

**DEPARTMENT OF  
HEALTH & SOCIAL CARE  
2018-19**

## DEPARTMENT OF HEALTH & SOCIAL CARE (DHSC)

This overview summarises the work of the Department of Health & Social Care including what it does, how much it spends, recent and planned changes, and what to look out for across its main business areas and services.

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- What to look out for

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## About the Department 2018-19

The Department of Health & Social Care (the Department) helps people to live more independent, healthier lives for longer. It sets the overall strategy, allocates funds and oversees the health and social care system via its 28 agencies and public bodies.

Most of the operational management of the NHS is overseen by NHS England and NHS Improvement (NHSE & NHSI) the Department's largest arm's-length body, which sets the commissioning framework for healthcare services in England.

NHSE & NHSI funds and monitors clinical commissioning groups (CCGs), which commission local services. NHSE & NHSI also oversees NHS Foundation Trusts, NHS Trusts and independent providers.

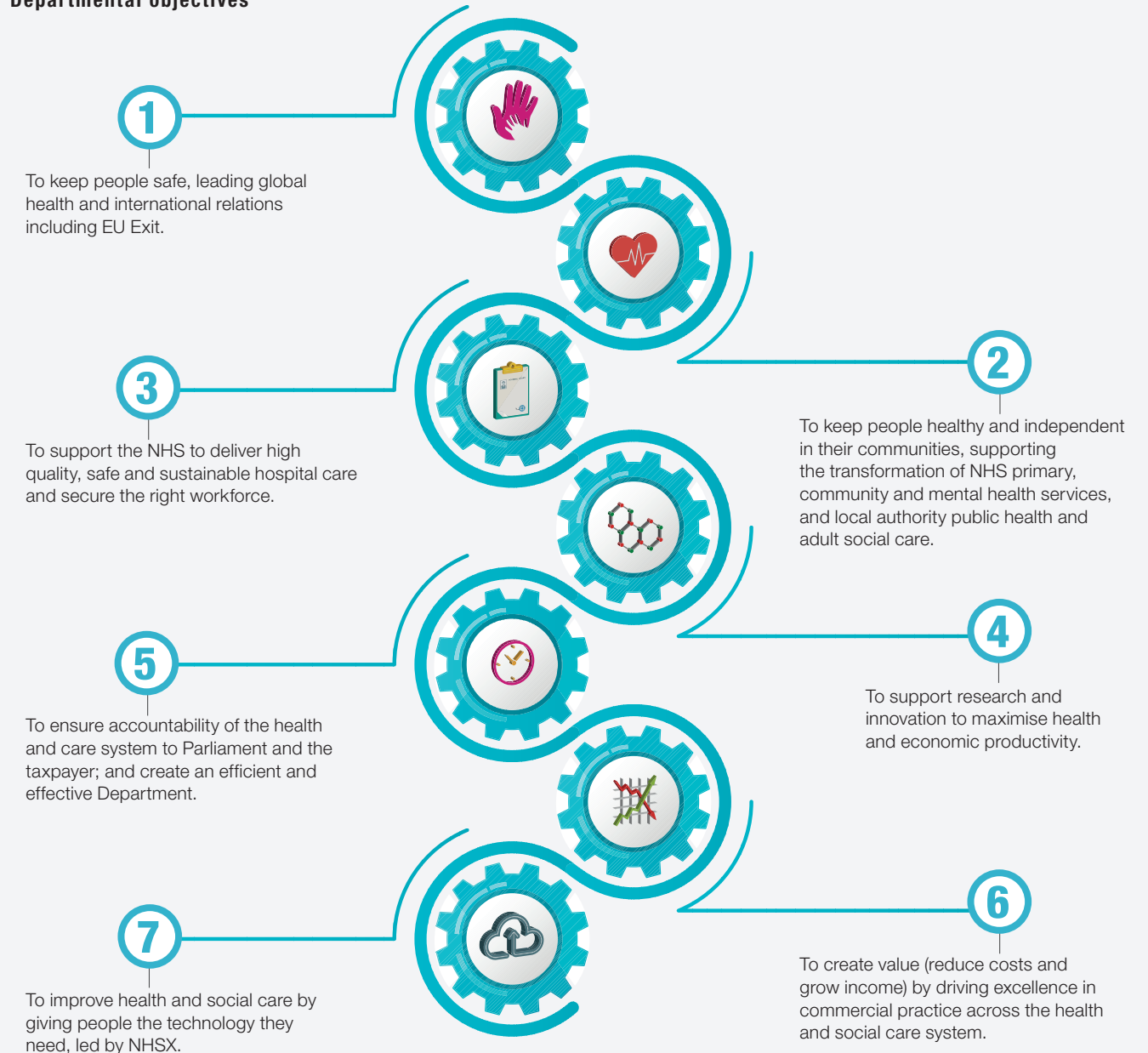
One major change since last year has been the closer alignment of NHS England (NHSE) and NHS Improvement (NHSI) at national and regional levels.

The NHS Long Term Plan of January 2019 emphasises a new care model and integrated health and social care delivered via Integrated Care Systems (ICSs) and Sustainability & Transformation Partnerships (STPs).

In addition, the Department's objectives have been extended to include the improvement of health and social care through the use of enabling technology. NHSX has been set up as a new organisation to lead on all digital aspects of the NHS and the wider digital community to achieve this.

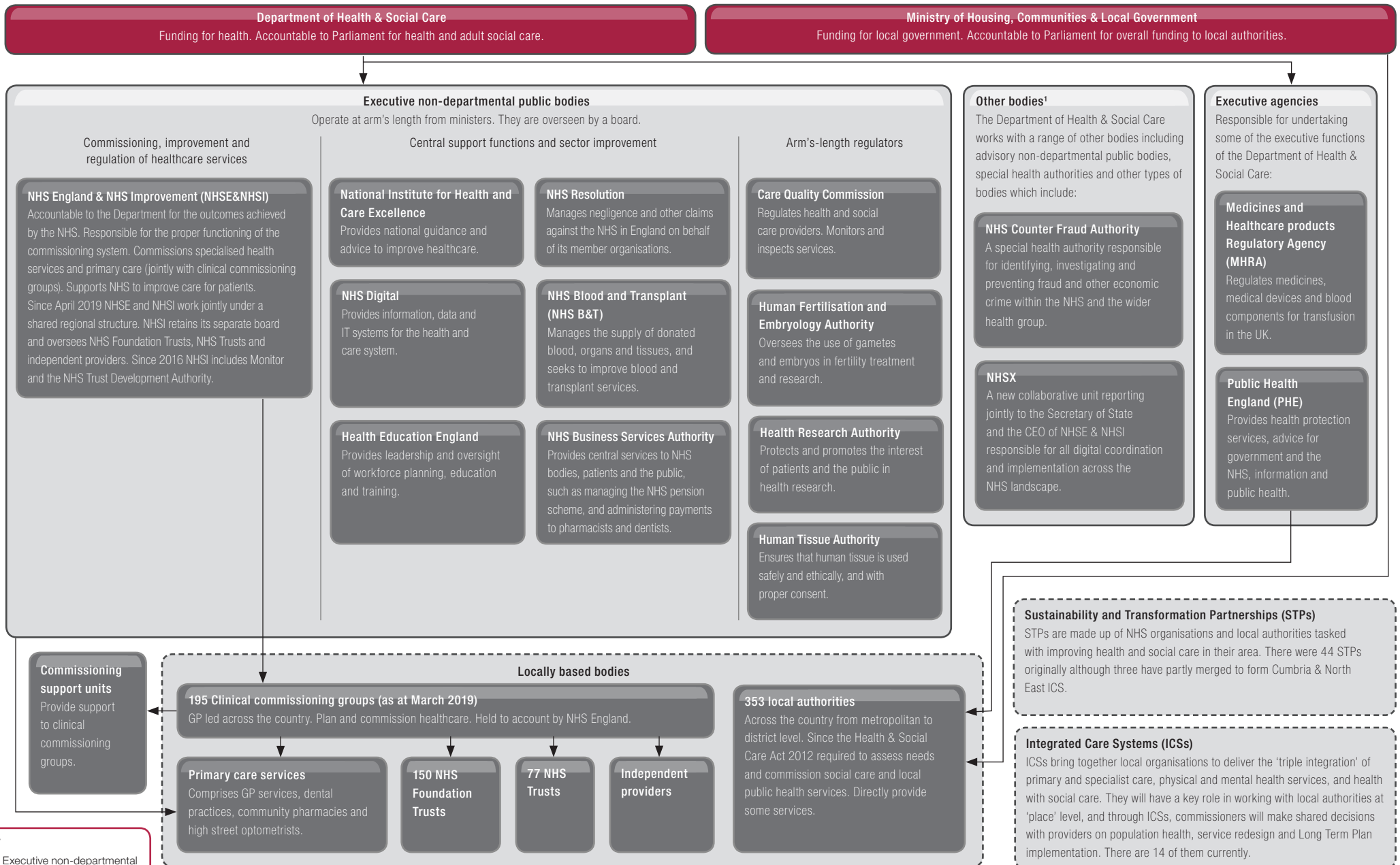
The Department's objectives since June 2019 are shown on the right.

### Departmental objectives



Source: Department of Health & Social Care Single Departmental Plan

# How the Department is structured nationally in 2018-19



<sup>1</sup> To simplify the diagram, we have not included all of the Department's other bodies: NHS Property Services Limited (a company wholly owned by the Secretary of State for Health); advisory non-departmental public bodies such as the NHS Pay Review Body and Review Body on Doctors' and Dentists' Remuneration; and a number of other bodies such as the National Information Board. Both designated and non-designated entities (NHS B&T, MHRA) are covered in the diagram. This link: [www.legislation.gov.uk/ukxi/2017/1256/contents/made](http://www.legislation.gov.uk/ukxi/2017/1256/contents/made) can be used to identify other bodies that exist within the Department's structure.



# How the newly formed NHS England & NHS Improvement (NHSE&NHSI) organisation is structured locally

From 1 April 2019, the two previously separate organisations NHS England (NHSE) and NHS Improvement (NHSI) are more closely aligned under a single CEO.

NHS England and NHS Improvement announced in December 2018 a new joint senior leadership team – the NHS Executive Group. As part of closer working arrangements between the two organisations, NHS England and NHS Improvement share the new combined management group.

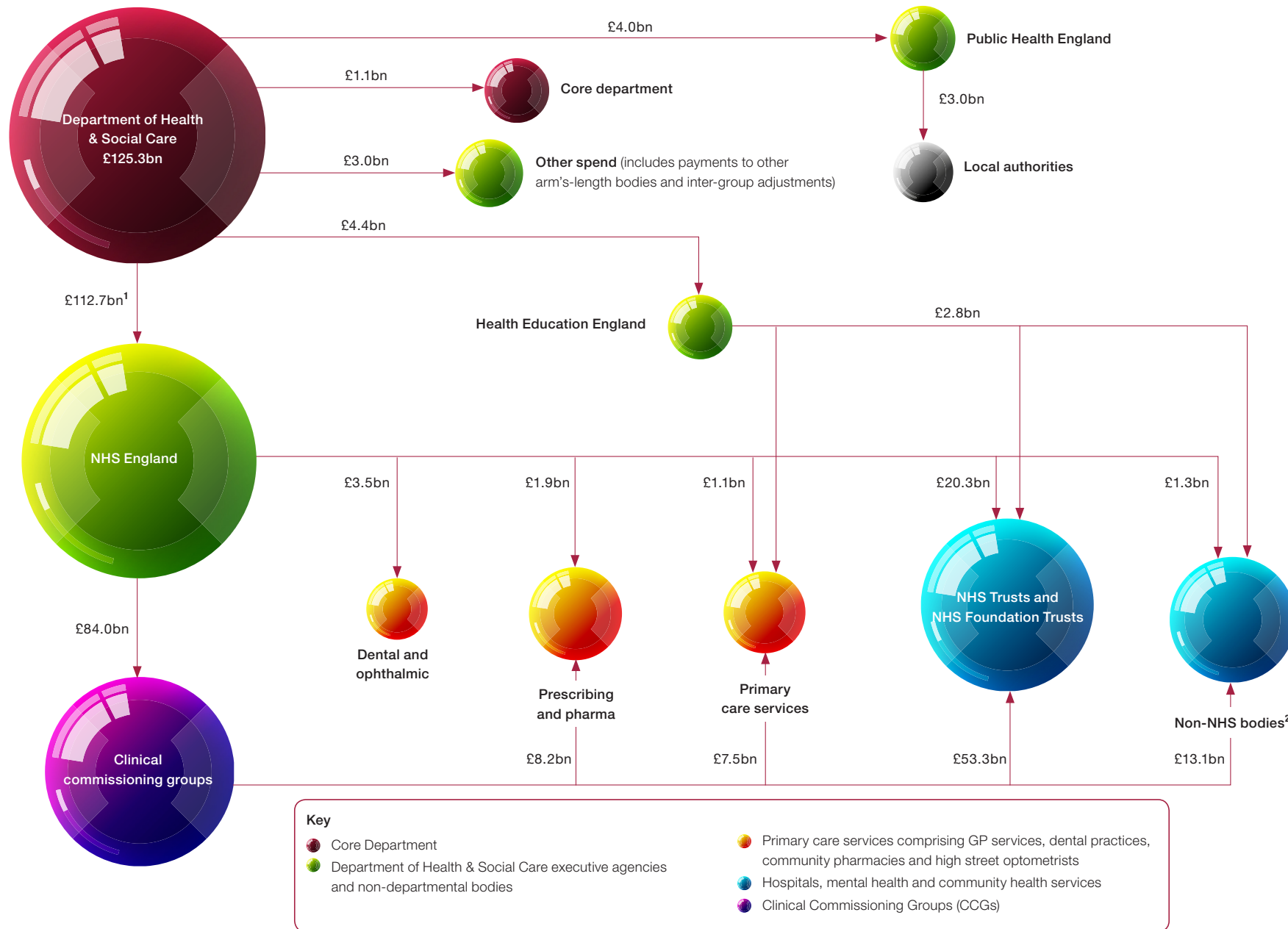
A range of senior appointments were announced at the same time, available at: [www.england.nhs.uk/2018/12/nhs-england-and-nhs-improvement-announce-new-senior-leadership-posts/](http://www.england.nhs.uk/2018/12/nhs-england-and-nhs-improvement-announce-new-senior-leadership-posts/)

As well as sharing common leadership arrangements there is a common regional structure in place as shown on the right. Available at: [www.england.nhs.uk/about/regional-area-teams/](http://www.england.nhs.uk/about/regional-area-teams/). The regional teams are responsible for quality, financial and operational performance of all NHS organisations in their region.

The seven integrated regions are currently made up of 42 area teams and support 195 CCGs, 42 STPs and 14 ICSs. In July 2019, 1,300 primary care networks were formed.



# Where the Department spent its money in 2018-19



**Notes**

- The £112.7 billion excludes the depreciation ring-fence, see table 36 in the Department's annual report and accounts.
- The £82.1 billion from CCGs includes £0.65 billion for social care. Table 37 in the Department's annual report and accounts shows how the £13.7 billion for healthcare has been split between independent sector providers, voluntary sector/not for profit providers and local/devolved governments.
- Department of Health & Social Care spent £125.3 billion against its Resource Departmental Expenditure Limit budget of £125.9 billion.
- This shows the 2018-19 payments between organisations. The payments out of the Department of Health & Social Care are from the Department's 2018-19 annual report and accounts. The payment out of Health Education England is from its 2018-19 annual report and accounts. The other numbers are from NHS England's 2018-19 annual report and accounts.
- To ease presentation, not all payment flows are shown. Numbers may not sum due to rounding. Not all sums allocated to NHSE and CCGs were reallocated to front line services for operational reasons.
- The expenditure excludes spending from the capital component, for which £6.0 billion was budgeted, of which £5.9 billion was spent. The Department's total budget was £131.9 billion.
- The total spend on drugs is around £18 billion, of which £10.1 billion is shown as being paid directly by NHS England and clinical commissioning groups, the remainder being funded via the Trusts.
- Health Education England received around £4.4 billion in Grant in Aid funding, of which £2.8 billion was distributed as shown for graduate training and the other £1.6 billion was spent on other operating expenses.

## Key changes, major developments and challenges 2018-19

1

### Major programmes

In 2019 the Department and its arm's-length bodies are responsible for the delivery of 12 major projects, two fewer than last year. These are:

- **Scientific programmes:** 100,000 Genomes Project, to create the foundation for a new genomic medical service in the NHS; the PHE Science Hub; and the National Proton Beam Therapy (PBT) Service Development Programme. All are at ● Amber status currently.
- **IT programmes:** NHS E-Referral Service to support paperless referrals and a paperless NHS (● Green); IT Infrastructure Sourcing Programme (● Amber/Red); Health & Social Care Network (● Amber/Red); Data Services Platform Programme (● Amber) and NHS.UK (● Amber).
- **Other programmes:** Visitor and Migrant NHS Cost Recovery Programme (● Amber/Green); Procurement Transformation Programme (● Amber); NHS Pension Re-let (● Amber/Green); and Medical Examiners Programme (● Amber/Red).

2

### The funding gap

This is the gap between patients' needs and the money available to meet those needs, and there are various estimates of its size. The Institute for Fiscal Studies, in its 2018 report Securing the future: funding health and social care to the 2030s, said:

“Taking the NHS and social care together, meeting the pressures under the modernised NHS scenario would require the government to raise an estimated additional £32 billion by 2023-24, rising to an estimated £64 billion in 2033-34”

July 2018 marked the 70th anniversary of the NHS, and was preceded by the government's announcement of additional revenue funding for the NHS over the next five years, representing an average annual real-terms increase of 3.4%, equating to an extra £20.5 billion by 2023-24 (£33.9 billion in cash terms).

3

### The Long Term Plan

The NHS Long Term Plan, published in January 2019, set out a 10-year programme of phased improvements to NHS services and outcomes. The plan sets out how the £20.5 billion settlement for the NHS, announced by the Prime Minister in summer 2018, will be spent over the next five years and was developed in partnership with front-line health and care staff, patients and their families.

The Long Term Plan includes the aims to significantly improve services for children and young people to give them the best possible start in life, deliver world-class care for major diseases, such as cancer and heart disease, and helping people to age well.

## Exiting the European Union 2018-19

Government has instructed departments to prepare for the United Kingdom leaving the EU. The UK is scheduled to leave on 31 October 2019.

The Department is leading on EU Exit readiness across the health and care portfolio.

According to the Department, the main EU Exit challenges it faces in maintaining the health and care system after exit are:

- securing the positions of more than 167,000 staff from EU27 countries;
- ensuring reciprocal healthcare arrangements are in place; and
- developing a robust system for the regulation of medicines and clinical trials

In addition the NHS must ensure continuity of supply of vital medicines.

The Department had 23 active EU Exit work streams as of April 2018 covering: life sciences, reciprocal healthcare, public health, continuity of NHS supplies, health cooperation on the island of Ireland, and workforce and mobility requirements.

[Commons-committees/public-accounts/Correspondence/2017-19/philip-rycroft-brexit-workstreams-300418.pdf](https://commons-committees/public-accounts/Correspondence/2017-19/philip-rycroft-brexit-workstreams-300418.pdf)

Alongside the Department's preparations for exiting the EU is cross-government planning for a no deal exit (Operation Yellowhammer). The Department is the lead department responsible for the area of risk covering healthcare services, which is intended to manage the short-term disruption that may arise from no deal.

[NAO report: Contingency-preparations-for-exiting-the-EU-with-no-deal.pdf](#)

HM Treasury allocated the Department £21.1 million in 2018-19 to support EU Exit preparations, and £50 million in 2019-20.

[Written-statement/Commons/2018-12-18/HCWS1205](#)

In July 2019, the Chancellor allocated a further £434 million to help ensure continuity of supply for vital medicines and medical products in the event of no deal, including through freight capacity, warehousing and stockpiling.

[www.gov.uk/government/news/chancellor-announces-billions-to-turbo-charge-no-deal-preparations](https://www.gov.uk/government/news/chancellor-announces-billions-to-turbo-charge-no-deal-preparations)

The Department's annual accounts 2018-19, show that £52 million was spent on EU Exit programmes in-year, of which £35 million was to ensure medical supply continuity in the event of no deal.

[FINAL DHSC-annual-report-and-accounts-2018-to-2019.pdf](#)

The Department has spent £8.6 million on consultants through the Cabinet Office-managed commissioning process (April 2018 to April 2019), and a further £3 million outside of those arrangements (June 2016 to March 2019), to help it prepare for EU Exit.

[www.nao.org.uk/wp-content/uploads/2019/05/Departments-use-of-consultants-to-support-preparations-for-EU-Exit.pdf](https://www.nao.org.uk/wp-content/uploads/2019/05/Departments-use-of-consultants-to-support-preparations-for-EU-Exit.pdf)

The Department used consultants to, for example, conduct research into healthcare systems in EU member states, and to provide programme management support for its work in ensuring the supply of medical devices.

## Managing public money 2018-19

The Comptroller & Auditor General (C&AG) certified the Department accounts on 10 July 2019 as being a true and fair and regular representation of the Department's finances for the year. Some of the Department's spending is on programmes which are demand-led, such as the national immunisation programmes protecting against 16 different diseases. As in previous years, the C&AG's report included a paragraph highlighting the uncertainty in the Department's estimate of how much money the Department needs to set aside for clinical negligence costs.

### Budgets and spending have risen since 2013-14 (see graphs right).

Budgeted RDEL expenditure rose by £19.1 billion or 18% from 2013-14 to 2018-19 and budgeted CDEL rose by £0.5 billion or 10% in the same period.

### In 2018-19, the Department kept within its spending limits.

The Department has overall responsibility for healthcare services, and is accountable to Parliament for ensuring that its spending, and the spending of its arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament.

The Department has two main budgets.

- **Resource:** used for day-to-day spending, for example staffing costs. In 2018-19 the Department had a budget of £125.9 billion, and spent £125.3 billion.
- **Capital:** used for investment, for example a CT scanner. In 2018-19 the Department spent £5.94 billion against a budget of £5.98 billion.

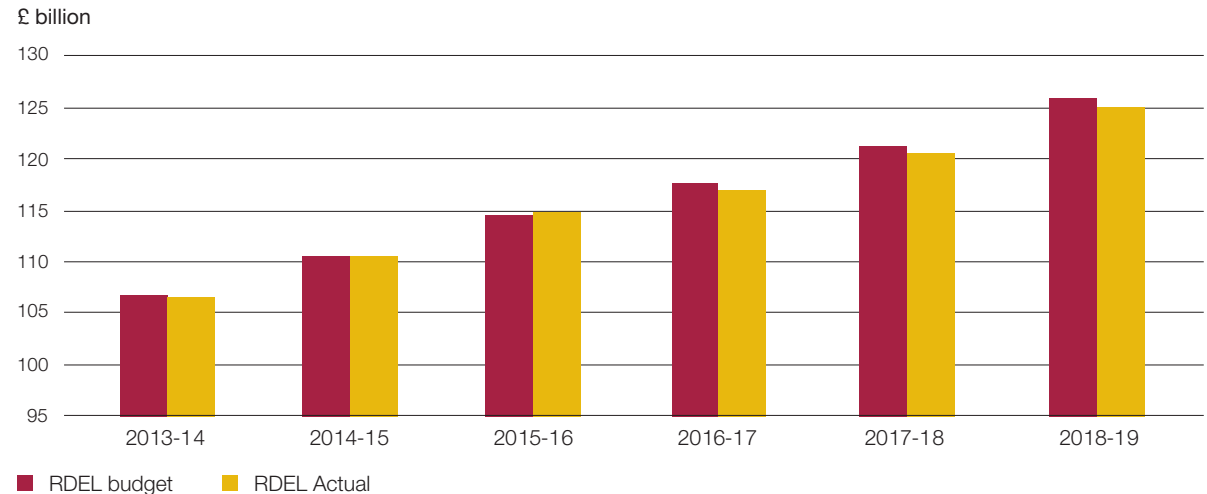
### In some cases balancing budgets meant using underspends in one sector to offset overspends in another.

In 2018-19, the NHS continued to deliver a broadly balanced budget. Providers of services generated a deficit of £0.83 billion (£0.99 billion in 2017-18) and commissioners of services (which includes CCGs and NHS England) underspent by £0.92 billion (£0.97 billion in 2017-18).

NHS England was able to make the savings in central spending from vacancy control, income from GP rates rebates and counter-fraud receipts.

The Department of Health & Social Care's resource spend, budget versus actual 2013-14 to 2018-19

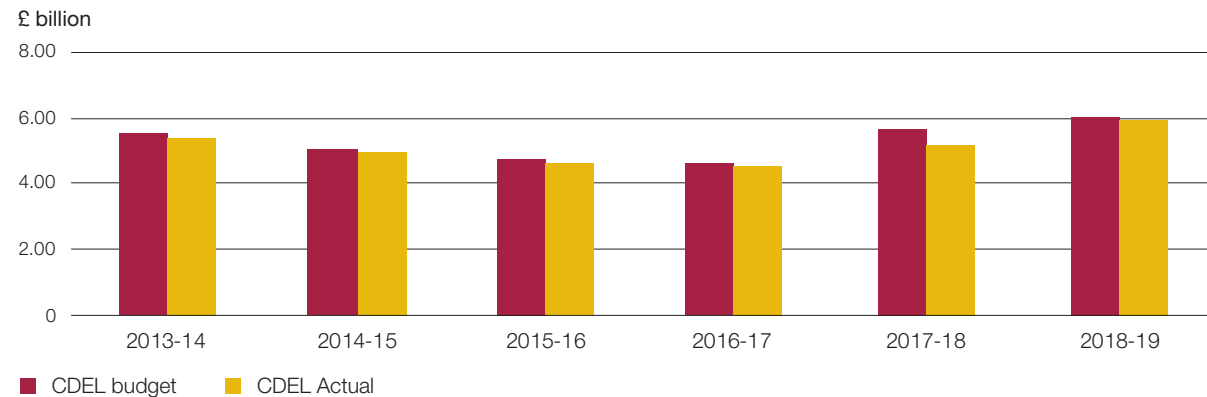
### Spending against Resource budget (RDEL) since 2013-14



Source: Department of Health & Social Care Annual Reports and Accounts

The Department of Health & Social Care's capital spend, budget versus actual 2013-14 to 2018-19

### Spending against Capital budget (CDEL) since 2013-14



#### Note

1 RDEL: Resource Departmental Expenditure Limit; CDEL: Capital Departmental Expenditure Limit.

Source: Department of Health & Social Care Annual Reports and Accounts



## — Adult social care

### How adult social care is delivered

The Department is responsible for health and adult social care policy in England. The Ministry of Housing, Communities & Local Government has responsibility for local government finance and the accountability system.

Adult social care covers social work, personal care and practical support for adults with a physical or learning disability, or physical or mental illness, and support for their carers.

Unlike the NHS, free at the point of delivery, the provision of social care is means-tested, and adults accessing services may make financial contributions to the cost of their care.

Demand for adult social care is increasing as people are living longer: improvements in living standards and clinical treatments have changed the nature of the population's health and care needs, and more people are living with multiple long-term conditions.

In 2018 [Adult social care workforce in England](#) found challenges in recruitment and retention of staff and increasingly unmet care needs. Turnover and vacancy rates across the social care workforce were high and growth in jobs had fallen behind demand for care. Care work is viewed as low-skilled with limited prospects and recruiting registered managers is especially difficult. The Department did not have an up-to-date workforce strategy and not enough was being done to fund, support and sustain the sector.

### The Department's recent and planned developments

The government committed to developing proposals for social care reform by late 2018 ensuring that adult social care did not impose additional pressure on the NHS. The Long Term Plan in 2019 echoed but did not address this commitment, being NHS-specific.

In 2018 [The health and social care interface](#) identified 16 challenges to improved joint working and inherent differences between health and social care systems. These ranged across financial, strategic, cultural and structural domains. The report found that the NHS and local authorities operate in very different ways, and both sides can have a poor understanding of how decisions are made. Problems with sharing data across health and social care can prevent an individual's care from being coordinated smoothly.

In 2019 the government is still consulting on adult social care needs and resources across the local government landscape as part of its two-year Fair Funding Review aiming to set new budgets from 2020 onwards.

The green paper on adult social care first mooted in 2017 and which will set out proposals to meet the demand from an ageing population and the growth in people with disabilities has been further delayed. The following briefing from September 2019 suggests that it may have been affected by Brexit and a lack of clarity on the paper's scope with lots of policy factors competing for inclusion [Parliamentary Research Briefing CBP 8002](#).

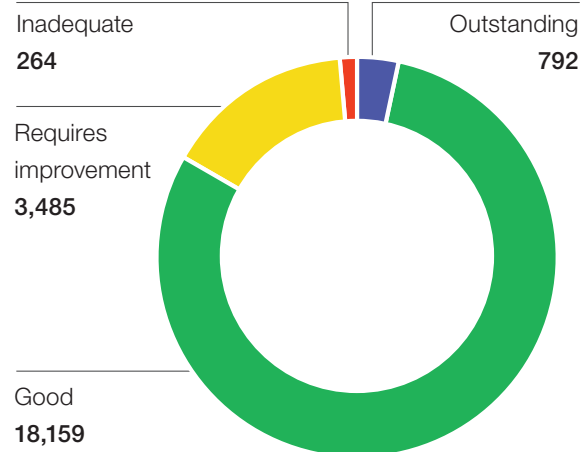
### Adult social care is faced with funding pressures

Adult social care is the largest area of service spend for local authorities (excluding education). In 2017-18, it accounted for 43.4% of net spend on main services, nearly double that of children's social care (22.0%).

Between 2010-11 and 2017-18, local authority net spending on adult social care fell by 2%.

Adult social care services in England are still facing significant funding pressures, due to the combination of a growing and ageing population, increasingly complex care needs, lower central government funding to local authorities and higher care costs. Some of these factors are raised in our 2018 reports: [The health and social care interface](#) and [Financial sustainability of local authorities 2018](#).

### Adult social care directorate (locations)



There is variation in the quality of care. In its annual report 2018-19, the Care Quality Commission inspectors found that the majority of providers (80%) had delivered a good standard of care as at March 2019 (see left). However, these performance ratings vary by service type and by geographical region.

# Access to NHS services in 2018-19

## Demand for services continues to rise

There were **24.8 million** A&E attendances in 2018-19 up from **23.8 million** the previous year.

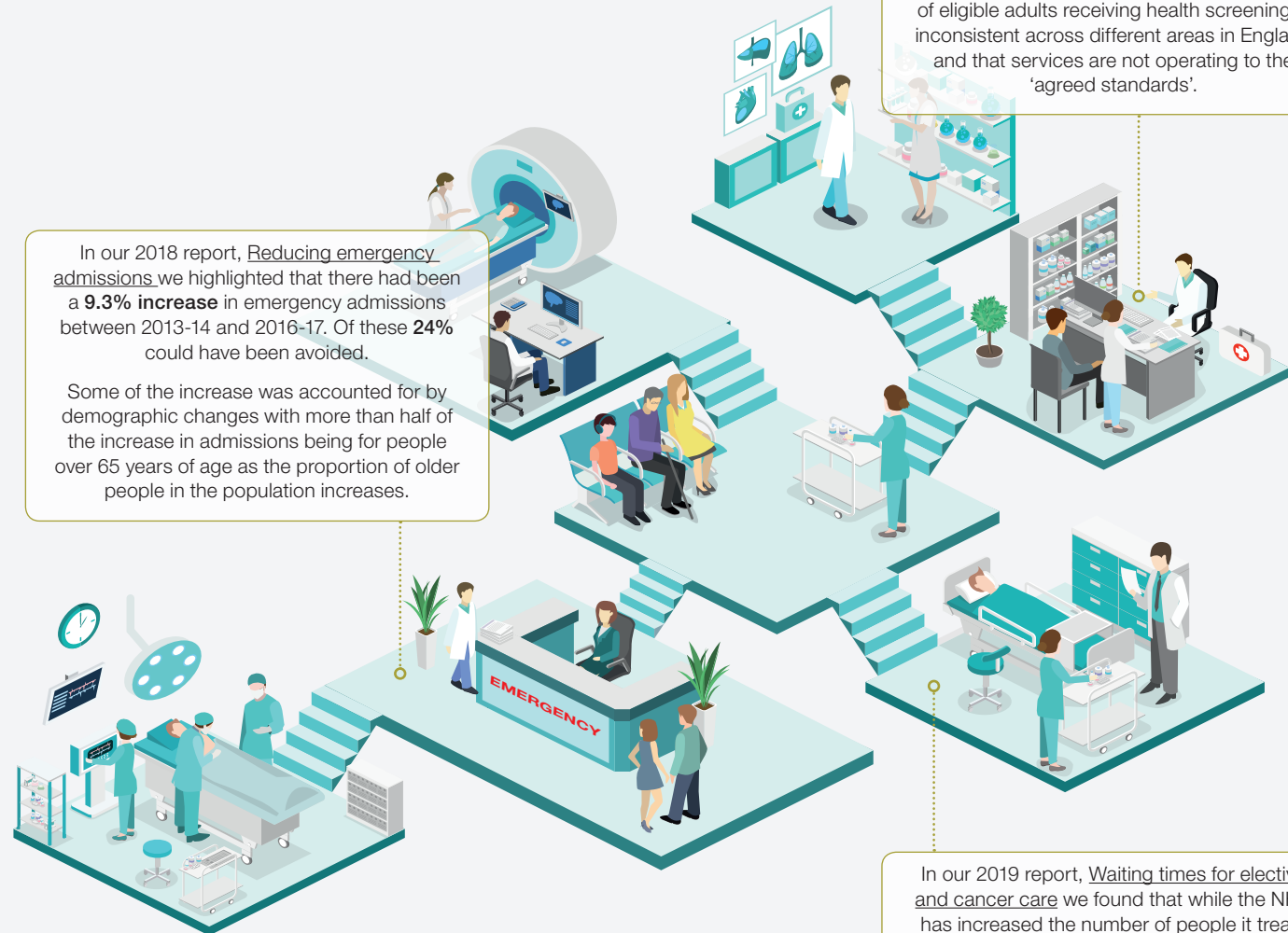
In 2018-19 the number of urgent GP referrals for cancer services increased by **300,000 (15.7%)** compared to 2017-18.

In our 2018 report, [Reducing emergency admissions](#) we highlighted that there had been a **9.3% increase** in emergency admissions between 2013-14 and 2016-17. Of these **24%** could have been avoided.

Some of the increase was accounted for by demographic changes with more than half of the increase in admissions being for people over 65 years of age as the proportion of older people in the population increases.

In our 2019 report [Investigation into adult health screening](#) we found that the proportion of eligible adults receiving health screening is inconsistent across different areas in England and that services are not operating to the 'agreed standards'.

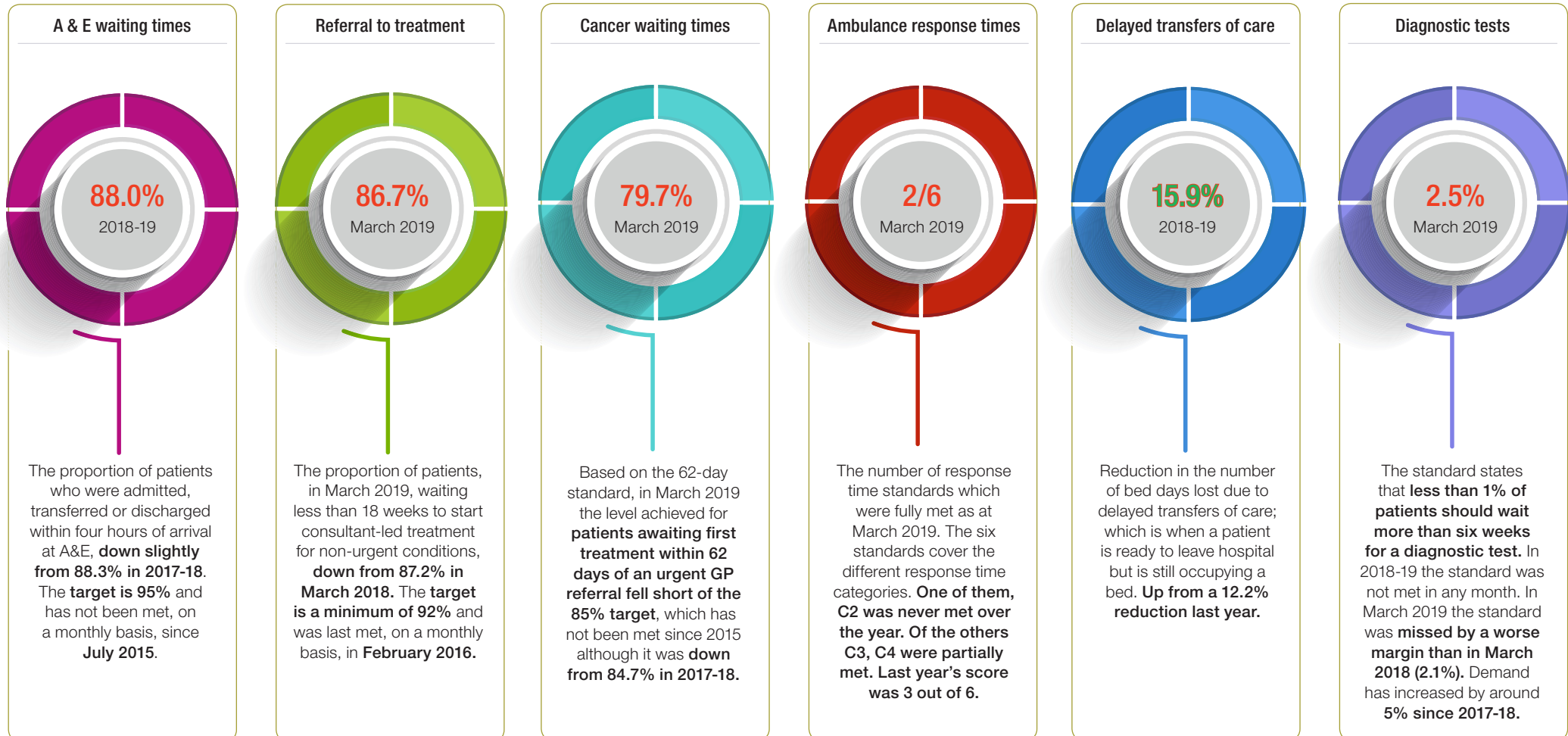
In our 2019 report, [Waiting times for elective and cancer care](#) we found that while the NHS has increased the number of people it treats each year, the percentage of patients treated within waiting time standards continues to get worse for both elective (non-urgent care) and cancer treatment, and the waiting list for elective care continues to grow.



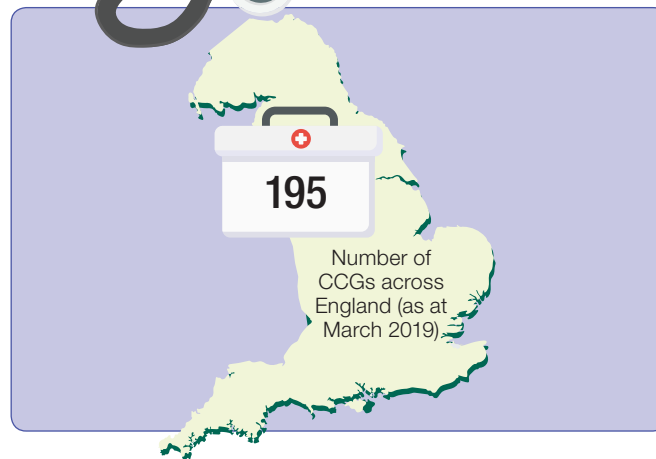
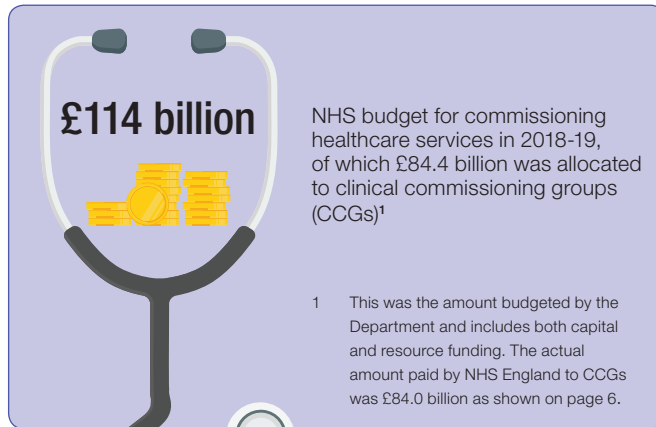
## Access to NHS services in 2018-19 *continued*

In 2018-19, many of the NHS's core waiting time and access targets were not met including A&E, ambulance response, referral to treatment, cancer and diagnostic tests. (We also show delayed transfers below as a comparison with last year).

The following updates are taken from the Department's Annual Report & Accounts 2018-19. Figures are for March as stated in the accounts.



## Performance of NHS services



### Oversight of clinical commissioning groups' performance

NHS services may be provided in primary care, by professionals such as GPs, dentists and pharmacists or in secondary care by hospitals and specialists. NHS England sets the framework for health commissioning in England and is responsible for holding CCGs to account. CCGs are in turn responsible for commissioning hospital and community care for their local populations.

NHS England conducts an annual performance assessment of clinical commissioning groups (CCGs).

The performance of individual CCGs varied by location in 2018-19, ranging from inadequate (light purple) to outstanding (dark purple).

Overall performance is based on CCG performance against 58 indicators, including patient experience and CCG leadership. The number of CCGs fell from 207 during 2017-18 as a result of mergers.

In 2018-19, of the 195 CCGs then in place:

- 24 (12%) were rated outstanding (up 2%);
- 102 (52%) were rated good (up 4%);
- 58 (30%) were rated as requiring improvement (down 3%); and
- 11 (6%) were rated as inadequate (down 3%).

NHS England has formal powers of direction it can apply to failing CCGs. These directions can include requiring a CCG to produce a recovery plan and undertaking a review of its governance arrangements. NHS England maintains a list of CCGs currently under legal directions on its [website](#).

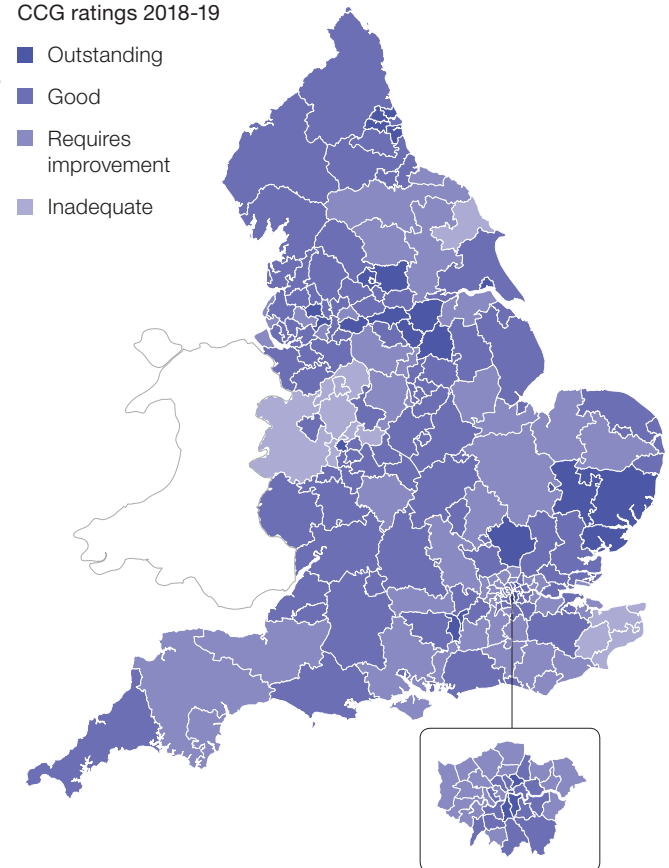
Our 2018 report [Review of the role and costs of clinical commissioning groups](#) looked at this NHS England performance data and highlighted the issues around overspending by CCGs (due to a rise in generic drugs prices), reduced use of Commissioning Support Units (CSUs) amidst quality concerns, problems recruiting good leaders and the move towards redefining their role, restructuring and increased integration with wider geographical reach and new care models emerging six years post-Lansley.<sup>1</sup>

<sup>1</sup> In 2012 Andrew Lansley (Secretary of State for Health) reformed the NHS in England creating CCGs and replacing Primary Care Trusts and Strategic Health Authorities

### Performance of Clinical Commissioning Groups (CCGs) – NHS England's 2018-19 annual assessment

#### CCG ratings 2018-19

- Outstanding
- Good
- Requires improvement
- Inadequate



Source: NHS England, Clinical Commissioning Groups Annual Assessment 2018-19

## — Oversight of NHS services

### Oversight arrangements

NHS services may be provided in primary care by GPs, dentists, pharmacists and other professionals or in secondary care by hospitals and specialists. NHS England sets the framework for health commissioning in England and holds commissioners to account with formal powers of direction.

The [Review of the role and costs of clinical commissioning groups](#) in December 2018 found that while many clinical commissioning groups are performing well and within budget, others are failing to function effectively or hire and retain the high-quality staff they need.

### The need for fraud prevention

[Investigation into health care Penalty Charge Notices \(PCNs\)](#) found in May 2019 that free prescriptions and dental treatment are a significant cost to the NHS with potential for fraud. More needs to be done to prevent fraud. However, eligibility rules are complex and hard to understand. Mistakes are made and a lot of PCNs are successfully challenged. A simpler system or better real-time checking will be important going forward in deterring fraud but not disadvantaging vulnerable people.

### Risks of relying on private sector providers

#### Provider failure

In January 2018 Carillion plc entered into liquidation. NHS bodies are thought to have had 25 contracts with Carillion, worth an estimated £287 million.

Our [investigation into the government's handling of the collapse of Carillion](#) in 2018 found that Carillion staff continued to provide public services to hospitals while it went into liquidation. However, some of the construction contracts, including two PFI hospitals, were mothballed while investors looked for alternative construction companies.

#### Understanding the service being contracted out.

In [NHS England's management of the primary care support services contract with Capita](#) in 2018 we concluded that neither NHS England nor Capita fully understood the complexity and variation of the administrative service being outsourced. Although NHS England saved significant sums of money, both parties misjudged the scale and nature of the risk in outsourcing these administrative services. This had an impact on the delivery of primary care services and had the potential to seriously harm patients, although no actual harm has been identified.

### Accountability and Integration challenges between health and social care

The NHS has had several initiatives to promote the integration of services, each requiring effort and money to set up and reliant on the goodwill of local NHS organisations. They have been continually absorbed by successor initiatives.

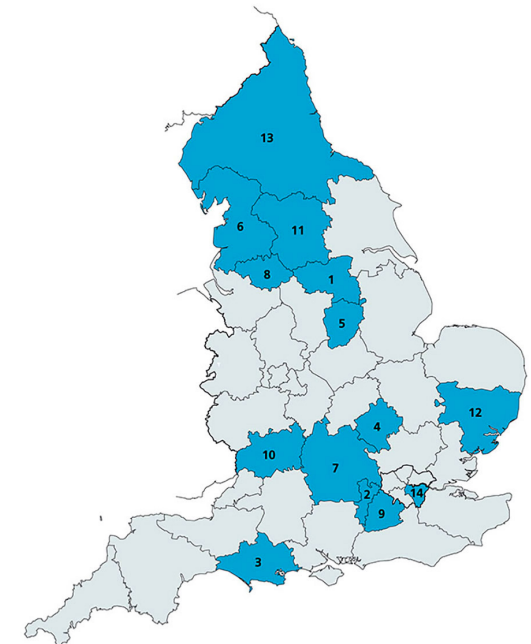
In 2016, 50 individual care model Vanguard pilots were superseded by 44 Sustainability & Transformation Partnerships (STPs) across England, which have evolved by 2019 into 14 Integrated Care Systems (ICSs) over larger geographical areas (see map). The whole of England will be covered by 2021 according to the Long Term Plan published in January 2019.

In 2018 we examined the Vanguards here: [Developing new care models through NHS Vanguards](#).

In 2018, while recognising the benefits that effective integration could bring we also noted in [The health and social care interface](#) report that it is challenging to develop a robust evidence base to show that integrating health and social care leads to better outcomes for patients. This is because it is difficult to isolate the impacts of integration from other factors.

### Integrated Care Systems in England

- 1 South Yorkshire and Bassetlaw.
- 2 Frimley Health and Care.
- 3 Dorset.
- 4 Bedfordshire, Luton and Milton Keynes.
- 5 Nottinghamshire.
- 6 Lancashire and South Cumbria.
- 7 Buckinghamshire, Oxfordshire and Berkshire West (Buckinghamshire and Berkshire West were already ICSs prior to June 2019).
- 8 Greater Manchester.
- 9 Surrey Heartlands.
- 10 Gloucestershire.
- 11 West Yorkshire and Harrogate.
- 12 Suffolk and North East Essex.
- 13 The North East and North Cumbria.
- 14 South East London.



Source: NHS England, available at: [www.england.nhs.uk/integratedcare/integrated-care-systems/](http://www.england.nhs.uk/integratedcare/integrated-care-systems/)



## —The financial sustainability of the NHS 1

**There are continuing financial pressures on providers and commissioning groups.** Hospital and specialist care is primarily delivered by NHS Foundation Trusts and NHS Trusts, described as ‘providers’. The provider sector ended 2018-19 with a collective deficit of £827 million (down from the £991 million deficit in 2017-18).

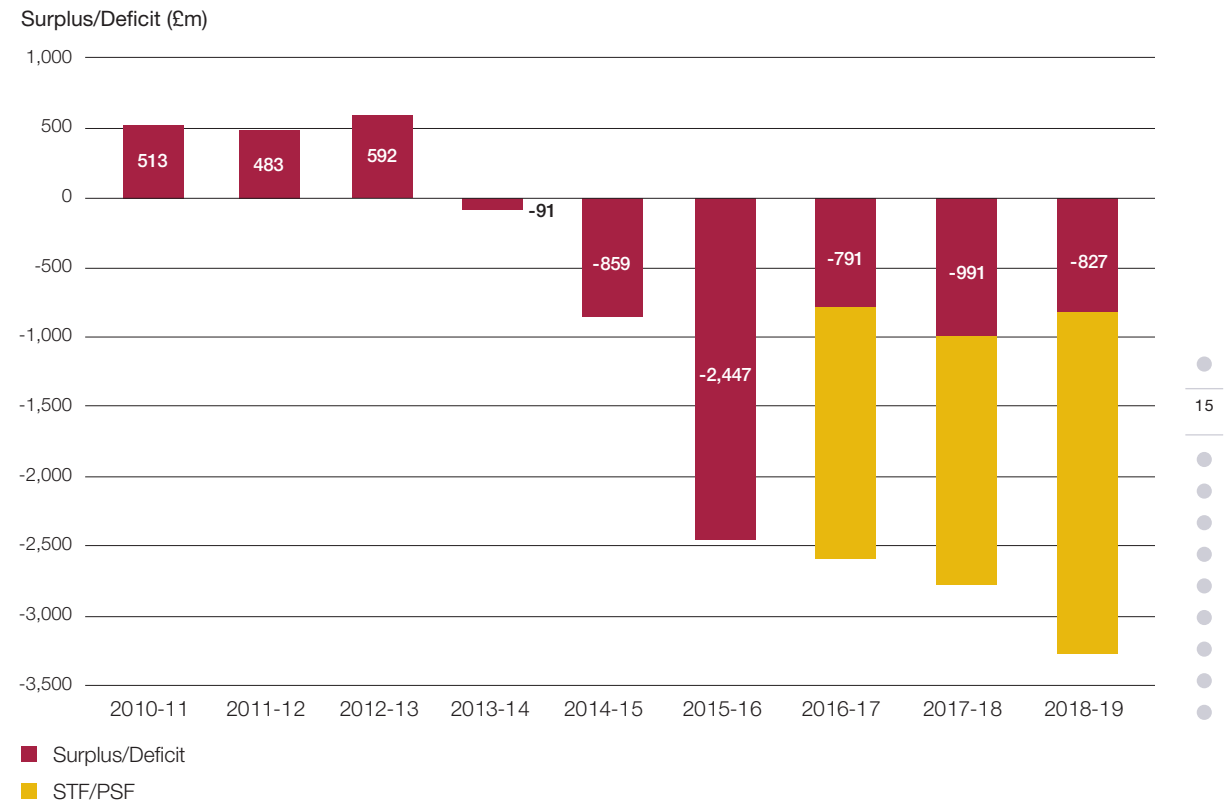
The financial pressures experienced by clinical commissioning groups (CCGs), has decreased. Overall, CCGs overspent by £150 million, which NHS England partly attributed to the cost pressure of commissioning from increased patient volumes. The largest item of non-staff commissioning spend is on generic medicine, a subject we covered in our June 2018 [Investigation into NHS spending on medicines in primary care](#).

**Parts of the NHS continue to struggle to remain within their budgets.** Our January 2019 report [NHS financial sustainability](#) found that the Sustainability and Transformation Funding (STF) helped the Trust sector to improve from a combined deficit of £2,447 million in 2015-16 to £991 million in 2017-18.

**Increased demand for healthcare is also putting pressure on the health system.** Our March 2018 report [Reducing emergency admissions](#) found that rising emergency admissions posed a serious challenge to both the service and financial position of the NHS.

In [NHS financial sustainability](#) in January 2019 we concluded that the existence of substantial deficits in some parts of the system, offset by surpluses elsewhere, do not add up to a picture that we can describe as sustainable. Recently, the Long Term Plan for the NHS has been published, and government has committed to longer-term stable growth in funding for NHS England (see graph adjusted for latest data).

Surplus and Deficit of NHS Trusts 2010-11 to 2018-19



### Note

1 The Sustainability and Transformation Fund (STF) was replaced by the Provider Sustainability Fund (PSF) in 2018-19

Source: National Audit Office, *NHS Financial Sustainability Report 7* and *Department of Health & Social Care Annual Report 2018-19*

## — The financial sustainability of the NHS 2

### Application of financial special measures

Where an NHS Trust or Foundation Trust has serious financial problems, and there are concerns that the existing leadership cannot make the necessary improvements without support, NHS Improvement can place it in financial special measures.

As at August 2019, five Trusts were in financial special measures, six Trusts were in special measures for quality as a result of serious failures in the quality of care. An additional four Trusts were in special measures for both financial and quality special measures. (See map).

### Recent and planned developments

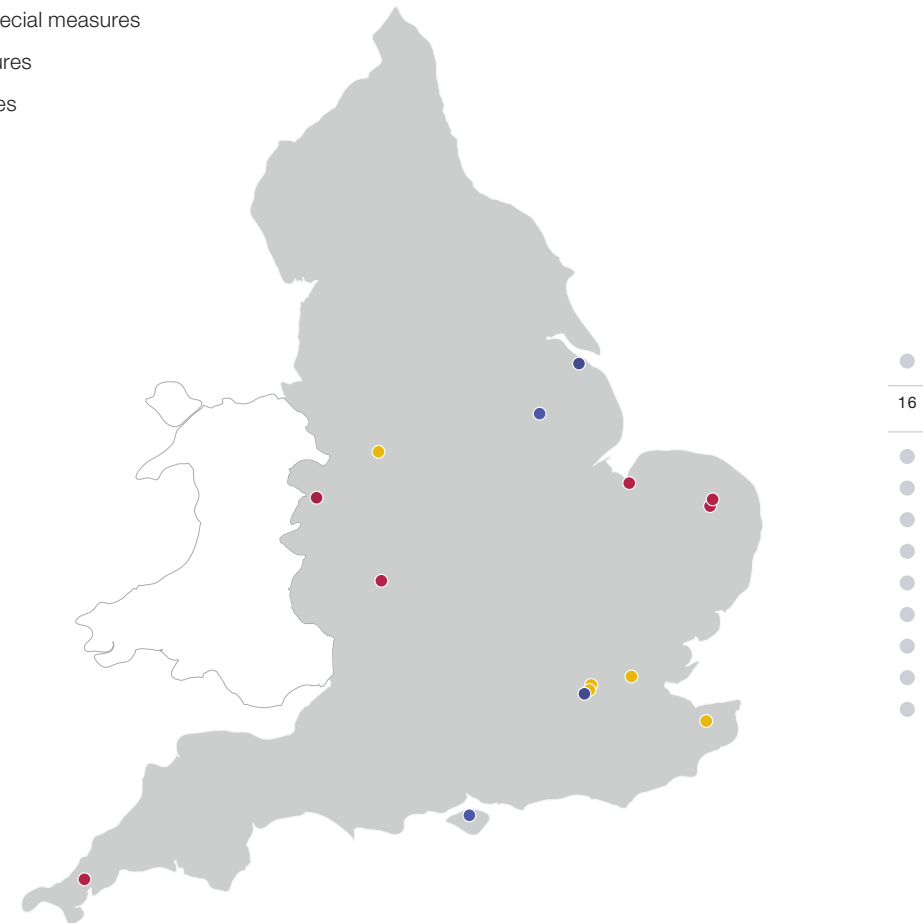
The NHS developed the Long Term Plan to accompany the additional £20.5 billion funding settlement. The government set out five financial tests which the Long Term Plan was required to meet to show how the NHS will put the service on a more sustainable footing. These tests are:

- 1 the NHS (including providers) will return to financial balance;
- 2 the NHS will achieve productivity growth of at least 1.1%;
- 3 the NHS will reduce the growth in demand for care through better integration and prevention;
- 4 the NHS will reduce unjustified variation in performance; and
- 5 the NHS will make better use of capital investment.

In our January 2019 report [NHS financial sustainability](#) we found that the long-term funding does not cover all key health areas. While the plans are prudent there are internal and external risks over time. These include pressure on the system, staff shortages, lack of public health and social care funding and the uncertain economic conditions.

NHS Trusts in special measures as at August 2019

- In financial and quality special measures
- In financial special measures
- In quality special measures



#### Notes

- 1 As at August 2019
- 2 The following Trusts were in financial special measures: Barking, Havering and Redbridge University Hospitals NHS Trust, Barts Health NHS Trust, East Kent Hospitals University NHS Foundation Trust, King's College Hospital NHS Foundation Trust, and University Hospitals of North Midlands NHS Trust.
- 3 The following Trusts were in quality special measures, Norfolk and Norwich University Hospitals NHS Foundation Trust, Norfolk and Suffolk NHS Foundation Trust, The Queen Elizabeth Hospital, Kings Lynn, NHS Foundation Trust, Royal Cornwall Hospitals Trust, Shrewsbury & Telford NHS Trust, and Worcestershire Acute Hospitals NHS Trust.
- 4 The following Trusts were in financial and quality special measures: Isle of Wight NHS Trust, Northern Lincolnshire and Goole NHS Trust, St George's University Hospitals Foundation Trust and United Lincolnshire Hospitals NHS Trust.

Source: NHS Improvement

# Digital issues

## Digital transformation and data

Organisations still face service inefficiencies and an inability to undertake digital transformation as a result of barriers and constraints in legacy systems and especially data. We reported on the main issues in our report [Challenges in using data across government](#).

For example, in our [Investigation into adult health screening report 2019](#) all screening programmes the National Audit Office looked at rely on a national database of GP registrations to identify those who are eligible for screening, which the Department considers is not fit for purpose, has not been replaced after a delay of more than two years and risks missing relevant patients.

Silo working inhibits progress. Many people in government lack confidence in how to share data legally, especially post-General Data Protection Regulation (GDPR). As we found in [The health and social care interface](#) the inability to share data adversely impacts on the patient.

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The legacy environment and its issues are continually overlooked. Data are often out of date, inaccurate and stored inconsistently across different systems that are hard to change, leading to poor quality, lack of integrity and poor patient experience.

New technologies, such as robotics and artificial intelligence, are seen as panacea solutions. But if these are layered on top of existing poor data, it risks magnifying the problems already associated with that data.

The steps being taken by the Department to address these challenges are outlined here: <https://digital.nhs.uk/about-nhs-digital/our-work/nhs-digital-data-and-technology-standards/framework>. These include understanding what they are trying to achieve, and putting the infrastructure in place to make it work within common standards for identification, data usage and procurement.

## Digital issues *continued*

### Implementation of new technology

New tools and technology for transforming their operations are often seen as a panacea for cost reduction and service improvement. But insufficient attention is paid to the real benefits and how these can be achieved.

Consequently there is a growing acknowledgement in government that achieving these benefits is not straightforward. We recently published [Guidance for audit committees on cloud services](#) to help leaders oversee the decision-making and implementation. Key messages are:

- avoid specific technological solutions. Make the benefits clear – whether reducing

costs, improving services and patient experience or enabling transformation; and

- ensure during implementation, enough time and attention is devoted to maintaining business as usual and the impact on key users and stakeholders while setting up new services and embedding the changes so as not to degrade patient care.

The Department is trying to address implementation across its federated and complex landscape by improving its pipeline approach outlined here: [piloting the pipeline 2018](#) and its approach to new technology here: [The future of healthcare: our vision for digital data and technology in health and care 2018](#).

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The Long Term Plan describes patient choice supported by tools but there is a risk of using the latest tools without understanding how those tools will solve the specific problems faced by the organisation, limiting the benefits to patients.

Government recognises that technology systems used daily across hospitals, GP surgeries, care homes, pharmacies and community care facilities do not talk to each other, fail frequently and do not follow modern cyber-security practices. As a result, some people are getting suboptimal care, and staff are frustrated as money could be saved and released for the front line.

### Cyber security

Following the high cost and negative impact of the WannaCry virus in 2017, which led to 19,000 cancelled appointments for patients, the Department has carried out a lessons learned exercise and is making progress on recommendations to resolve issues relating to its infrastructure: [Securing cyber resilience in health and care september 2018 update](#)

## What to look out for

01

### Workforce

The NHS continues to experience challenges in recruiting and retaining the right numbers of skilled staff in the right roles and the right places across the country to deliver care. This challenge is exacerbated by the effects of EU Exit on international workers. From September 2018, 1,500 new undergraduate medical school places were made available including five new medical schools. The [Interim NHS People Plan](#), launched in June 2019, highlights the workforce challenges that will require not only increasing numbers of skilled staff, but also that staff must be enabled to work differently in more flexible and multidisciplinary teams, across organisational boundaries and enabled by improved technology. The Interim Plan also emphasised the need to make the NHS a better place to work, including by improving the leadership culture, to attract and retain staff.



02

### Mental health

A priority in the [NHS Long Term Plan](#) is better access to mental health services to help achieve the government's commitment to parity of esteem between mental and physical health. Currently £1 in every £10 spent in the NHS goes on mental health.



03

### Capital investment

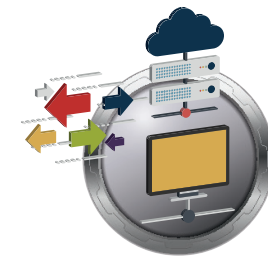
At the spring and autumn budget rounds in 2017 the government committed to £3.9 billion of new capital investment by 2022-23 to accelerate estates transformation and support efficiency. It aims to maximise the productivity benefits from the estate, through improving utilisation of clinical space, ensuring build and maintenance work is done sustainably, improving energy efficiency and releasing properties not needed to support the government's target of building new houses. In August 2019 the Prime Minister pledged £1.8 billion for updating hospitals and infrastructure work. The government's 2019 Spending Review included £854 million of capital for upgrade work in 20 hospitals.



04

### Digital in the future

A new organisation, [NHSX](#) has been set up to develop the policy, and set the direction, for the use of all digital and technology related aspects of the health and social care system. In time this will include patient access to their own data digitally and enabling patients to personalise their health care. NHSX will take over the delivery of the £4.2 billion Digital Transformation Portfolio programme (2016 to 2021). In 2019 this includes controls to ensure new systems purchased by the NHS comply with agreed standards. How well NHSX delivers these changes in a complex, highly interdependent environment will be of interest.





## What to look out for *continued*

05

### Public health

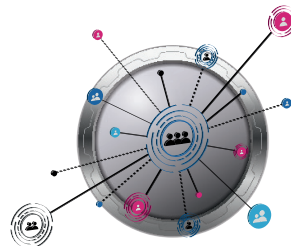
Over recent years, local government has been given a bigger role in supporting residents' well-being. However, there was a danger that patterns of care would continue to be fragmented and too focused on the acute sector. The Care Quality Commission concluded that health and social care organisations need to focus more on keeping people well. A [new service model](#) announced in the Long Term Plan will aim to dissolve the historic divide between primary and community health as it focuses on out-of-hospital care and integrated services at a local level.



06

### Primary care networks

Primary care networks form a key building block of the NHS Long Term Plan. They are designed to work at scale by supporting GPs and their teams to work more closely with colleagues in other practices so they can offer better access, more services and proactive care for patients. The Long Term Plan includes a number of commitments to support and improve primary care including increasing investment in 'out of hospital' services, investing in more GPs as well as pharmacists, counsellors and physiotherapists, and to help practices embrace new, 'digital first' services providing convenient access to care and advice.



07

### Local Authority funding

Alongside central government funding cuts of nearly 50% since 2010-11, local authorities are facing strong demand and cost pressures, and no reduction in their statutory obligations to provide services. As we detail in our report, [Financial sustainability of local authorities 2018](#), local spending is becoming more narrowly focused on social care due to the statutory need to meet growing demand. Falling central government funding alongside some council tax increases being restricted to adult social care spending only pose additional challenges.

