornly high

The number of economically inactive people has remained persistently high following the pandemic, and the UK performance is an international outlier.

The UK economy has not recovered at the same pace as our international counterparts. According to a report from the House of Commons Business, Energy and Industrial Strategy Committee, "the UK is the only country in the developed world where people have continued dropping out of the labour market in greater numbers beyond the acute phase of the Covid-19 pandemic."<sup>16</sup>

Despite some recent improvements in the statistics, 8.68 million people aged 16-64 were economically inactive at the end of 2023<sup>17</sup> and according to ONS data that number is forecast to grow above previous estimates over the coming years.

<sup>&</sup>lt;sup>13</sup> <u>https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/</u>

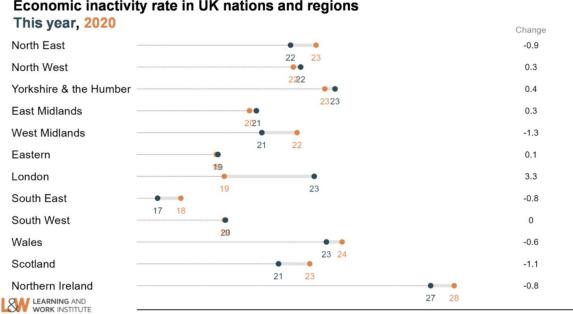
<sup>&</sup>lt;sup>14</sup> <u>https://www.bloomberg.com/news/articles/2023-11-06/uk-is-probably-already-in-recession-bloomberg-analysis-shows</u>

<sup>&</sup>lt;sup>15</sup> <u>https://www.theguardian.com/business/2023/dec/29/five-charts-explaining-the-uks-economic-prospects-in-2024</u>

<sup>&</sup>lt;sup>16</sup> <u>https://publications.parliament.uk/pa/cm5803/cmselect/cmbeis/306/summary.html</u>

<sup>&</sup>lt;sup>17</sup> <u>https://commonslibrary.parliament.uk/research-briefings/cbp-9366/</u>

Analysis of the UK nations and regions show significant differences in how the increase is spread, with economic inactivity increasing particularly in the East Midlands, the North West and Wales:



## Economic inactivity rate in UK nations and regions

Source: Learning and Work Institute Labour Market Analysis, September 2023<sup>18</sup>

## Lack of access to healthcare is preventing people from working

We can directly see how the lack of availability of healthcare drives economic inactivity by looking at local variations in statistics.

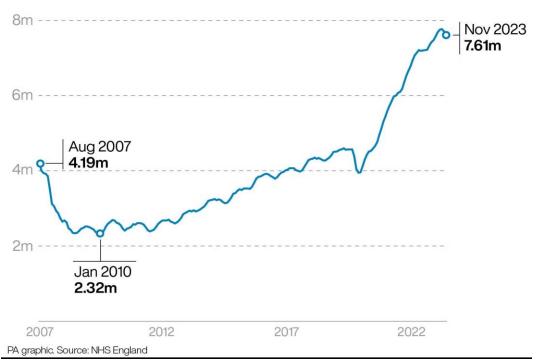
It has been well-publicised that NHS waiting lists are at record levels, with 7.6 million waiting for treatment in January 2024 according to official NHS figures, up from 7.14 million in September 2022.<sup>19</sup>

Polling by research firm Savanta backs this up, showing that one in three people have missed work in the last year because of delays in accessing NHS care, with young people worst affected.<sup>20</sup>

<sup>&</sup>lt;sup>18</sup> https://www.theguardian.com/business/2023/dec/29/five-charts-explaining-the-uks-economic-prospects-in-2024

<sup>&</sup>lt;sup>19</sup> <u>https://www.england.nhs.uk/long-read/monthly-operational-statistics-january-2024/</u>

<sup>&</sup>lt;sup>20</sup> https://www.theguardian.com/society/2023/nov/20/a-third-in-uk-missed-work-in-2022-due-to-delays-accessing-nhs-care



#### Waiting list for NHS hospital treatment in England

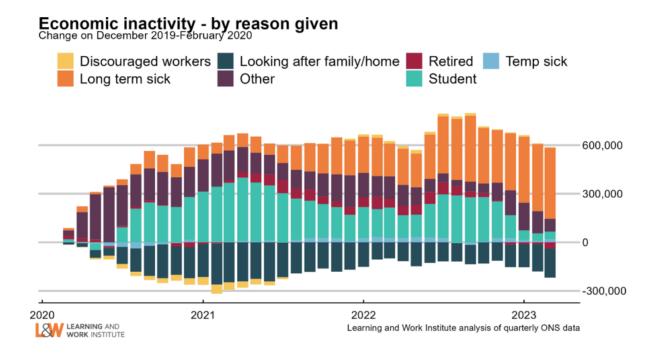
Source: Independent, January 2024<sup>21</sup>

Economic activity driven by poor health is one of the largest challenges to getting the UK back to growth. Long-term sickness is now the leading reason for economic activity in the country, with 2.5 million people accounting for 29.7% of total inactivity at the end of September 2023, up from 23% at the start of 2019, with a further 2% of economic inactivity due to temporary sickness.<sup>22</sup> 36% of working-age people reported that they had at least one long-term health condition in Quarter 1 (Jan to Mar) 2023, up from 31% in the same period in 2019 and 29% in 2016.<sup>23</sup>

<sup>&</sup>lt;sup>21</sup> <u>https://www.independent.co.uk/news/health/nhs-waiting-times-cancer-treatment-b2476937.html</u>

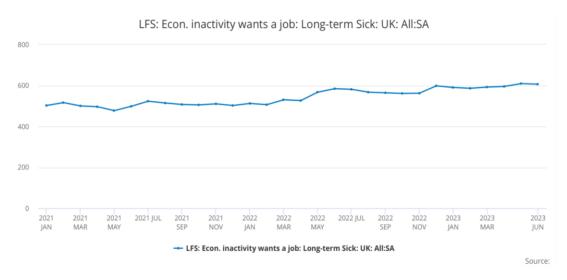
https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/datasets/economicinactivityb yreasonseasonallyadjustedinac01sa

https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023



#### Source: Office for Budget Responsibility, January 2024<sup>24</sup>

Of those classified as economically inactive due to long-term illness, 606,000 would like to go back to work if they could - a figure which has increased by more than 20% since the start of 2021:

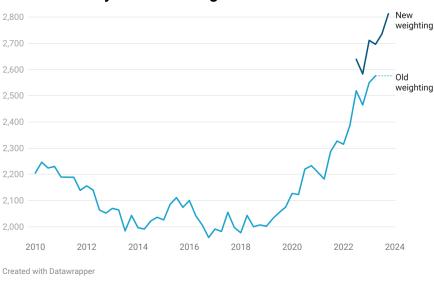


#### Source: ONS Labour market statistics January 2024<sup>25</sup>

<sup>&</sup>lt;sup>24</sup> <u>https://articles.obr.uk/trends-in-labour-market-inactivity-for-caring-purposes/index.html</u> <sup>25</sup>

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/lfp8/lms

However, the ONS predicts that those economically inactive due to long-term sickness will continue to increase and has revised previous estimates up 200,000 to 2.8 million people in November 2023:



Econ. inactivity reasons: Long Term Sick: UK: 16-64

Source: ONS Labour Market Statistics, February 2024<sup>26</sup>

Those leaving the workforce due to ill health are disproportionately older - of the 2.1m people aged 50-64 who weren't working in 2023, 24% said they left due to poor health.

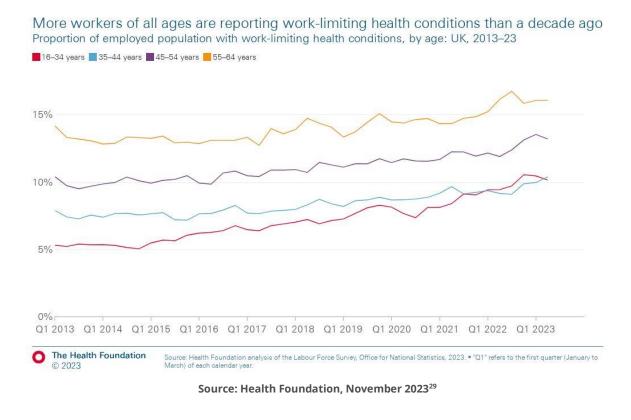
The health conditions of those unable to work are also becoming more complex – 38% of people economically inactive due to health reported having five or more health conditions, up from 34% in 2019, suggesting that many have interlinked and complex health issues.<sup>27</sup>

Whilst citing health conditions as a reason for economic inactivity is increasing in every demographic, it is rising fastest amongst younger people, meaning "that a 16–34-year-old employed in 2023 is as likely to report a work-limiting health condition as someone aged 45–54 years was a decade ago, and a similar likelihood to a 35–45-year-old today."<sup>28</sup>

<sup>&</sup>lt;sup>26</sup> https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/timeseries/lf69/lms; https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/impactofre weightingonlabourforcesurveykeyindicators/2024#overview-of-labour-force-survey-reweighting

https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023

<sup>&</sup>lt;sup>28</sup> <u>https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge</u>



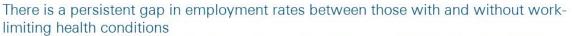
## Poor Mental Health is the main driver of young inactivity

One of the reasons driving the increase in numbers, and particularly in the younger demographic, is poor mental health. According to the ONS, more than 1.35 million (53%) of those inactive because of long-term sickness reported that they had depression, bad nerves or anxiety in Quarter 1 2023.<sup>30</sup>

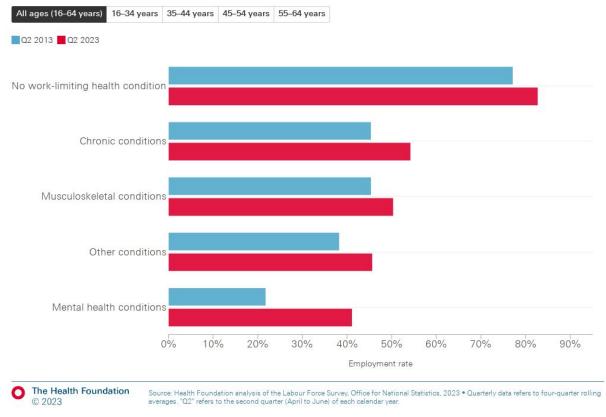
Research from the think tank the Health Foundation, shows that whilst all common conditions that lead to economic inactivity have increased over the past decade, it is in mental health conditions that we have seen the largest increases:

<sup>&</sup>lt;sup>29</sup> <u>https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge</u> <sup>30</sup>

https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023







#### Source: Health Foundation, November 2023<sup>31</sup>

This presents challenges for our economy not just today, but for the long term given that reporting of mental health issues is more common amongst younger people, who risk missing out on formative stages of their early careers which may have long-term impact on their progression and the broader economy.

Joint research from the Financial Times and insurance company Vitality shows that young people are losing on average more than one day per working week to poor health.<sup>32</sup> This is significantly higher than those over 50 who lost an average of 36.3 days a year because of health concerns. A large proportion of this gap was caused by poor mental health, as Gen Z respondents reported having better physical health than their older counterparts, while experiencing drastically lower levels of mental wellbeing.

<sup>&</sup>lt;sup>31</sup> https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge

<sup>&</sup>lt;sup>32</sup> <u>https://www.vitality.co.uk/business/healthiest-workplace/findings/</u>

## Caring responsibilities are forcing people out of the workforce

There are growing numbers of people who have caring responsibilities which prevent them from working, and it is those leaving the workforce to care for adults who are driving the growth in economic inactivity.

Whilst economic inactivity due to unpaid care has fallen in recent months and reached an all-time low in July 2023, according to the Office for Budget Responsibility this has been almost entirely driven by those with dependents under 18."<sup>33</sup>

In October 2023, Skills for Care estimated that there were 152,000 vacancies in the social care sector, equivalent to 9.9% of the workforce.<sup>34</sup> This shortage in social care workers is having a knock-on effect on people who have friends or relatives in need of care and is leading to an epidemic of unpaid care across the country. According to Census and ONS data, the number of unpaid carers in the UK is 5.7 million, however, the charity Carers UK estimates that number could be as high as 10.6 million.<sup>35</sup>

Carers UK estimates that the value of all of this unpaid care is £162 billion to the UK economy each year, making its value comparable to the NHS budget for England and Wales. <sup>36</sup>

## Poor health is also leading to early retirement

According to ONS data from October 2023, whilst the employment rate of people aged 50 to 64 years has been on a long-term increasing trend over the past 10 years, the inactivity rate of this demographic of 26.6% still has yet to recover to the levels seen prepandemic<sup>37</sup> and has actually increased by 8.0% since the pandemic started.<sup>38</sup>

For those aged 50 to 64 years, the most common reason for being economically inactive is "being sick, injured or disabled", accounting for 42.3% of older inactive adults.<sup>39</sup>

<sup>&</sup>lt;sup>33</sup> <u>https://articles.obr.uk/trends-in-labour-market-inactivity-for-caring-purposes/</u>

<sup>&</sup>lt;sup>34</sup> https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-

information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx

<sup>&</sup>lt;sup>35</sup> <u>https://www.carersuk.org/policy-and-research/key-facts-and-figures/</u>

<sup>&</sup>lt;sup>36</sup> <u>https://www.carersuk.org/policy-and-research/key-facts-and-figures/</u>

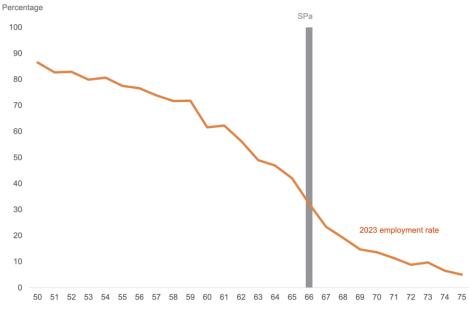
 <sup>&</sup>lt;sup>37</sup> https://www.gov.uk/government/statistics/economic-labour-market-status-of-individuals-aged-50-and-over-trends-over-time-september-2023/economic-labour-market-status-of-individuals-aged-50-and-over-trends-over-time-september-2023
 <sup>38</sup> https://learningandwork.org.uk/what-we-do/employment-and-social-security/labour-market-analysis/january-2024/

<sup>&</sup>lt;sup>39</sup> https://www.cipp.org.uk/resources/news/economic-labour-market-individuals-aged-50-over.html

The inactivity challenge for the over-50s could get worse, with research finding that 5.3m workers over 50 are considering early retirement, which would exacerbate the existing pressures on the workforce.<sup>40</sup>

According to research from the think tank Demos, there are 800,000 people aged 50-64 who are economically inactive and would like to return to work.<sup>41</sup> Keeping older people healthy and active for longer is therefore crucial to getting them back to work, and preventing the cliff edge in economic activity that we see in the over 50s.

The UK has an ageing population and workforce, so keeping people economically active is vital to generate the tax receipts to pay for public spending.



Employment rates by individual age, 2023, UK

Source: ONS, September 2023<sup>42</sup>

## Lack of access to healthcare is a driver of inequality

Research by the Institute for Public Policy Research has identified a direct link between poor health and economic activity in the UK, with areas of poor health experiencing the highest levels of economic inactivity:

<sup>&</sup>lt;sup>40</sup> <u>https://www.fenews.co.uk/employability/five-million-over-50s-in-the-uk-set-to-retire-early-according-to-new-research/</u>

<sup>&</sup>lt;sup>41</sup> https://demos.co.uk/wp-content/uploads/2023/09/The-Platinum-Pound-Report\_Final.pdf

<sup>&</sup>lt;sup>42</sup> https://www.gov.uk/government/statistics/economic-labour-market-status-of-individuals-aged-50-and-over-trends-overtime-september-2023

	Per cent economically inactive	Per cent bad or very bad health (age standardised)	
London	24.84	5.63	
Midlands	23.33	5.35	
North	25.62	6.16	
South	21.91		
Wales	26.82		
Average	23.60	5.28	

Source: IPPR 'Healthy places, prosperous lives' Report, January 202443

The report shows that 25% of economically inactive people live in the 50 local authority areas in England with the highest levels of poor health<sup>44</sup>, with those living in the most deprived parts of the country 40% more likely to be economically inactive.<sup>45</sup>

This is backed up by Healthwatch, a statutory body and part of the Care Quality Commission established to champion patient views, which found that "People in the most deprived areas are twice as likely to wait over a year compared to those in the least deprived areas."<sup>46</sup>

This link is likely to get worse as those who can afford alternative health care options are opting to pay for treatment rather than wait for NHS treatment, thus driving inequality of access and undermining one of the key principles of the NHS.



<sup>&</sup>lt;sup>43</sup> <u>https://www.ippr.org/articles/healthy-places-prosperous-lives</u>

<sup>&</sup>lt;sup>44</sup> <u>https://www.theguardian.com/society/2024/jan/18/areas-of-england-with-poorest-health-have-higher-rates-of-poverty-report-finds</u>

<sup>&</sup>lt;sup>45</sup> <u>https://practicebusiness.co.uk/grim-health-reality-in-deprived-areas</u>

<sup>&</sup>lt;sup>46</sup> <u>https://www.healthwatch.co.uk/public-perspective-report</u>

# SECTION 2: NHS: UNDERFUNDED AND UNDER PRESSURE

The pressure on the NHS has continued to increase over the last year, despite slightly falling vacancy rates and an increase in NHS headcount.

The challenges in primary care and social care continue to lead to increased pressure on the ambulance service, A&E and the provision of in-patient services.

High levels of inflation have continued to put a financial squeeze on NHS budgets. Real terms spending has fallen, waiting times have continued to grow, and the workforce remains under pressure.

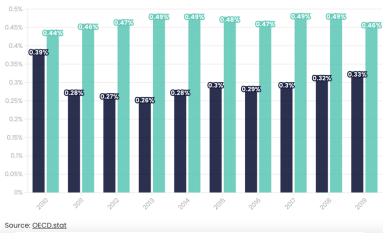
## UK health spending is falling behind comparable countries

From 2010-2019, the UK spent 18% less than comparable EU-14 countries on healthcare.<sup>47</sup> Analysis from the Health Foundation says that if the UK had matched the spending per head of Germany in this decade, funding would be £73 billion (39%) higher each year.<sup>48</sup>

United Kingdom 📒 EU-14 average

Capital expenditure on buildings, machinery, IT and equipment has also lagged behind comparable peers. According to findings from the NHS Confederation, had the UK matched the EU-14 average spending, £33 billion more would have been invested.<sup>49</sup> This has led to the NHS having fewer beds per person, and less equipment like MRI and CT scanners to help speed up patient flow:





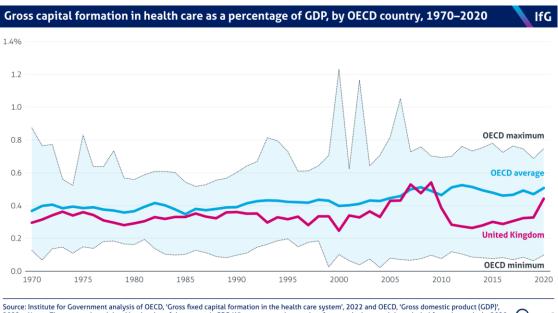
Source: NHS Confederation, April 2023<sup>1</sup>

<sup>&</sup>lt;sup>47</sup> <u>https://www.nhsconfed.org/articles/would-nhs-be-better-position-had-investment-kept-pace-comparable-countries</u>

<sup>&</sup>lt;sup>48</sup> https://www.health.org.uk/news-and-comment/charts-and-infographics/how-does-uk-health-spending-compare-acrosseurope-over-the-past-decade

<sup>&</sup>lt;sup>49</sup> https://www.nhsconfed.org/articles/would-nhs-be-better-position-had-investment-kept-pace-comparable-countries

This is backed by separate research from the Institute for Government which compared UK capital investment in health care to OECD averages, and found that "between 1970 and 2010, the UK spent 84.3% of the OECD average on health capital. This fell to 62.5% in the years between 2011 and 2020":



Source: Institute for Government analysis of OECD, 'Gross fixed capital formation in the health care system', 2022 and OECD, 'Gross domestic product (GDP)', 2022. • Notes: The average is weighted by the size of the country's GDP. When a country has no data for a particular year, it is excluded from the analysis. 2020 is the last year for which the UK has data. Adapted from Health Foundation analysis.

The UK, along with other countries, did increase healthcare spending by an unprecedented amount during the Covid-19 pandemic. However, even with the increased emergency spending, provisional data for 2022 suggests the UK is still behind France and Germany.<sup>51</sup>

NHS staff are not equipped with the resources necessary to cope with increased demand. Many NHS staff do not feel they have the equipment or resources to do their job properly. This is most pronounced among allied health professionals (31%), nurses and midwives (29.6%) and medical and dental (36.6%).<sup>52</sup>

According to research by the Institute for Government, the "NHS has many fewer CT (computerised tomography) scanners and MRI (magnetic resonance imaging) machines

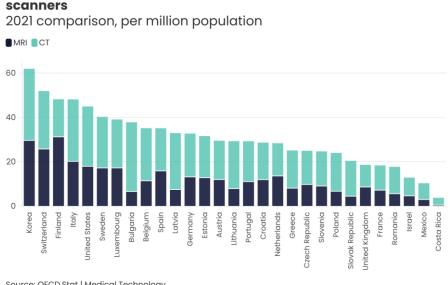
Source: Institute for Government Performance Tracker: Hospitals, October 2023<sup>50</sup>

<sup>&</sup>lt;sup>50</sup> https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals

https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/bulletins/healthcareexp enditureukhealthaccountsprovisionalestimates/2022

<sup>&</sup>lt;sup>52</sup> <u>https://www.nhsstaffsurveys.com/results/national-results/</u>

in hospitals than comparable countries in the OECD, at only 10.02 and 8.57 per one million people respectively. In comparison, Spain has 19.23 and 15.86 and Germany has 19.54 and 13.14 respectively."<sup>53</sup> This lack of equipment leads to bottlenecks and contributes to the difficulties in meeting the demands on the service.



## The UK lags behind most other OECD nations on CT and MRI scanners

Source: <u>OECD.Stat | Medical Technology</u> Data for in hospitals only, UK based on OECD estimates



## NHS funding is not keeping up with inflation

According to the Bank of England inflation calculator between 2021–2023 inflation has averaged 8.9%. In January 2024 Inflation is at 4% with the expectation that it will reach 2% by the end of 2025.<sup>55</sup>

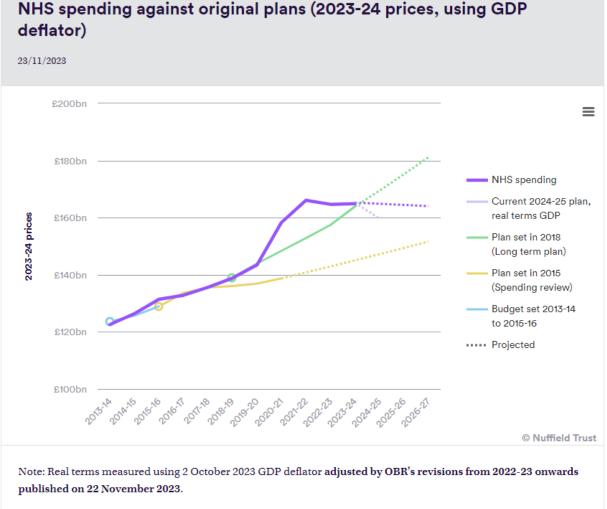
Despite this, the 2023 Spring Budget brought no additional funding for healthcare for the remainder of this Spending Review Period (until 2024/5). Beyond 2025, the Government is set to hold total Departmental spending (across all departments) flat in cash terms, leading to a real terms budget cut for the NHS.<sup>56</sup>

<sup>&</sup>lt;sup>53</sup> <u>https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals</u>

<sup>&</sup>lt;sup>54</sup> https://www.nhsconfed.org/publications/investing-to-save-NHS-capital-England

<sup>&</sup>lt;sup>55</sup> https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator

<sup>&</sup>lt;sup>56</sup> https://www.nuffieldtrust.org.uk/resource/nhs-spending-plans-and-reality-over-the-past-10-years



# NHS spending against original plans (2023-24 prices, using GDP

Source: Nuffield Trust, November 2023<sup>57</sup>

## Demand for NHS services has continued to grow

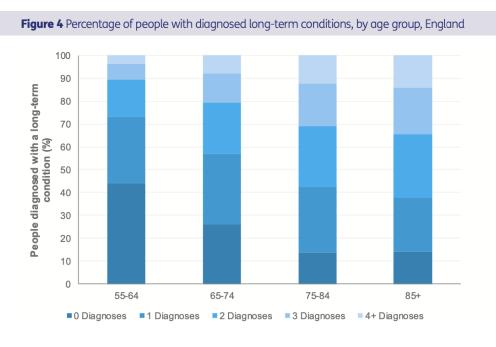
Even before the Covid-19 pandemic, demand for healthcare services was growing, which NHS England attributes to "an ageing population with increasingly complex healthcare needs".58

Between 2011 and 2021, the number of over 65s in the UK increased from 9.2m to 11m<sup>59</sup>, while the complexity of their healthcare requirements also increased with many facing multiple diagnoses:

<sup>&</sup>lt;sup>57</sup> https://www.nuffieldtrust.org.uk/resource/nhs-spending-plans-and-reality-over-the-past-10-years

<sup>&</sup>lt;sup>58</sup> https://www.england.nhs.uk/future-of-human-resources-and-organisational-development/the-future-of-nhs-humanresources-and-organisational-development-report/evolving-to-meet-a-changing-world/

<sup>&</sup>lt;sup>59</sup> https://www.newstatesman.com/spotlight/2023/12/what-does-an-ageing-population-mean-for-the-future-of-healthcare



Source: Age UK 'The State of Health and Care of Older People, 2023'60

These long-term trends were then exacerbated by the pandemic, which understandably led to a slowdown in routine treatments and growing waiting lists. Since then, despite some progress being made against the Elective Care Recovery Plan, published in February 2022, the picture is still one of a system playing catch-up from years of underinvestment, the pandemic disruption and ongoing industrial action caused by pay disputes.

Although monthly treatments are growing faster than before the pandemic, this positive sign of recovery is overshadowed by increasing demand and the lack of progress – or even deterioration – in the overall situation.

### NHS is not meeting its targets

NHS performance metrics are starting to improve, but there is still much to be done in order to meet its targets. However, these moderate improvements come after a long period of increased waiting times and decreasing service levels. These growing waiting lists began before the pandemic, although they were exponentially increased by it.<sup>61</sup>

<sup>&</sup>lt;sup>60</sup> https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/health----wellbeing/age-uk-briefing-state-of-health-and-care-july-2023-abridged-version.pdf

<sup>&</sup>lt;sup>61</sup> <u>https://www.kingsfund.org.uk/insight-and-analysis</u>

This has resulted, overall, in the NHS treating fewer patients, despite an increase in overall staff headcount.<sup>62</sup> The waiting list to start elective care is now down to 7.61 million individual treatment programs. The waiting list is made up of 6.39 million individual people, some of whom are waiting for multiple treatments.

The median time that patients had been on the waiting list was 14.4 weeks in November 2023. In November 2019, before the pandemic, the median wait was only 7.7 weeks.

		ĝ	-
	Four-hour	62-day	Hospital
	A&E	cancer	treatment
England	July	December	February
	2015	2015	2016
Northern	Never	March	March
Ireland	reached	2009	2013
Scotland	July	December	June
	2020	2012	2014
Wales	Never	August	August
	reached	2010	2010

## When key NHS targets were last hit

Source: BBC News analysis of NHS Data, January 2024<sup>63</sup>

## Waiting times have increased to record levels

7.61 million patients in England are waiting for consultant-led elective care as of November 2023, down from a peak of 7.77 million in September 2023.<sup>64</sup>

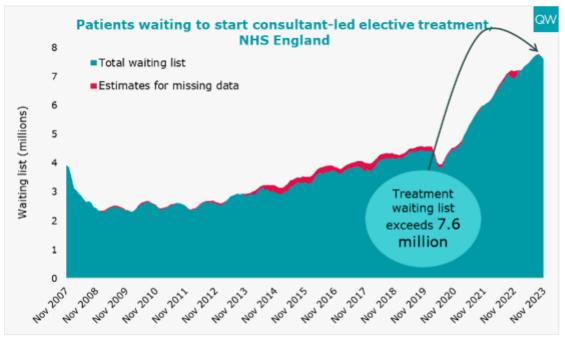
By way of comparison, this was 4.75 million in February 2020 following a sustained increase since 2013.

<sup>&</sup>lt;sup>62</sup> <u>https://ifs.org.uk/sites/default/files/2022-12/NHS-funding-resources-and-treatment-volumes-Institute-for-Fiscal-Studies.pdf</u>

<sup>&</sup>lt;sup>63</sup> <u>https://www.bbc.co.uk/news/health-67884322</u>

<sup>&</sup>lt;sup>64</sup> <u>https://www.england.nhs.uk/statistics/statistical-work-areas/rtt-waiting-times/rtt-data-2022-23/</u>

The length of time patients are waiting is stark, with a median wait time of 14.4 weeks – almost double pre-pandemic statistics of 7.7 weeks in November 2019 – and over 3.18 million waiting over 18 weeks.



Source: Nuffield Trust NHS Performance Tracker<sup>65</sup>

Despite the fall in the waiting list from September to November 2023, the Health Foundation has modelled four potential scenarios - with variables around the provision of care and industrial action - none of which see waiting lists falling by the end of 2024, and, in the worst-case scenario, would see the waiting lists grow to 8.4 million by the end of 2024:

> Only in the better case scenario, where the number of completed treatments grows by 10.4% a year, a third faster than currently, would the waiting list fall to the same level as when the Prime Minister made his pledge [in January 2023 that NHS waiting lists would be falling]

> > Source: Health Foundation, October 2023<sup>66</sup>

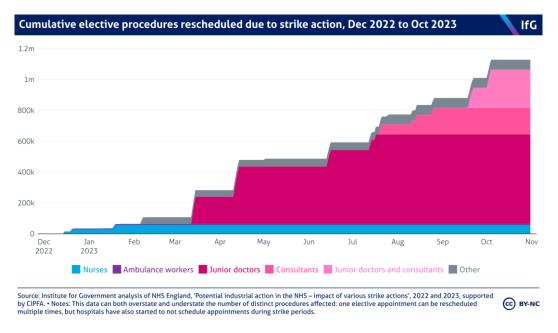


The backlog of care, chronic workforce shortage and general pressure on NHS services has caused waiting times to increase to record levels.

<sup>&</sup>lt;sup>65</sup> <u>https://www.nuffieldtrust.org.uk/qualitywatch/nhs-performance-summary</u>

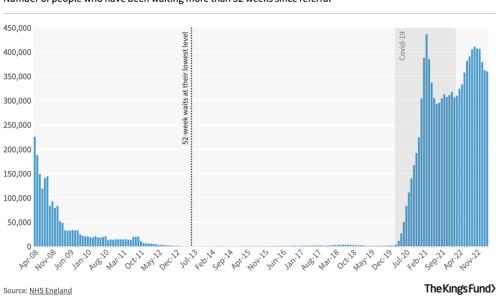
<sup>&</sup>lt;sup>66</sup> <u>https://www.health.org.uk/news-and-comment/news/nhs-waiting-list-to-peak-at-more-than-8-million-by-summer-2024</u>

Waiting times are being exacerbated by ongoing industrial action, with more than 1m elective procedures having to be rescheduled due to pay disputes:



Source: Institute for Government Performance Tracker 2023: Hospitals<sup>67</sup>

There have also been drastic increases in the number of people waiting over a year for treatment, rising from a baseline of around 3,000 between 2013 and the pandemic, which has now risen to around 360,000.<sup>68</sup>



Number of people who have been waiting more than 52 weeks since referral

Source: King's Fund, June 2023<sup>69</sup>

<sup>&</sup>lt;sup>67</sup> <u>https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals</u>

<sup>&</sup>lt;sup>68</sup> <u>https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/waiting-times-non-urgent-treatment</u>

<sup>&</sup>lt;sup>69</sup> <u>https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/waiting-times-non-urgent-treatment</u>

There are also some worrying slippages around critically important care. The two-month cancer wait time target was being missed by 35% of patients. NHS England aims to have no more than 15% of patients waiting longer than two months until a first treatment for cancer.

## Emergency care is not able to meet demand

In 2023, a record 420,000 people had to wait for more than 12 hours in A&E - a 20% increase since 2020 and a 5,000% increase since just four years ago.<sup>70</sup>

Delays in emergency care are not a new phenomenon, the target for a four-hour wait has never been met in Wales or Northern Ireland, was met in England 8 years ago and in Scotland 4 years ago.

Over 31% of people spent over 4 hours in emergency care in December 2023. The longstanding objective is 5%.

These long waiting times are coupled with increased attendance. In the third quarter of 2023-24, 4.18 million people attended major A&E compared with 4.12 million in the last equivalent period before the pandemic and 3.47 million in the same period 10 years ago (2013-14).<sup>71</sup>

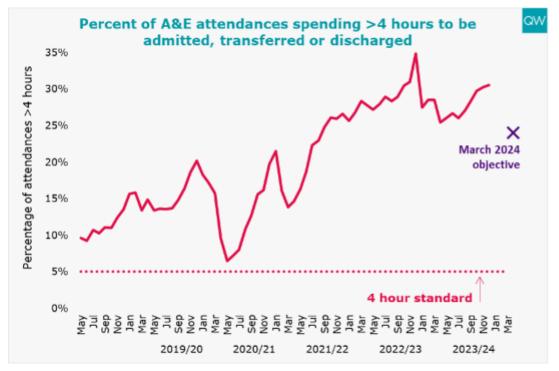


<sup>&</sup>lt;sup>70</sup> https://www.dailymail.co.uk/news/article-12962589/420-000-patients-wait-12-hours-huge-delays.html

<sup>&</sup>lt;sup>71</sup> <u>https://www.england.nhs.uk/statistics/statistical-work-areas/ae-waiting-times-and-activity/</u>

As the NHS Confederation notes, A&E attendance and the increased wait times is a system-level challenge:

A&E waits are a result of several factors; more patients are arriving at A&E sicker than they were before, increasing the length of time they are likely to spend in A&E and stretching constrained resources further. Furthermore, wider system pressures and a lack of capacity in primary and community care has led to patients increasingly turning to A&E to receive care too.<sup>72</sup>

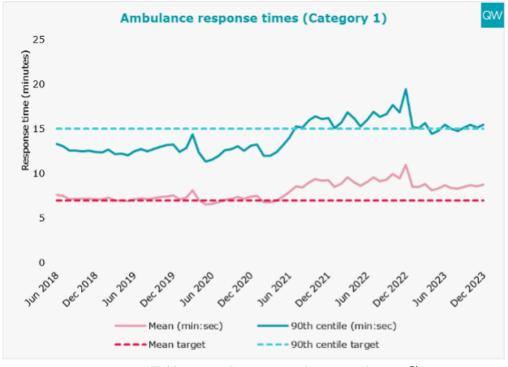


Source: Nuffield Trust Performance Tracker, December 202373

The problems are not just in the emergency departments at hospitals. According to analysis by the Nuffield Trust in December 2023, the targets for ambulance response times for both Category 1 incidents (life-threatening conditions, such as cardiac arrest) and Category 2 incidents (emergency conditions such as a stroke) are being missed:

<sup>&</sup>lt;sup>72</sup> <u>https://www.nhsconfed.org/articles/are-ae-waiting-times-bad-because-too-many-people-are-going-there-who-dont-need</u>

<sup>&</sup>lt;sup>73</sup> https://www.nuffieldtrust.org.uk/qualitywatch/nhs-performance-summary



Source: Nuffield Trust Performance Tracker, December 202374

This crisis in emergency care is having a big impact on staff. According to the NHS Staff Survey 2022, 30% of Emergency Care Practitioners feel they cannot meet all conflicting demands at work and over two-thirds (66.5%) say there are not enough staff to do their job properly.<sup>75</sup>

## Primary care is not able to meet demand

Primary care is under strain all year round, and despite an increase in the supply of primary care over recent years, demand is still outstripping the capacity in the sector.<sup>76</sup>

2023 is set to have the most number of 28-day waits for an appointment on record, having reached a total of 14.8 million in the first 10 months of the year.

These delays in primary care are, in turn, impacting the emergency sector, with research from the think tank, the Institute of Public Policy Research (IPPR), finding that "in 2021, 7.6 per cent of those who couldn't get appointments said they went to A&E because they couldn't see a GP - the equivalent of 282,000 people. In 2023 that figure was 12.2 per cent, the equivalent of 696,000, a rise of 146%."<sup>77</sup>

<sup>&</sup>lt;sup>74</sup> https://www.nuffieldtrust.org.uk/qualitywatch/nhs-performance-summary

<sup>&</sup>lt;sup>75</sup> <u>https://www.nhsstaffsurveys.com/results/national-results/</u>

<sup>&</sup>lt;sup>76</sup> <u>https://www.nhsconfed.org/publications/state-care-report</u>

<sup>&</sup>lt;sup>77</sup> https://www.ippr.org/media-office/patients-turning-to-a-e-after-finding-it-difficult-to-get-gp-appointments

## Social care is not able to meet demand

Another segment of the healthcare sector struggling to keep up with demand is social care.

The NHS Confederation has said that social care and the NHS are "two sides of the same coin".<sup>78</sup> The effect can most be felt in the reasons behind delayed discharges from hospitals. According to the Nuffield Trust, "the total number of patients in acute hospitals who were ready to leave hospital but were delayed has increased by 43% from an average of 8,545 patients per day in June 2021 to 12,202 patients per day in September 2023"<sup>79</sup>, with data showing the most common reasons for delayed discharge was waiting for home or social care.<sup>80</sup>

If not addressed, the continuing recruitment and retention crisis in social care – which has 152,000 vacancies – will continue to exacerbate the demand on the health service. <sup>81</sup>



<sup>&</sup>lt;sup>78</sup> <u>https://www.nhsconfed.org/publications/adult-social-care-and-nhs</u>

<sup>&</sup>lt;sup>79</sup> https://www.nuffieldtrust.org.uk/resource/delayed-discharges-from-hospital

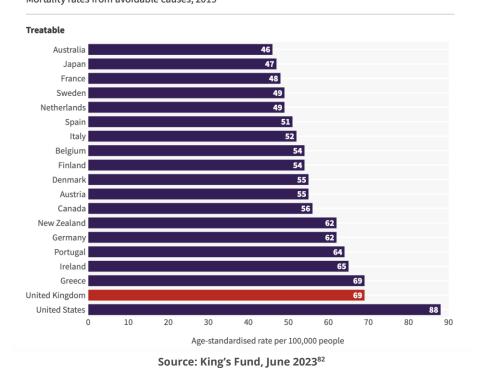
<sup>&</sup>lt;sup>80</sup> <u>https://www.nuffieldtrust.org.uk/resource/delayed-discharges-from-hospital</u>

<sup>&</sup>lt;sup>81</sup> <u>https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx</u>

## Patient safety is being impacted

All of these factors are combining to have a tangible impact on patient safety and outcomes.

According to King's Fund analysis of OECD data in June 2023, the UK has higher avoidable mortality rates from avoidable causes than almost all of its peers at 69 per 100,000 people:



The UK has higher avoidable mortality rates than its peers Mortality rates from avoidable causes, 2019

Finding similar, the Institute of Global Health Innovation at Imperial College London ranks the NHS at 21st out of 38 OECD countries for patient safety<sup>83</sup>, with the analysis suggesting that more than 17,000 lives could have been saved in 2019 if the UK had performed in the top 10% of countries.<sup>84</sup>

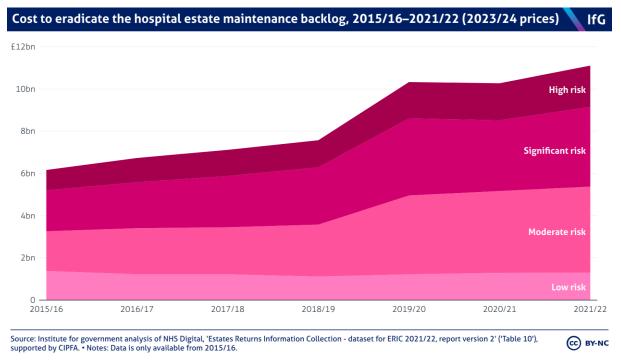
Meanwhile, the backlog of maintenance required across the NHS estate has risen to £10.2bn in 2021.22 - the highest level on record. The proportion of that backlog is categorised as high risk, meaning urgent action is needed to prevent "catastrophic

<sup>&</sup>lt;sup>82</sup> https://www.kingsfund.org.uk/blog/2023/06/comparing-nhs-health-care-systems-other-countries-five-charts

<sup>&</sup>lt;sup>83</sup> <u>https://www.imperial.ac.uk/Stories/global-state-of-patient-safety/</u>

<sup>&</sup>lt;sup>84</sup> https://www.dailymail.co.uk/health/article-12853763/NHS-UK-patient-safety-rank-scores-lower.html

failure, major disruption to clinical services or deficiencies in safety liable to cause serious injury and/or prosecution" is also at a record level of 17.6%:



Source: IFG Performance Tracker 2023: Hospitals<sup>85</sup>

<sup>&</sup>lt;sup>85</sup> <u>https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals</u>

## **SECTION 3: NHS Workforce Context**

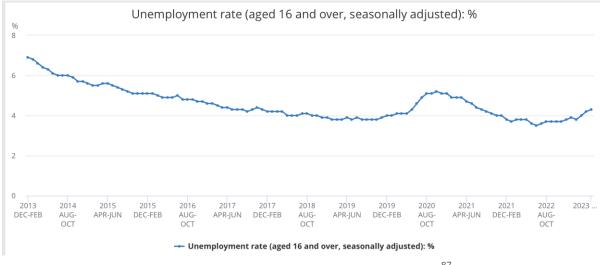
The NHS is the UK's largest employer and is not immune to the significant workforce challenges being felt by all employers.

For staff working in the NHS, there remains an exceptional commitment to deliver the best care for patients and a supportive environment for colleagues. The increase in waiting times and additional pressure in the system is impacting the quality of care, which staff are finding distressing and difficult to manage.

This combined with the stress of making ends meet because of the increasing cost of living has had a devastating impact on morale and is forcing staff to leave the NHS.

#### A challenging labour market backdrop for the NHS

Despite a higher population (+300,000), the UK's employment rate is still below the prepandemic level of 76.3%<sup>86</sup>, yet unemployment remains low by historical standards at 4.2%:



Source: ONS Unemployment Data January 2024<sup>87</sup>

Since the recovery from the Covid-19 pandemic, the labour market has been tight, with high vacancies and low unemployment. There has been high wage growth due to strong

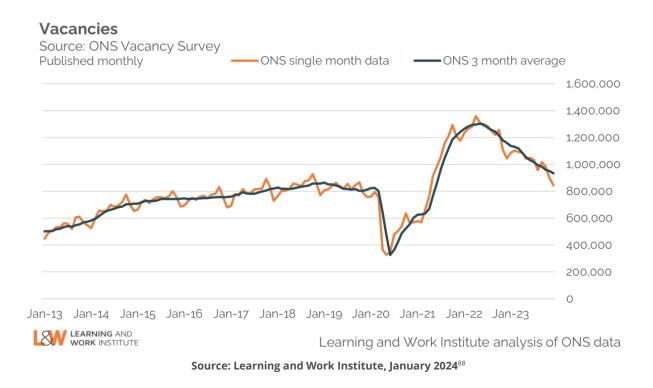
<sup>86</sup> 

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/x10adjust edemploymentunemploymentandeconomicinactivity

<sup>&</sup>lt;sup>87</sup> https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsx/lms

competition for labour, which continues to provide a challenging backdrop for NHS staffing.

Whilst the number of vacancies captured in ONS data has been falling over the past year since the pandemic, it still remains higher than historical averages. As of January 2024, there were 934,000 vacancies in the UK, down by 49,000 compared with the previous quarter but still more than 100,000 higher than pre-pandemic:

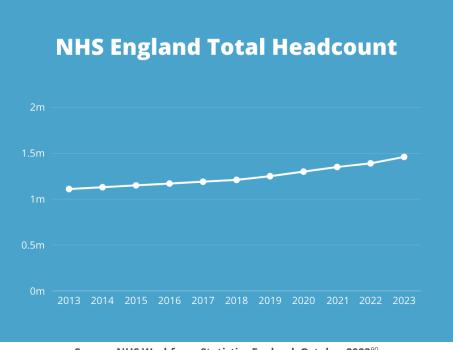


### Staff vacancies in the NHS remain historically high

There are now 1.46 million total staff in the NHS (up to September 2023), an annual increase of 5.4%. From October 2022 to 2023, there were 6.1% more nurses, 5.2% HCHS more doctors, 5.3% more science, therapeutic and technical staff and 4.7% more midwives.<sup>89</sup>:

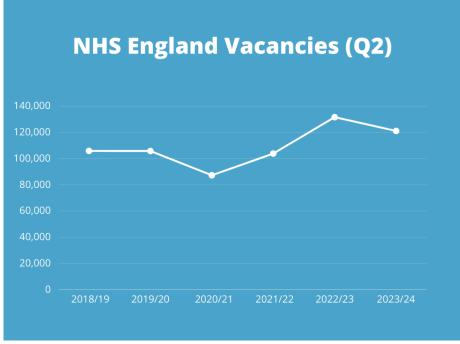
<sup>&</sup>lt;sup>88</sup> <u>https://learningandwork.org.uk/what-we-do/employment-and-social-security/labour-market-analysis/january-2024/</u>

<sup>&</sup>lt;sup>89</sup> <u>https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics/october-2023</u>



Source: NHS Workforce Statistics England, October 2023<sup>90</sup>

Despite a small increase in headcount, there remain 121,070 vacancies in the NHS in England. This is higher than the same quarter 5 years ago.<sup>91</sup>



Source: NHS Vacancy Statistics England, November 2023<sup>92</sup>

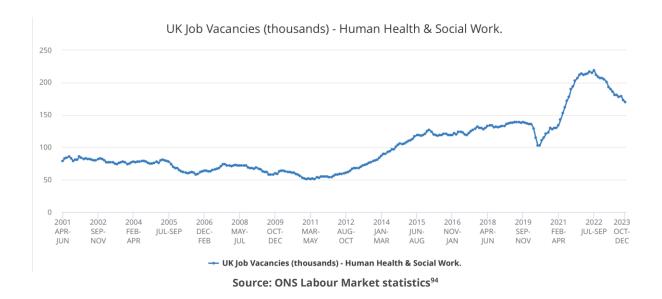
<sup>&</sup>lt;sup>90</sup> https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics/october-2023

https://www.gov.uk/government/news/record-number-of-doctors-and-nurses-in-the-nhs-helping-to-cut-waiting-lists
 https://digital.nhs.uk/data-and-information/publications/statistical/nhs-vacancies-survey/april-2015---september-2023-

experimental-statistics

#### Healthcare vacancies are hard to fill

As we have seen, vacancies in the UK economy are falling, but remain high by historical standards. Vacancies across the public sector remain high and hard to fill, according to research from the Chartered Institute of Personnel and Development (CIPD) in November 2023 "51% of public-sector employers reported hard-to-fill vacancies compared to 38% of private-sector employers."<sup>93</sup>



This is particularly evident in the health sector, where the Institute for Government found that total vacancies averaged at 8.9% for the year to June 2023, down from the pandemic highs but in line with long term terms and showing no signs of decreasing.<sup>95</sup>

Whilst the percentage vacancy rate has remained relatively constant over recent years, the increasing size of the NHS workforce to meet growing demand means that the actual total number of vacancies remains well in excess of historic norms.

The problems are particularly acute in some areas. In Nursing, for example, the government has reached its target of 50,000 additional registered nurses in England<sup>96</sup>,

<sup>&</sup>lt;sup>93</sup> <u>https://www.cipd.org/uk/about/press-releases/labour-market-outlook-autumn/</u> 94

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/jp9w/lm <u>s</u>

<sup>&</sup>lt;sup>95</sup> https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals

<sup>&</sup>lt;sup>96</sup> https://www.nursingtimes.net/news/workforce/government-meets-50k-nurse-target-but-vacancies-remain-high-30-11-2023/

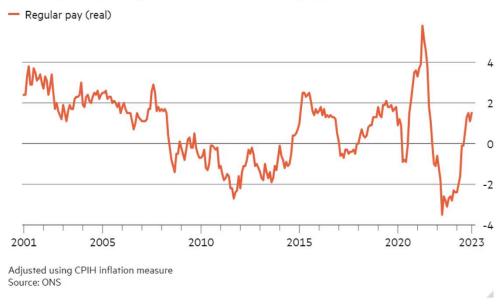
but vacancies remain at record levels and long term the problem looks set to get worse with UCAS data showing a 12% fall in the number of nursing students for 2023 intakes.<sup>97</sup>

#### Public Sector Wage growth still lags behind the private sector

According to the ONS, around 5.9 million people were employed in the public sector in the UK as of September 2023, 1.98 million of which were employed in the NHS.<sup>98</sup>

Despite sluggish growth in the economy in 2023, a tight labour market, inflation and the cost of living crisis have contributed to significant wage growth across the economy, much higher than many of our international comparators.

Despite this, due to the generationally high inflation rate, it took until September 2023 for wages across the economy to finally overtake inflation giving UK workers real term pay growth for the first time in months<sup>99</sup>, after some large falls in real-term pay over the preceding years:



Source: Investors Chronicle, January 2024<sup>100</sup>

REAL EARNINGS RECOVERY

Real average weekly earnings annual growth rates, seasonally adjusted

<sup>&</sup>lt;sup>97</sup> <u>https://www.ft.com/content/c4209bbe-86db-40aa-9090-1fef80b0c6cf</u> <sub>98</sub>

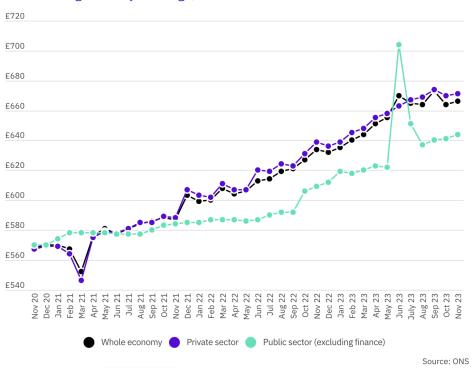
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/bulletins/publicsectoremployment/september2023

<sup>&</sup>lt;sup>99</sup> <u>https://www.personneltoday.com/hr/september-2023-labour-market-figures/</u>

<sup>&</sup>lt;sup>100</sup> https://www.investorschronicle.co.uk/news/2024/01/09/an-ugly-truth-lies-behind-britain-s-pay-increases/

Despite the one-off payments for public sector workers in June and July, public sector pay continues to track below the private sector - analysis of ONS data shows that private sector pay rose by 7.3% in the year to October 2023, while the growth rate in the public sector was lower at 6.9%.<sup>101</sup>

This is, in part, artificially inflated because the 2022 NHS pay award was delayed, whilst the 2023 award was paid fairly promptly. This presented a misleading picture of the extent to which the public sector received pay increases.



Total average weekly earnings, November 2020 to November 2023

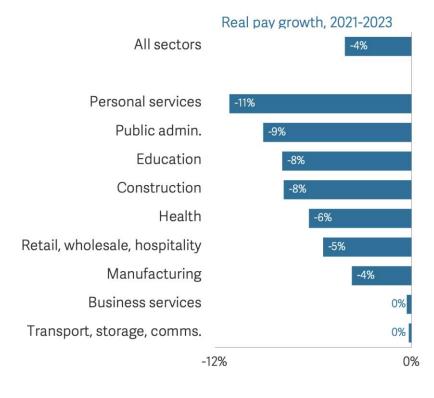
Source: Incomes Data Research, January 2024<sup>102</sup>

The impact of inflation has been particularly acute on certain sectors, and healthcare is one of those worst affected, with research from the Resolution Foundation finding that real terms pay has fallen back by 6% between 2021–2023:

<sup>101</sup> 

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averagew eeklyearningsingreatbritain/

<sup>&</sup>lt;sup>102</sup> <u>https://www.incomesdataresearch.co.uk/resources/insights/average-weekly-earnings</u>



Source: Resolution Foundation, August 2023<sup>103</sup>

#### Cost of living increases have eroded pay increases

The UK's cost of living has drastically increased in the post-pandemic period. For the past 3 years, inflation has been more than double the Bank of England's target of 2%. Inflation across 2023 was 4.2%; in 2022, inflation was 9.1%; and in 2021 it was 5.4%.

These large-scale increases in costs mean that average weekly earnings across the UK have been flat in real terms, even as notional salaries have increased.<sup>104</sup>

<sup>&</sup>lt;sup>103</sup> https://www.resolutionfoundation.org/app/uploads/2023/08/LMO-Q2-2023.pdf

<sup>&</sup>lt;sup>104</sup> X09: Real average weekly earnings using consumer price inflation (seasonally adjusted) - Office for National Statistics



#### The average household will be £2,300 worse off by the end of this financial year

#### The lowest paid are the hardest hit

Staff in lower banded roles need to earn more now just to make ends meet. A YouGov survey of 10,814 adults across the UK between January 31 and February 3, 2023 showed that one in four households where an NHS or social worker lives are struggling to afford food.<sup>106</sup>

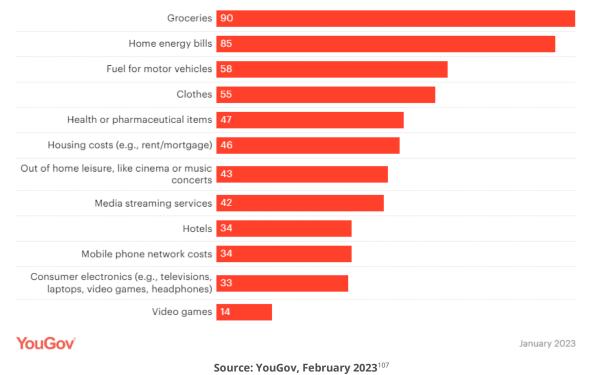
Another YouGov Survey in March 2023 shows that people are feeling the cost-of-living increases on essential items:

<sup>&</sup>lt;sup>105</sup> <u>https://www.grantthornton.co.uk/news-centre/The-financial-pain-caused-by-the-cost-of-living-crisis/</u>

<sup>&</sup>lt;sup>106</sup> https://www.itv.com/news/2023-03-23/nhs-staff-social-workers-and-teachers-struggling-to-afford-food

#### Brits still notice rising cost of living in 2023

Have you noticed an increase or decrease in prices for the following products / services in the past few months, or has there been no change? (% of British adults who notice major or minor increases in the following categories)



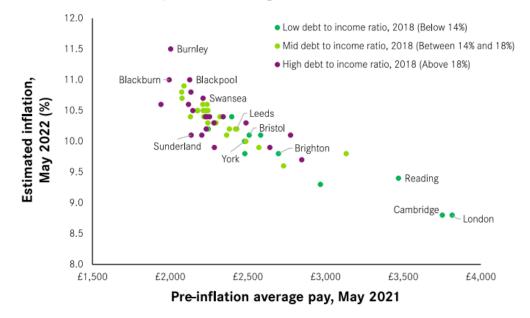
#### The cost-of-living crisis is levelling down the economy

A Centre for Cities report shows that the cost-of-living crisis has had regionally disparate impacts, particularly hitting the poorer regions of England.<sup>108</sup> They find, for example, that Cities that already had lower average wages are experiencing higher exposure to increases in the cost of living.

<sup>&</sup>lt;sup>107</sup> https://business.yougov.com/content/45311-british-perceptions-rising-cost-living-2023

<sup>&</sup>lt;sup>108</sup> <u>https://www.centreforcities.org/wp-content/uploads/2022/07/Out-of-pocket.pdf</u>

# Figure 1: Cities with lower pre-inflation wages are the ones hardest hit by inflation



Estimated inflation and pre-inflation wages

Source: ONS; Beauclair; EPC Certificate, HMRC (PAYE), Centre for Cities' calculations (See methodology Box 2 for further details).

#### Source: Centre for Cities, July, 2022<sup>109</sup>

Burnley, Blackburn and Blackpool have been the hardest hit – with an inflation rate between 11 and 11.5 per cent in 2022. This is nearly three percentage points higher than in southern cities like London, Reading and Cambridge.

While this has a direct impact on the NHS workforce in these regions experiencing higher levels of inflation, it will also increase health inequalities and further entrench regional inequalities.

<sup>&</sup>lt;sup>109</sup> https://www.centreforcities.org/wp-content/uploads/2022/07/Out-of-pocket.pdf

# SECTION 4: Delivering the NHS Long Term Workforce Plan

#### The NHS Long Term Workforce Plan

The NHS Long Term Workforce Plan was launched on 30th June 2023 and was labelled as a "once in a generation opportunity to put staffing on a sustainable footing and improve patient care", by focusing on "how the NHS will address existing vacancies and meet the challenges of a growing and ageing population by recruiting and retaining hundreds of thousands more staff over 15 years and working in new ways."<sup>110</sup>

The launch was accompanied by quotes from the Prime Minister, the Chancellor and the Health Secretary:



On the 75th anniversary of our health service, this government is making the largest single expansion in NHS education and training in its history. This is a plan for investment and a plan for reform.

In the coming years we will train twice the number of doctors and an extra 24,000 more nurses a year, helping to cut waiting lists and improve patient care. And we will do more to retain our brilliant NHS staff and reform the way the health system works to ensure it is fit for the future.

"This is something no other government has done and will be one of the most significant commitments I will make as Prime Minister – acting as the cornerstone for our vision for a better, more modern healthcare system and putting the NHS on a sure footing for the long term.

#### Prime Minister, Rishi Sunak



Today marks an unprecedented investment to train thousands more NHS staff and deliver more doctors, nurses and healthcare staff in the community than ever before – taking us above current average staffing levels across the OECD.

<sup>&</sup>lt;sup>110</sup> <u>https://www.england.nhs.uk/2023/06/record-recruitment-and-reform-to-boost-patient-care-under-first-nhs-long-term-workforce-plan/</u>

Our plan will end the reliance on expensive agency staff, while cutting waiting lists in the coming years and building an NHS which can match up to the scale of tomorrow's challenges.

#### **Chancellor of the Exchequer, Jeremy Hunt**

66

The NHS is the biggest employer in the country and holds the affection of the British people because of the staff who work around the clock to care for us. The NHS Long Term Workforce Plan, backed by significant government investment, shows our determination to support and grow the workforce.

"It sets out how we will deliver the biggest expansion of staff training in NHS history, retain more talented people and harness cutting-edge technology.

"As we celebrate the NHS's 75th birthday, we are marking the occasion with an unprecedented plan that will further boost our drive to cut waiting lists and ensure the service can continue caring for us for generations to come.



Source: NHS Long Term Workforce Plan, June 2023<sup>111</sup>

The context for the NHS continues to provide a challenging environment for the recruitment and retention of staff in the NHS.

The publication of The NHS England Long-Term Workforce Plan (LTWP) was welcome, recognising that "significant investment" was needed to deliver the plan, and that delivering the plan would require "the biggest expansion of staff training in NHS history, retain more talented people and harness cutting-edge technology"

The LTWP centres its approach around:

- **Train**: Investment in domestic education, training and recruitment with implications for specific occupations
- **Retain**: Embedding the right culture in the NHS to ensure staff do not leave including remuneration and working conditions

<sup>&</sup>lt;sup>111</sup> <u>https://www.england.nhs.uk/2023/06/record-recruitment-and-reform-to-boost-patient-care-under-first-nhs-long-term-workforce-plan/</u>

• **Reform:** Training staff for the future of the NHS, including investment in infrastructure, technology and innovation

Just a few months later, the Autumn Statement of November 2023 announced real terms cuts for NHS Budgets, which will make delivering the plan challenging:

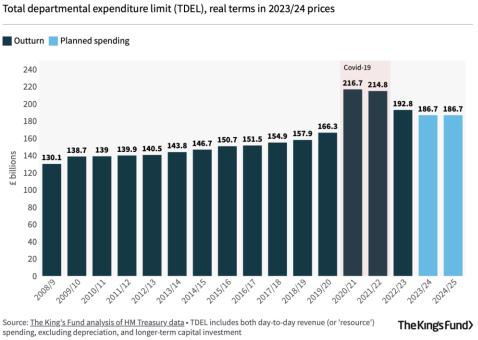


Figure 1 Department of Health and Social Care total spending

Source: King's Fund Analysis of the Autumn Statement, November 2023<sup>112</sup>

#### The plan relies on ambitious productivity increases

The NHS Long Term Workforce Plan is based on an ambitious labour productivity assumption of up to 2% (at a range of 1.5–2%). This is a highly ambitious target.

Economy-wide productivity is expected to be lower than it has been across the majority of the NHS's history, and these targets are higher than historic NHS Productivity Growth.<sup>113</sup>

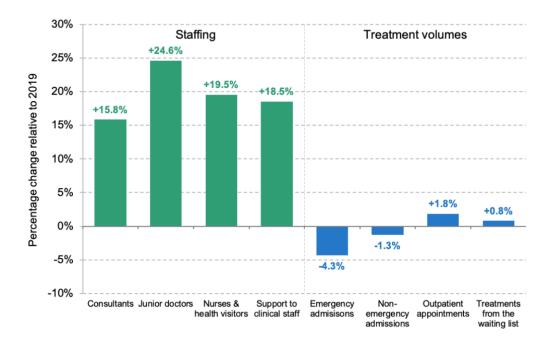
<sup>&</sup>lt;sup>112</sup> <u>https://www.kingsfund.org.uk/insight-and-analysis/blogs/autumn-statement-2023-announced-health-care-services</u>

<sup>&</sup>lt;sup>113</sup> <u>https://ifs.org.uk/publications/implications-nhs-workforce-plan</u>

The Office for National Statistics estimates that quality-adjusted productivity in the NHS increased by an average 0.8% per year between 1995–96 (when the data series starts) and 2019–20, and 1.2% per year between 2009–10 and 2019–20.<sup>114</sup>

However, it is unclear how productivity benefits will be achieved.

As the IFS<sup>115</sup> and IfG have noted, there is not a linear relationship between staff levels and productivity, as newer staff require training and experience before they become fully effective.



Source: Institute for Fiscal Studies, November 2023<sup>116</sup>

Improving productivity is complex, requiring a 'whole system' approach, which includes resolving issues in primary and social care. The NHS workforce plan does not fully address these issues, within the confines of the NHS, it proposes:

- **Expanding some roles** such as physician associates and nursing associates that aim to free up time for more trained, traditional roles such as doctors and registered nurses
- 114

https://www.ons.gov.uk/economy/economicoutputandproductivity/publicservicesproductivity/articles/publi

<sup>&</sup>lt;sup>115</sup> <u>https://ifs.org.uk/articles/there-really-nhs-productivity-crisis</u>

<sup>&</sup>lt;sup>116</sup> https://ifs.org.uk/articles/there-really-nhs-productivity-crisis

- **The widespread adoption of Artificial Intelligence** for both clinical and administrative work, as well as a large-scale investment in the NHS estate
- Delivering care in more efficient and appropriate settings

These productivity targets rely on significant and long-term commitments to funding, both for hospitals and in primary and social care, both upstream and downstream of the NHS itself.

#### **Retaining staff will improve productivity**

Whilst staff are not the only issue, improving staff retention is critical to delivering improved productivity. There are growing numbers of people employed within the NHS who are less experienced than in previous years, which may be contributing to poor productivity and worse outcomes.

Research from the Institute for Government found that "there was a 31.3% increase in the number of registered nurses who have been on the register for less than five years between March 2021 and March 2023":



Source: IfG, Public First and Health Foundation analysis of Nursing and Midwifery Council, 'Permanent register data tables' ('Time' table), March 2023. • Notes: Figures are only available from September 2017.

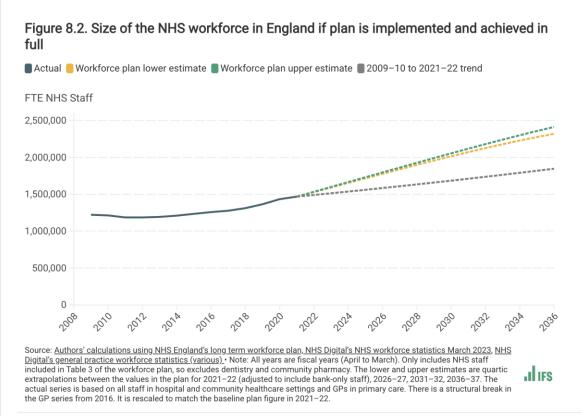
Source: Institute for Government<sup>117</sup>

<sup>&</sup>lt;sup>117</sup> https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals

### The Plan requires a large increase in the NHS workforce

Despite current staff shortages and high vacancy rates, and in addition to the productivity targets, the LTWP estimates a very large expansion in the workforce will be required. Due to demographic changes — particularly an increase in the older population – the Plan estimates a shortfall of between 260,000 – 360,000 staff by 2036/7.

Under these projections, the total number of staff employed by the NHS would be between 2.3 million and 2.4 million by 2036-7. Analysis by the Institute for Fiscal Studies (IFS) estimates this growth to be an increase of up to 3.4% per year. Staffing numbers, for context, grew by 1.1% between 2009-10 and 2019-20.<sup>118</sup> If it is delivered, the IFS estimates 1 in 11 (9%) of all workers in England will work for the NHS.



Source: Institute for Fiscal Studies, November 2023<sup>119</sup>

According to the same analysis by the IFS, LTWP would require increases across NHS occupations:

<sup>&</sup>lt;sup>118</sup> <u>https://ifs.org.uk/publications/implications-nhs-workforce-plan</u>

<sup>&</sup>lt;sup>119</sup> https://www.kingsfund.org.uk/insight-and-analysis/blogs/autumn-statement-2023-announced-health-care-services

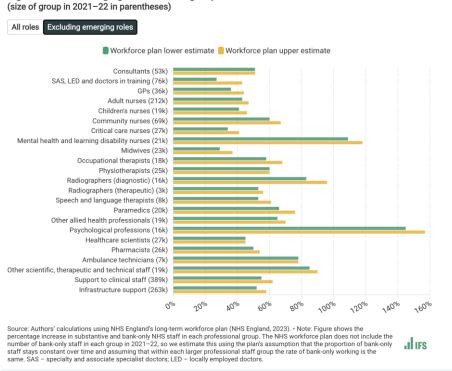


Figure 8.1. Percentage growth in staff groups between 2021–22 and 2036–37 (size of group in 2021–22 in parentheses)

Source: IFS, August 2023<sup>120</sup>

#### **Retaining existing staff is critical**

Action on staff retention will be critical to building the NHS workforce of the future. The LTWP aims to reduce the overall leaver rate from 9.1% in 2022 to between 7.4 and 8.2%, a projection it calls "stretching but realistic".

We cannot state strongly enough the need to retain existing staff and the importance of ensuring they are fairly rewarded, valued and supported as key means for doing so. Keeping existing staff is the best value and most effective way to support the targets in the LTWP.

#### However, intention to leave the NHS continues to grow

To exacerbate matters, there are growing numbers of people employed within the NHS who are thinking about leaving.

32.3% of respondents to the 2022 NHS Staff Survey "said they often think about leaving this organisation", whilst 23.7% said they "will probably look for a job at a new

<sup>&</sup>lt;sup>120</sup> <u>https://ifs.org.uk/publications/implications-nhs-workforce-plan</u>

organisation in the next 12 months" and 17.3% said they would leave "as they can find another job".<sup>121</sup>

### Pay and staff shortages are key reasons for leaving

A Unite survey of members in England last year found that 52% had considered leaving their job in the NHS due to pay and workload, 14% had considered moving jobs, while 13% more had considered retiring. 94% reported being regularly (66%) or occasionally

(28%) stressed at work. Over 81% of members reported frequent staff shortages in their workplace, with 78% reporting that staffing levels in their area had reached a point where patient care was compromised and unsafe (47% regularly). 67% said that they had personally raised concerns about safe staffing levels in their working area/department over the preceding year. These figures were nearly exactly replicated in a survey of Northern Irish members this month (Jan 2024).

UNISON's survey of members in the NHS showed less than 10% of staff felt the 2023 pay award had held up well over time, and almost two-thirds of staff spent the non-consolidated payment on routine household expenses such as housing costs, energy costs, food, and transport. And while much of the pain of



mortgage and rent increases has been felt already, it is clear that NHS staff are having to plan for more to come, with almost 9 in 10 staff expecting their housing costs to rise again over the coming year. Almost a third of all UNISON's respondents say this is

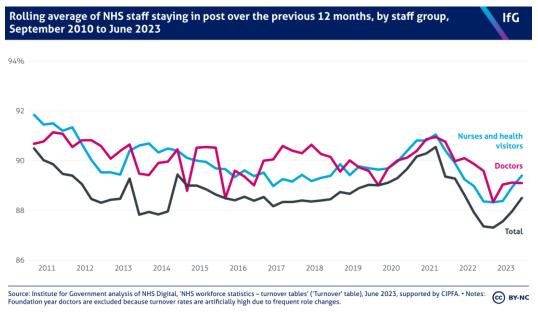
<sup>&</sup>lt;sup>121</sup> <u>https://www.nhsstaffsurveys.com/results/interactive-results/</u>

causing them to look for a better paying job outside the NHS, while 35% say they will have to take on extra shifts to deal with this.

Most worryingly, around 40% of UNISON respondents reported that they could not concentrate through the working day without worrying about finances. This is having a disproportionate impact on both younger NHS staff and lower paid staff, with both of those groups reporting the highest levels of financial stress. As a result, 80% of staff under 30, and over 60% of staff in bands 1-4 report having to take on extra shifts or look for work outside the NHS

And according to the RCN Employment Survey of members, three in ten (31.1%) respondents who work in the NHS state they were thinking of leaving their job, and a further one in seven (14.7%) actively planning to leave their job. Another 12% are planning their retirement, indicating the risk of workforce instability. Among those planning to leave or thinking about leaving, the main reasons are feeling undervalued and exhausted, working under too much pressure in environments with too few staff.

These high levels of intention to leave are following through into people who do actually leave the NHS:



#### Source: Institute for Government<sup>122</sup>

<sup>122</sup> https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals

The reason people leave the NHS is multifaceted, the top three reasons being stress, shortages of staff and resources and pay, according to research from the University of Bath:



Source: University of Bath Institute for Policy Research<sup>123</sup>

The University of Bath's report finds that 1 in 7 staff is actively looking to leave the NHS. Furthermore, in a study led by the University of Leicester – which uses more up-to-date data than the staff survey – nurses were the most likely to say they intend to leave or change their role (55.8%), followed by medical staff (47.2%) and healthcare workers (45.4%).<sup>124</sup>

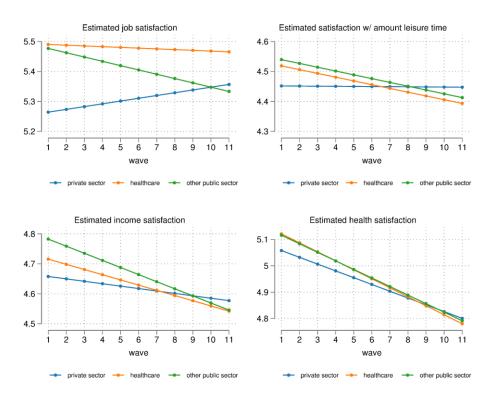
The percentage of staff feeling satisfied with pay has fallen from 32.6% in 2021 to 25.6% in 2022, which largely accounts for the fall in the theme of recognition and reward.

#### Job satisfaction is also falling

Job satisfaction in the NHS is falling. Research from the University of Warwick found that, from 2011-2022, work-life balance and satisfaction levels for healthcare workers have fallen and that dissatisfied workers are becoming more likely to leave the sector over time:

<sup>&</sup>lt;sup>123</sup> https://zenodo.org/record/7611657#.Y\_NQwnbP271

<sup>&</sup>lt;sup>124</sup> https://le.ac.uk/news/2023/august/nhs-attrition



Source: Neel Ocean and Caroline Meyer, University of Warwick<sup>125</sup>

While overall job satisfaction remains high for healthcare workers, they are more dissatisfied with income and leisure time, and there is a worrying trend downwards over the past 11 years.

Given the labour market is going to become tighter and more competitive – particularly for new entrants – this is a worrying trend.

Core components of job satisfaction have also decreased or weakened:

Notably, core components of intrinsic job satisfaction, caring for patients, to make a difference present as eroded and weakened in the presence of extrinsic elements producing high worry over standards of patient care, insufficient time to do their job properly and making mistakes.

Source: University of Bath Institute for Policy Research, February 2023<sup>126</sup>

<sup>&</sup>lt;sup>125</sup> https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0284516#sec015

<sup>&</sup>lt;sup>126</sup> https://zenodo.org/records/7611657#.Y\_NQwnbP271

Investing in the capital infrastructure, training and resources to ensure the NHS can drive improvements in quality of care, then, is going to be critical for retaining staff for the future.

## **Staff morale is deteriorating**

The 2022 NHS Staff Survey (the most recent survey data available) showed morale deteriorating and reaching a 5-year low, with only 42.9% saying they are "able to meet all the conflicting demands on their time at work" and 26.4% saying that "there are enough staff at their organisation for them to do their job properly"<sup>127</sup>

Almost half of staff surveyed (44.8%) have "felt unwell" as a result of work-related stress, whilst 37.4% said that "they find their work emotionally exhausting".

In the same data, Nurses are some of the most disaffected:

- **60% are dissatisfied** or very dissatisfied with their pay
- **61.8% would be unhappy** with the quality of care if a friend or relative needed treatment
- **Only 21.3% say there is enough staff** for them to do their job properly, down from 33.4% in 2020
- Over half (50.3%) have had work-related stress in the past year
- Almost 40% feel burnt out from their work

Surveys from the Royal College of Midwives found that:

- 88% had worked additional unpaid hours
- 74% often or always faced unrealistic time pressures and workloads
- 87% did not feel their workplace had safe staffing levels
- 26% worked more than five additional unpaid hours

The 2023 RCN Employment Survey indicates a high level of dissatisfaction around pay levels or banding among members working in the NHS, with over two thirds (69.5%) stating that their pay level or band is inappropriate, and just one fifth (19.5%) stating their pay is appropriate.

The Society of Radiographers Workforce Conditions Survey found that respondents had left the NHS for the private sector because:

<sup>127</sup> https://www.nhsstaffsurveys.com/results/national-results/

- Almost half: reduced workload pressure and more flexibility
- Over 1/3: improved career opportunity, pay and reward
- Over 1/4: improved professional respect and recognition
- Over 1/4: cite other reasons. These can be broadly grouped into:
  - NHS department was badly run, high sickness rates, low staffing levels and burnout
  - Victim of bullying and under supported in the NHS
  - Greater flexibility when returning from maternity leave/injury, better work/life balance and access to training
  - Positive reasons, e.g., the independent sector seems fast-paced with more opportunities, more varied work, free parking, and members who had retired and could still do some work there

A Unite survey of members in England last year found that:

- **52% had considered leaving their job** in the NHS due to pay and workload, 14% had considered moving jobs, while 13% more had considered retiring.
- 94% reported being regularly (66%) or occasionally (28%) stressed at work.
- **Over 81% of members reported frequent staff shortages** in their workplace, with 78% reporting that staffing levels in their area had reached a point where patient care was compromised and unsafe (47% regularly).
- **67% said that they had personally raised concerns** about safe staffing levels in their working area/department over the preceding year.

These figures were nearly exactly replicated in a survey of Northern Irish members this month (Jan 2024).



#### **Restoration of pay will support staff retention**

Delivering the LTWP will require a significant turnaround in staff morale. The focus on creating a clear employee value proposition to roll out across the workforce is welcome, but NHS pay scales must be restored over a clear timetable to support staff retention.

We support the focus on a total reward package – beyond headline pay – to make the NHS an attractive place to work in response to a changing labour market, and will engage constructively in "discussions about pension flexibilities, flexible working options, and health and wellbeing".

While the LTWP rightly looks at a wider suite of measures to recruit and retain staff, it under-emphasises the importance of the headline rate of pay and does not consider its funding implications for the NHS budget.

If the Government does not grasp the nettle of increased headline investment in pay and infrastructure, the plan retention targets will most likely prove undeliverable.

#### **Recruiting and attracting staff is critical**

Attracting sufficient applicants into health and care work will be essential to meet the LTWP's recruitment projections.

The Health Foundation's analysis points out that the numbers of 18–24-year-olds are projected to grow from 4.4 million to nearly 5 million by 2032/3, but is projected to fall thereafter according to ONS estimates.

Increasing applications to the levels required in an increasingly competitive labour market will require the NHS to be an attractive proposition.

However, according to the NHS Staff Survey, it is going in the wrong direction, with only 57.4% of staff willing to recommend the NHS as a place to work, falling from 59.4% in the previous survey.<sup>128</sup>

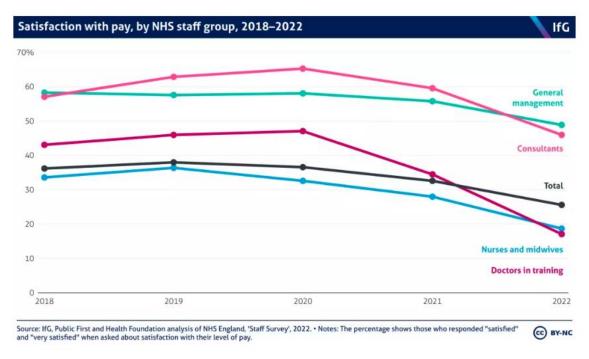
#### Pay is a major issue in recruitment

Despite a fall in the overall number of vacancies in the UK, the jobs market remains tight by historical standards and competition for candidates remains strong and research has

<sup>&</sup>lt;sup>128</sup> https://public.tableau.com/app/profile/piescc/viz/ST22\_national\_full\_data\_2023\_03\_09\_FINAL/Aboutthissurvey

found that almost half (49%) of employees are likely to actively seek new employment in 2024, with pay being the most important factor that would motivate a move.<sup>129</sup>

This makes attracting people into the NHS as a career challenging, as pay cannot compete with the private sector and even existing staff are growing more and more unsatisfied with their pay:





The health sector in the UK is not just competing against non-healthcare jobs, where salaries might be higher, but also has to compete with the private health sector.

#### There is increasing reliance on international recruitment

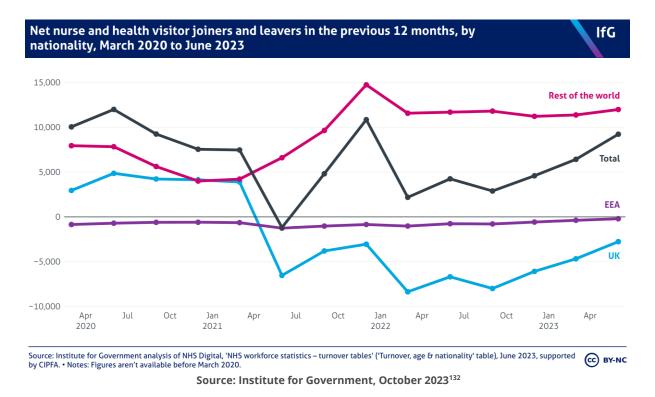
The NHS is increasingly reliant on international recruitment for staff. IfG analysis of Nurse and health visitor joiners over the last three years, in the 12 months to June 2023 there were 11,984 net joiners from the rest of the world.<sup>131</sup>

<sup>&</sup>lt;sup>129</sup> <u>https://www.thehrdirector.com/business-news/employee-benefits-and-reward/half-uk-employeesalready-considering-new-job-2024/</u>

<sup>&</sup>lt;sup>130</sup> <u>https://www.instituteforgovernment.org.uk/comment/sunak-public-sector-pay-offer</u>

<sup>&</sup>lt;sup>131</sup> https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals

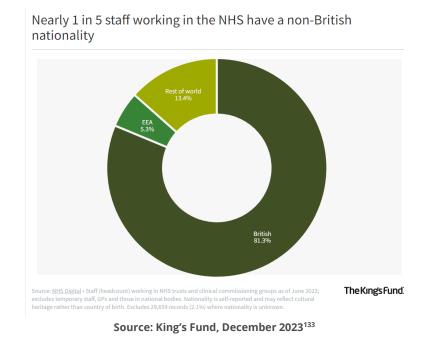
However, 27,813 British nurses and health visitors left the service, up 11.6% compared to the 12 months to March 2020, meaning a net reduction of 2,763 British nurses and health visitors.



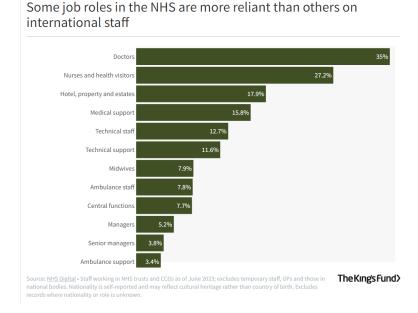
To fill service gaps and ensure safe staffing levels, the NHS is firmly reliant on temporary staffing and international recruitment. This is largely because the UK has not trained up enough staff to keep pace with demand. This has resulted in the NHS recruiting heavily internationally.

Currently, up to a quarter of the NHS workforce is recruited from international talent pools. In 2022/23, about half of new nursing registrants in England were trained overseas.

<sup>&</sup>lt;sup>132</sup> <u>https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/hospitals</u>



The NHS workforce plan aims to reduce the share of international recruitment from 25% to 10% by 2036/37. This includes huge commitments to training higher numbers of staff in the UK, including a near doubling of nursing education and training places. This would reduce recruitment of nurses from overseas from 57% in 2022/23 to approximately 15–17% in 2036/37.



Source: King's Fund, December 2023<sup>134</sup>

<sup>&</sup>lt;sup>133</sup> <u>https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/nhs-international-recruitment</u>

<sup>&</sup>lt;sup>134</sup> https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/nhs-international-recruitment

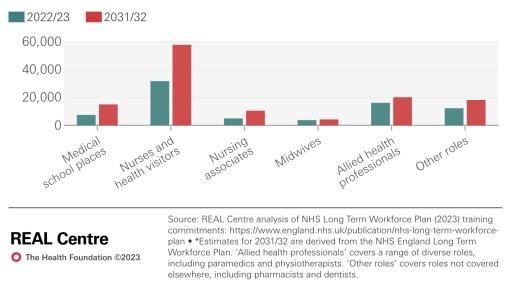
Overall, the NHS's long-term assessment is that domestic education and training needs to expand by around 50% to 65% over the next 15 years.

#### The Plan requires a huge expansion of training places

To deliver the workforce expansion needed to support the NHS the LTWP estimates an increase in domestic education and training of up to 65% by the end of the decade (2030/1) and sets out bespoke approaches for each occupation "by detailing expansions to entry routes and increasing training and education to meet demand".

#### If implemented, the NHS Long Term Workforce Plan commitments will see a substantial increase in the number of first-year higher education nursing student enrolments in England by 2031/32

Training intakes (undergraduate, postgraduate and apprentices) in clinical health care professions in England, 2022/23–2031/32\*



Source: Health Foundation REAL Centre, August 2023<sup>135</sup>

The LTWP sets out the required expansion of training places for nonmedical staff, which includes:

• Adult nursing training places will increase by 92% to nearly 38,000 by 2031/32, with at least 8,000 more places by 2028/29.

<sup>&</sup>lt;sup>135</sup> <u>https://www.health.org.uk/publications/long-reads/how-feasible-are-the-nhs-long-term-workforce-plan-commitments-on-training</u>

- Nursing associates, AHPs, clinical psychology, child and adolescent psychotherapy, pharmacists, dental therapists, hygiene professionals, dentists, healthcare scientists, and advanced practice training will all see significant increases in training places by 2031/32.
- Clinical training places offered as apprenticeships will increase from 7% to 22% by 2031/32.

The Plan does not distinguish between the three major training routes. Looking at student enrolment, for example, analysis from The Health Foundation suggests that the commitments would require a substantial increase in the number of first-year enrolments across clinical professions, from 1 in 9 in 2022/2023 to 1 in 6 in 2031/32.<sup>136</sup>

## The Plan projects shortfalls in key professions

The LTWP sets out modelling on NHS workforce supply and demand over a 15-year period. Where supply is projected to be lower than demand, they talk about this as a shortfall.

Even taking into account the highly ambitious assumptions on recruitment, retention and productivity, the LTWP projects medium to long-term shortfalls across many occupations across several occupations including:

- Nursing in 2036/7:
  - 37,000 FTE shortfall in community nursing, compared with 6,500 in 2021/22
  - 15,800 FTE shortfall in mental health nursing, which the plan says is "of particular concern"
  - **1,200 FTE shortfall for learning disability nursing** of critical care nurses
  - 4,200 FTE shortfall in critical care nurses
- Allied health professionals: While the plan does not specify a specific amount, it says the greatest shortfalls will be seen for "podiatrists, paramedics (and ambulance technicians), occupational therapists, diagnostic radiographers and speech and language therapists (both adult and child), with limited supply growth projected".
- **Healthcare support workers** are anticipated to have the largest shortfall between demand and supply, although the amount is not specified.

<sup>&</sup>lt;sup>136</sup> <u>https://www.health.org.uk/publications/long-reads/how-feasible-are-the-nhs-long-term-workforce-plan-commitments-on-training</u>

UCAS end of cycle data shows that across the UK, the number of applicants to nursing courses fell by 13.4% in 2023, compared to 2022 (from 56,155 to 48,625). Compared to 2021, at the peak of the COVID-19 pandemic, the number of applicants fell from 59,860 to 48,625 (18.8% or 11,235 fewer applicants)- This includes both UK and international applicants.

Acceptances to nursing courses across the UK also declined markedly this year, by 10.6% compared to last year (from 29,440 to 26,330), including both UK and international applicants. This means that 3.110 fewer individuals could potentially qualify as registered nurses in 2026 compared to 2025.

#### The Plan implies large pay increases

In its central scenario, the IFS it estimates that the workforce plan implies real-terms increases in the NHS wage bill of around 4.4% per year. Even if all other NHS spending (on non-staff items) were frozen in real terms for the next 15 years, this implies that the NHS budget would need to increase by around 2.3% per year, over and above inflation, to cover these higher staffing costs alone.

The IFS estimates that increasing the size of the workforce so rapidly will likely require NHS wages to grow in real terms and potentially match or even exceed growth in wages in the rest of the economy.<sup>137</sup>

While the plan included £2.4 billion of additional funding for the training of new staff, it did not consider the (much larger) medium-term implications of this large increase in staffing for the NHS pay bill, nor the required increase in other inputs if the NHS is to treat substantially more patients.

### The Plan requires increases in the NHS budget

The NHS has built up unfunded, underlying cost pressures over recent years as funding has increased by less than demand.

Over half of NHS hospitals are in deficit and capital investment and maintenance have been postponed to meet day-to-day running costs. The IFS have estimated that to modernise the NHS, spending in England would need to increase by a projected 4.7% a year and capital funding by 11.0% over the next five years.<sup>138</sup>

<sup>&</sup>lt;sup>137</sup> https://ifs.org.uk/publications/implications-nhs-workforce-plan

<sup>&</sup>lt;sup>138</sup> <u>https://ifs.org.uk/sites/default/files/output\_url\_files/R143-Chapter3-new.pdf</u>

The IFS have estimated that NHS costs will grow in real terms by 2.4% annually in their low scenario, 3.6% in, their central scenario, or 4.4% per year in their high scenario. These figures are equivalent to a 43% increase in costs, a 70% increase in costs, or a 91% increase in costs over a 15-year time horizon.

For context, these growth rates are not dissimilar to historic rates. Over the full period since the creation of the NHS, funding has grown at an average real rate of 3.6% per year. Between 2019–20 and 2022–23 (the COVID period), funding grew by 4.7% per year in real terms.

However, excepting the Covid-19 period, the previous decade saw health spending increase at a significantly lower rate of just 2.4% per year between 2009–10 and 2022–23.

Expected growth rates are lower than they have been historically, and this will increase public spending pressures and increase the rate at which the NHS consumes an increasing share of GDP.

# SECTION 5: Conclusion and Recommendations

This report sets out the importance of our NHS for the economy and delivering economic growth and prosperity, and pulls together evidence to highlight the urgent condition of NHS service delivery.

We examine the current labour market conditions that are providing a challenging context for NHS recruitment and look at the state of the current NHS workforce.

We interrogate the Long Term Workforce Plan published in June 2023 to assess the deliverability of its ambition.

In resolving all the challenges we highlight in this report, recognising and rewarding staff is critical. We are therefore calling for:

- The need for decisive action in the 24/25 round on pay to address the urgent issues with retention of existing staff in addition to a meaningful pay increase to help NHS staff can cope with the impact of high inflation and the rising cost of living
- Specific funding for measures to remove barriers to retention and career progression in the pay and earnings structure and to ensure that all staff are in the right pay bands for their responsibility/skill level
- A firm commitment to address the real-terms decline in the value of NHS pay scales over a clear timetable
- A pay strategy and funding commitment to underpin the long awaited and very welcome long term workforce plan. We would welcome further discussion around this and stand ready to work collaboratively to deliver the ambitions set out in the plan

# **STAFF SIDE UNIONS SUPPORTING UK ECONOMIC GROWTH:** THE CASE FOR NHS PAY 2024

**FEBRUARY 2024**