The Kings Fund

Health and social care in England: tackling the myths

03 August 2022
12-minute read

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The health and care system is under intense pressure, with rising waiting times, persistent workforce shortages and patients struggling to access the care they need. As a result, patient and public satisfaction with services has dropped significantly, prompting debate and discussion about the future of health and care services. In the context of what can feel like a heated political and media discussion, we have taken five myths that sometimes feature in this debate and debunked them.

1. The NHS is a bottomless pit

Myth

Some commentators and politicians have labelled the NHS a bottomless pit (https://www.gov.uk/government/speeches/health-and-social-care-secretary-speech-on-health-reform) – the more money it receives, the more it demands. They argue that the NHS consumes too high a proportion of public spending and that continuing to increase health spending is unsustainable – the more money it receives, the more it demands.

The facts

Spending on health care has historically grown by about 4 per cent each year in real terms in the UK. This is due to a combination of factors (https://ifs.org.uk/uploads/HEAJ6320-Report-3-Does-The-NHS-Need-More-Money-180625-WEB.pdf) including a growing and ageing population, rising patient expectations and medical and technological advances. Like other nations, we have chosen to pay for this by prioritising investment in our health system from the proceeds of economic growth.

In the decade following the global financial crisis in 2008, the health service faced the most prolonged spending squeeze (https://www.kingsfund.org.uk/projects/nhs-in-a-nutshell/nhs-budget) in its history: between 2009/10 and 2018/19 health spending increased by an average of 1.5 per cent per year in real terms, well below the long-term average. As a result, spending failed to keep up with demand, increasing the pressures on services and leading to staff shortages, rising waiting times for treatment and performance standards being routinely missed, well before the pandemic.

> **Spending on the NHS now accounts for more than 20 per cent (https://www.gov.uk/government/statistics/public-spending-statistics-release-february-2022/public-spending-statistics-february-2022) of all public spending...**

In 2018, the government announced a five-year settlement for some areas of health spending (https://www.gov.uk/government/news/prime-minister-sets-out-5-year-nhs-funding-plan), covering the period from 2019/20 to 2023/24. Under this deal, NHS England's budget would rise by an average of 3.4 per cent each year in real terms. As a result of the additional pressures created by the pandemic, this was followed by a new three-year funding settlement (https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care) in September 2021 to increase Department of Health and Social Care's resource budget (day-to-day spending) by an average of 3.8 per cent each year until 2024/25. This uplift is part-funded through an increase to National Insurance Contributions, known as the Health and Social Care Levy (https://www.gov.uk/government/publications/health-and-social-care-levy).

As public spending on health has increased, it has consumed a larger share of government expenditure. Spending on the NHS now accounts for more than 20 per cent (https://www.gov.uk/government/statistics/public-spending-statistics-release-february-2022/public-spending-statistics-february-2022) of all public spending (and more than 40 per cent of day-to-day spending (https://ifs.org.uk/publications/15599#:~:text=As%20an%20aside,set%20of%20limits.) on public services), leading to trade-offs with other areas of government spending. However, this should also be seen in the context of the UK's relatively low tax revenues compared to many other countries.

In 2019, the UK spent 9.9 per cent of its GDP (https://stats.oecd.org/Index.aspx?ThemeTreeId=9) on health, remaining consistently around this level since 2011[1 (#footnote1_6xdxetu)]. This is slightly above the average for members of the Organisation for Economic Co-operation and Development (OECD) but lower than several comparable nations, including Germany, France and the Netherlands. Evidence also suggests the NHS is relatively efficient (see Myth 2 below).

Verdict

Compared to other countries, the UK does not spend a particularly high proportion of its national wealth on health care, while a decade of historically low funding increases has left services facing huge pressures and a workforce crisis. Like levels of taxation and public spending more generally, how much is spent on health is a political choice and politicians should be honest with the public about the standards of care they can expect with the levels of funding provided.

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1 (#footnote1_6xdxetu) As in all countries, the proportion of GDP spent on health care increased during the pandemic, rising to 11.9 per cent in 2021. Levels of spending have not yet stabilised post-pandemic, so more recent comparisons should be treated with caution.

2. The NHS is inefficient

Myth

The NHS is sometimes characterised as being over-managed, inefficient and wasteful (https://www.theguardian.com/politics/2022/jul/26/tv-debate-between-truss-and-sunak-cancelled-after-presenter-faints).

The facts

Measuring the productivity of the NHS over time can be difficult, as full data on the volume and quality of the outputs and outcomes the NHS produces are not always available. However, a study by the University of York's Centre for Health Economics (https://www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP163_NHS_productivity_update2016_17.pdf) found that NHS productivity increased by 16.5 per cent between 2004/05 and 2016/17 compared to productivity growth of only 6.7 per cent in the economy as a whole. This averaged at a year-on-year growth in productivity of 1.3 per cent.

The NHS is one of the largest and most complex organisations in the world. Yet, evidence indicates that it employs relatively few managers, with one study (https://www.nhsconfed.org/long-reads/nhs-overmanaged) recently suggesting that managers make up around 2 per cent of the NHS workforce (https://www.nhsconfed.org/long-reads/nhs-overmanaged) compared to 9.5 per cent of 'managers, directors and senior officials' in the UK workforce as a whole.

> **The NHS compares well with other health systems, coming 4th out of 11 systems for efficiency in the Commonwealth Fund (https://www.commonwealthfund.org/publications/fund-reports/2021/aug/mirror-mirror-2021-reflecting-poorly#rank) analysis.**

The NHS compares well with other health systems, coming 4th out of 11 systems for efficiency in the Commonwealth Fund (https://www.commonwealthfund.org/publications/fund-reports/2021/aug/mirror-mirror-2021-reflecting-poorly#rank) analysis. It also compares well on other key indicators of productivity such as the average length of stay in hospital and the proportion of drugs that are prescribed (https://www.oecd-ilibrary.org/sites/ae3016b9-en/1/3/9/4/index.html?itemId=/content/publication/ae3016b9-en&_csp_=ca413da5d44587bc56446341952c275e&itemIGO=oecd&itemContentType=book) in their (cheaper) generic form instead of the (more expensive) branded version.

There is no doubt that the NHS can do more to improve productivity and reduce unwarranted variation (https://www.kingsfund.org.uk/projects/carter-review-productivity-nhs) in how services are delivered. For example, Lord Carter (https://www.gov.uk/government/publications/productivity-in-nhs-hospitals) of Coles estimated that reducing unwarranted variation in procurement and delivery of hospital care could save around £5 billion each year. The Getting it Right First Time (https://www.gettingitrightfirsttime.co.uk/) programme has also shown that significant gains can be made by reducing variation in the delivery of clinical services.

At the same time, the NHS is operating in a context of intense pressure on services, with high levels of staff vacancies (https://digital.nhs.uk/data-and-information/publications/statistical/nhs-vacancies-survey), growing waiting times for care (https://www.england.nhs.uk/statistics/statistical-work-areas/rtt-waiting-times/) and very high hospital bed occupancy (https://www.england.nhs.uk/statistics/statistical-work-areas/bed-availability-and-occupancy/). These factors combine to reflect a system that is 'running hot', with little capacity to focus on improvement and efficiencies. Against this background, the government has doubled the annual efficiency target for the service from 1.1 per cent to 2.2 percent, aiming to deliver an annual saving of £4.75 billion without setting out a plan for achieving this.

Verdict

As the former Secretary of State for Health and Social Care, Sajid Javid, said recently (https://www.gov.uk/government/speeches/health-and-social-care-secretary-speech-on-health-reform), the NHS is already one of the more efficient health services in the world, and evidence suggests it is far from being over-managed. While it can, and must, do more to improve productivity, it is hard to see how current efficiency targets can be met.

3. GPs aren't working hard enough to meet demand for appointments

Myth

There has been widespread criticism (https://www.telegraph.co.uk/news/2022/05/26/patients-should-have-access-day-gp-appointments-review-finds/) of general practice in the media over recent months focusing on patients being unable to get appointments, with GPs accused of not working hard enough to address this.

The facts

General practice delivered 27.5 million appointments (https://digital.nhs.uk/data-and-information/publications/statistical/appointments-in-general-practice/may-2022) in May 2022, with 18 million of these face to face and 12 million on the same day they were booked. However, demand for appointments is outstripping supply, resulting in frustration for patients, unsustainable workload for staff, and inevitably, unmet need.

The issues around access to appointments in general practice are not new but have intensified in recent months. Over time, demand for appointments has increased, while a combination of an increasingly complex caseload, rising thresholds for referral to other parts of the system and an increasing administrative burden have all contributed to growing pressures (https://www.kingsfund.org.uk/projects/positions/general-practice). This has been exacerbated by the impact of the Covid-19 pandemic which has increased GP workloads, while the elective backlog means that general practice is being required to manage more complex needs while unable to unlock access to other services (https://www.nao.org.uk/report/nhs-backlogs-and-waiting-times-in-england/).

> **Recent analysis (https://www.health.org.uk/publications/reports/projections-general-practice-workforce-in-england) suggests that in 2021/22 there was a shortage of around 4,200 GPs in permanent roles, despite the increased numbers of GPs in training.**

These pressures are affecting patients' experience of general practice, with surveys showing a significant decline in patient and public satisfaction with GP services. The most recent GP Patient Survey (https://www.gp-patient.co.uk/) found that only 56 per cent of respondents reported a good experience of making an appointment, 9 percentage points worse than the 2020 results. Significantly, more than one in four patients said they had avoided making a GP appointment in the past 12 months because they found it too difficult.

Many of the challenges patients face accessing their GP stem from chronic staff shortages. General practice has been facing significant workforce pressures for a number of years. Recent analysis (https://www.health.org.uk/publications/reports/projections-general-practice-workforce-in-england) suggests that in 2021/22 there was a shortage of around 4,200 GPs in permanent roles, despite the increased numbers of GPs in training. While the deployment of additional roles (https://www.kingsfund.org.uk/publications/integrating-additional-roles-into-primary-care-networks) brings some further capacity, it is clear that the government's 2019 manifesto pledge to deliver 6,000 more GPs by 2024/25 will not be met (https://committees.parliament.uk/event/6158/formal-meeting-oral-evidence-session/). On top of this, fewer GPs are choosing to undertake full-time clinical work in general practice, while large numbers are retiring and leaving the profession – with burnout (https://publications.parliament.uk/pa/cm5802/cmselect/cmhealth/22/2202.htm) playing a role in these decisions.

Verdict

General practice is in crisis because of difficulties in recruiting and retaining GPs, alongside a growing and increasingly complex workload. As a result, GPs are working harder than ever before, but patients are still finding it difficult to get appointments.

4. The government has 'fixed' social care

Myth

The current government claims to have 'fixed' (https://www.telegraph.co.uk/politics/2022/07/21/full-boris-johnson-defends-record-office/) social care, delivering on the pledge made by the Prime Minister when he arrived in Downing Street in 2019.

The facts

Social care has long been under-resourced. Significant reductions in local authority funding during the austerity years exacerbated this, leading to cuts to social care budgets, While more investment has been provided in recent years, in 2019/20 funding has only just returned to the levels of 2010/11 despite a significant increase in demand (https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2019-20).

Growing pressures on services have been compounded by the failure of successive governments to deliver long-promised reform. As a result, the social care system is in crisis and is failing the people who rely on it, with high levels of unmet need and providers struggling to deliver the quality of care (https://www.kingsfund.org.uk/publications/social-care-360) that older and disabled people have a right to expect.

In 2021 the current government finally introduced major reform to adult social care, with changes to the means test and a cap on the lifetime costs of social care which will be funded by the Health and Care Levy. Additional reform measures include further integration with health care and an intervention in the social care market intended to ensure local authorities pay a 'fair price' to providers for the care they commission from them.

> **Despite these changes one in seven people (https://www.kingsfund.org.uk/blog/2022/04/adult-social-care-even-lower-public-satisfaction-nhs) are still estimated to face lifetime care costs of more than £100,000.**

The government deserves credit for going further than previous administrations. The cap will protect people against the very highest costs of care, while the extended means test will enable 40–50,000 more people will be able to access state-funded care each year, However, changes to how the cap and the means test work together mean that the principle beneficiaries will be wealthier people, while people with low to moderate assets in parts of the North and Midlands (https://ifs.org.uk/publications/15930) will benefit less. Despite these changes one in seven people (https://www.kingsfund.org.uk/blog/2022/04/adult-social-care-even-lower-public-satisfaction-nhs) are still estimated to face lifetime care costs of more than £100,000.

The reform package does little to tackle the other fundamental problems (https://www.kingsfund.org.uk/publications/whats-your-problem-social-care), including high levels of unmet need, chronic workforce shortages and a fragile provider market. The pressure on services also has a significant knock-on effect on the NHS, as thousands of patients who are well enough to be discharged are unable to leave hospital due to delays in identifying social care support.

Verdict

This government has acted where its predecessors failed to do so by introducing significant reforms to social care funding and eligibility. However, far from being 'fixed', the social system remains under intense pressure with an unstable provider market, a workforce crisis, and high levels of unmet need. Unless these problems are addressed, it will continue to fail the people who rely on it.

5. The NHS is being privatised

Myth

Some, mainly left-wing, commentators (https://tribunemag.co.uk/2022/05/nhs-private-healthcare-industry-growing-britain) have argued for many years that the NHS is being privatised.

The facts

Private companies have always played a role in the NHS, with services such as dentistry, optical care and community pharmacy (https://www.kingsfund.org.uk/publications/community-pharmacy-explained) being provided by the private sector for decades, and most GP practices are private partnerships (https://www.kingsfund.org.uk/publications/gp-funding-and-contracts-explained). The NHS and the private sector have also established partnerships for the delivery of clinical services such as radiology and pathology and non-clinical services such as car parking and management of buildings and the estate, while independent hospitals have been used under successive governments to provide additional capacity in response to pressures on NHS services.

Identifying how much the NHS spends on the private sector is not straightforward but estimates can be made using data from the annual accounts (https://www.gov.uk/government/publications/dhsc-annual-report-and-accounts-2020-to-2021) of the Department of Health and Social Care.

> **...spending by NHS commissioners on services delivered by the private sector increased to £12.2 billion in 2020/21 (https://www.gov.uk/government/publications/dhsc-annual-report-and-accounts-2020-to-2021). However... this again represents only around 7 per cent of the total Department of Health and Social Care revenue budget.**

Following the Health and Social Care Act 2012, which extended market-based principles and introduced more competition into the NHS, the number of contracts awarded to private providers increased. However, this did not lead to an increase in the proportion of the NHS budget spent on private providers, in large part because the majority of contracts tended to be smaller than those awarded to NHS providers. In 2019/20, before the pandemic, NHS commissioners spent £9.7 billion, or 7.2 per cent of the Department of Health and Social Care revenue budget on services delivered by the private sector. This proportion has remained largely unchanged since 2012.

Throughout the Covid-19 pandemic, the Department of Health and Social Care and the NHS entered into new contractual arrangements with the independent hospital sector to increase capacity. These arrangements provided access to additional beds, staff and equipment to treat patients during the peak of the pandemic and are being used now in some places to support efforts to reduce how long people wait for routine care. As a result, spending by NHS commissioners on services delivered by the private sector increased to £12.2 billion in 2020/21 (https://www.gov.uk/government/publications/dhsc-annual-report-and-accounts-2020-to-2021). However, in the context of the significant additional funding provided in response to the pandemic, this again represents only around 7 per cent of the total Department of Health and Social Care revenue budget.

The Health and Care Act 2022 removed the competition and market-based approaches introduced by the 2012 Act. This gives commissioners greater flexibility over when to use competitive procurement processes, reducing the frequency with which clinical services are put out to tender and allowing contracts to be rolled over where the existing provider, most likely to be an NHS provider, is doing a good job.

Verdict

There is no evidence of widespread privatisation of NHS services. The proportion of the NHS budget spent on services delivered by the private sector has remained broadly stable over the past decade.

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