



Commissioning and statutory funding arrangements for hospice and palliative care providers in England 2017

Introduction

Summary

The statutory funding arrangements for adult hospices continue to raise serious concerns and risk the long-term sustainability of charitable hospice provision. Hospices continue to face standstill or decreased statutory resources, resulting in a range of budgetary pressures on hospice care providers as they seek to mitigate impacts on people in need of care

There is a need for fairer and more sustainable funding from statutory sources for hospice care in order to prevent an end of life care crisis; the early warning signs are apparent. For several years Hospice UK and Together for Short lives have undertaken a survey of the commissioning and statutory funding arrangements for charitable hospices in England, seeking to understand the changing landscape and impact of hospice care providers in England. We found:

- The majority of hospices had their statutory funding frozen or reduced year-on-year
- Decreases in statutory funding are having a negative impact on hospice service provision
- Hospices are dipping into reserves, reducing staff numbers, running deficit budgets are attempting to increase fundraised income to mitigate the negative impacts of reduced statutory funding
- Commissioning of hospice care lacks a coherent funding model and is not based on local population need
- Hospices report continued poor relationships with Sustainability and Transformation Partnerships (STPs)
- Statutory funding of hospice care is neither fair nor sustainable

Background

Charitable hospices in the UK care for over 200,000 people each year. Many thousands more are supported through services such as bereavement care, and formal and informal services for family, friends and carers. Care extends far beyond inpatient beds – 80 per cent of clinical care is through community-based, at home care, day hospice or outpatient services.¹

Hospices are unique among providers of health and social care – making significant investment in both the provision and funding of palliative and end of life care from their own funds. Together, hospices around the UK spend £1.1 billion per year in the UK in providing care, against statutory funding of £333 million.² The £767 gap between statutory funding and expenditure is fundraised across a range of ventures such as individual giving, events, charity shops and charitable lotteries.

Most hospices in England receive a proportion of their overall funding from statutory sources, predominantly through clinical commissioning groups (CCGs), and smaller levels from local authorities and NHS England. The proportion of funding received from statutory sources by adult hospices ranges from 8 per cent to over 90 per cent of expenditure.³

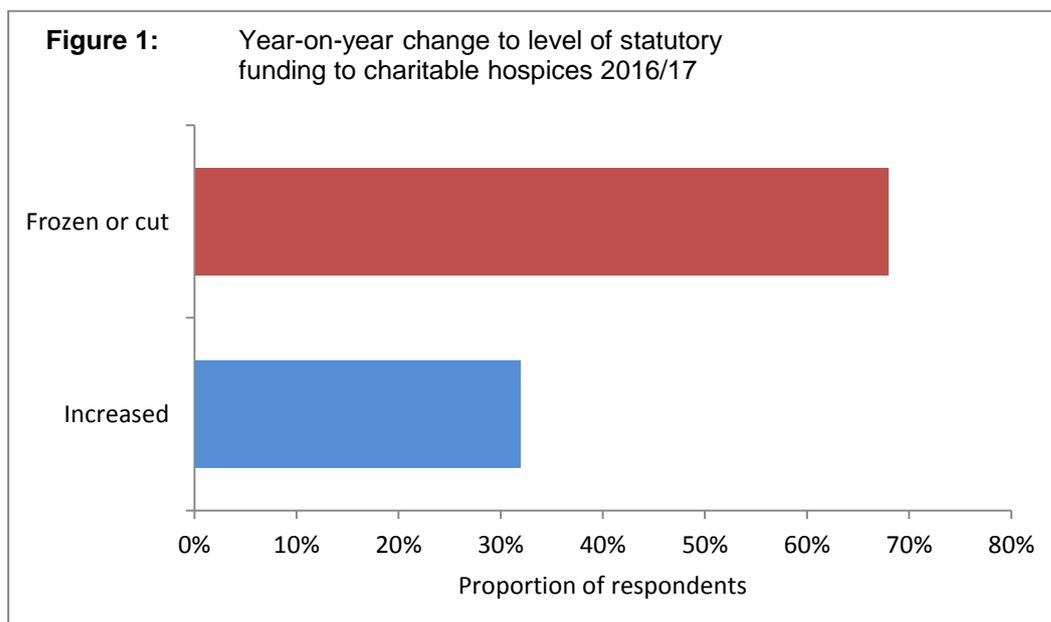
We know that not everyone who could benefit from palliative care receives it – experts estimate that over 90,000 people in England have a need for palliative care support that goes unmet every year.⁴ Demand for this care will continue to rise; the Office for National Statistics projections for England show the number of people dying each year will increase by 10 per cent by 2030, and by 25 percent by 2040. Hospice care providers currently report that frozen or decreased statutory funding is impacting negatively on their services for people, their carers and communities. If hospices are to meet current and future need for care, then we must ensure they are sustainably and adequately funded.

Survey findings

The majority of hospices have had their statutory funding frozen or cut

For the year 2016-17, the majority of hospices have had their funding frozen or cut. Two-thirds of respondents (66 per cent) providing services to adults or adults and children and young people, reported having their funding frozen or cut in the last financial year (37 per cent frozen and 29 per cent cut).

The cuts follow on from those that were reported last year, in Hospice UK's ['Commissioning and statutory funding arrangements for hospices in England – Survey Results 2016'](#) report.



Hospices cited financial restrictions on commissioners at CCG level as the main reason for either a decrease or standstill budget in 2016/17

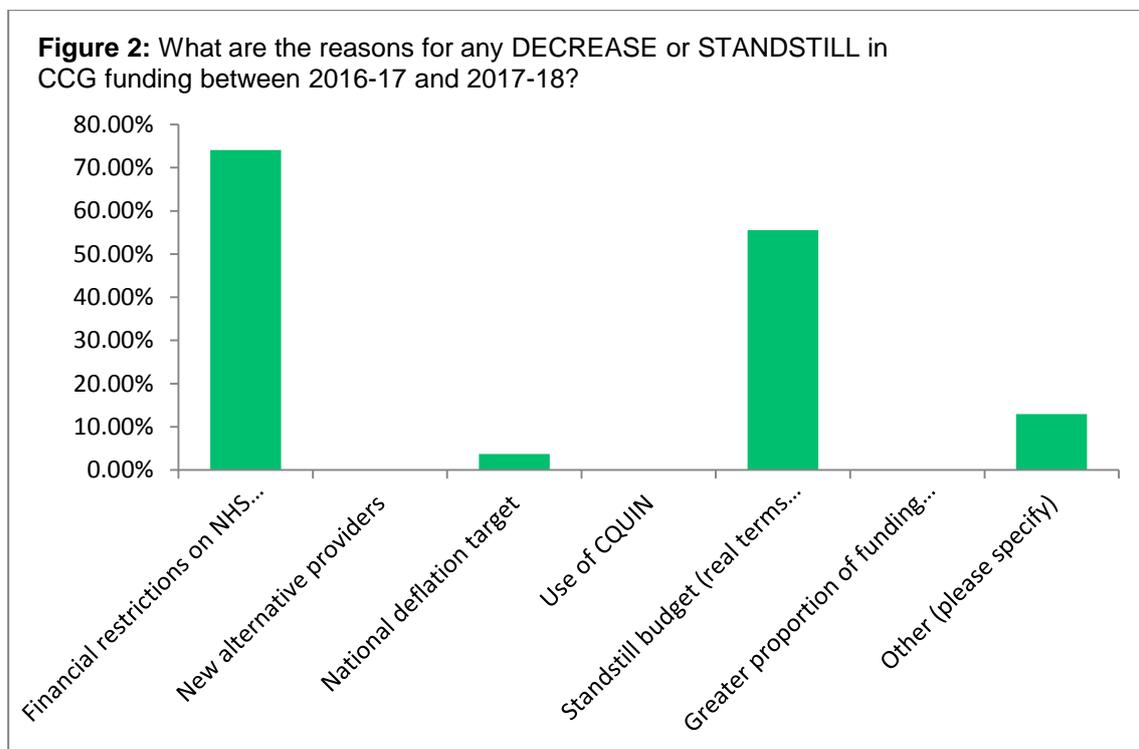
Over half of hospices identified a lack of increase in CCG funding as the primary reason for freezing or cuts in statutory funding between 2016-17 and 2017-18 (n=57).

Almost three quarters (74 per cent) of respondents pointed to the financial restrictions placed on NHS commissioners as the reason for any decrease or standstill in statutory funding during this time.

'We are lucky enough to have a great relationship with our commissioner. The money, however, simply isn't there to commission.'

'We have already heard that our NHS contract will not be renewed next year due to their funding restraint.'

'We believe statutory funding should keep pace in real terms (inflation) otherwise it is effectively a year on year decrease.'



Decreases in statutory funding impact on service provision

Respondents reported a number of ways in which statutory funding changes have impacted on people who need to access services, including: delays to people being discharged home due to difficulties in securing care packages, reduced capacity of 24/7 care and longer waiting lists.

'Frozen or cuts to funding has resulted in reduced staff numbers & reduced patient activity'

'Our waiting lists for bereavement counselling, lymphedema services and community nursing have all grown.'

A high percentage of respondents reported that changes to statutory funding had had a 'somewhat negative' or 'negative' impact on a range of services including: inpatient care (38 per cent), day services and outpatient clinics (38 per cent) and family support services (35 per cent).

Hospices reported negative impacts on services of frozen or reduced funding, including decreased numbers of people they can support and/or a decreased capacity of teams and an inability to continue 'hospice at home' services in some instances.

'A lack of increase in funding compared to rise in our expenditure has meant we have had to stop funding patient transport and offering some important community services.'

'Occupational Therapists and physios are no longer offered in the community and the minibus is no longer in use for our outpatients' services.'

'An increased unmet need in the inpatients unit and family support'

'Our grant has not increased for 7 years and we have had to look at alternative ways to provide funding for the service to continue.'

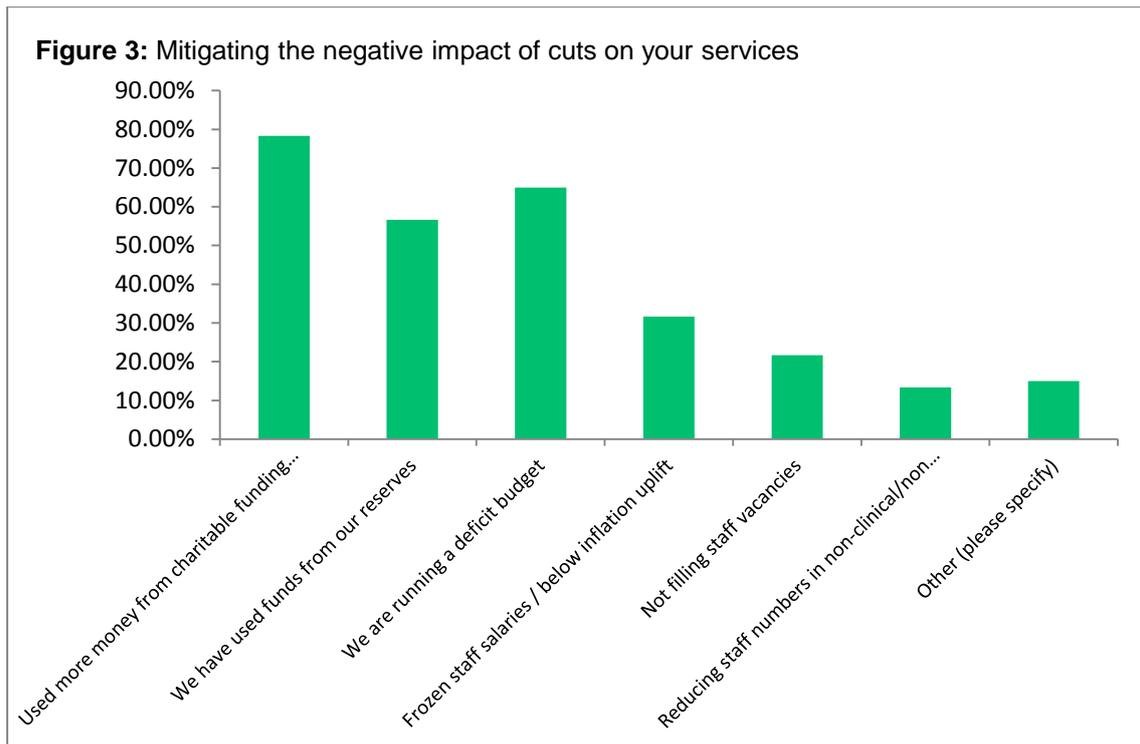
Mitigating negative impacts of reduced statutory funding

Hospices use a wide range of methods to mitigate negative impact on services of cut or frozen funding. Respondents reported drawing funds from reserves, running deficit budgets and reducing staff numbers as they aim to reduce the negative impact on services of changes to statutory funding.

Nearly 4 out of 5 hospices (78 per cent) used more money from charitable funding resources. 65 per cent of respondents reported running a deficit budget. 57 per cent of respondents reported using funds from reserves. 32 per cent of respondents reported frozen staff salaries / below inflation uplift. 22 per cent of respondents reported not filling staff vacancies.

'Our local CCGs are in dire financial straits. They are trying to be fair and reasonable, but our service levels are only being maintained through the intended use of our reserves, which is not sustainable in the long-term.'

'Minimal increase coupled with increased demand (through decreased services from other providers in community) has had detrimental impact upon our reserves position.'

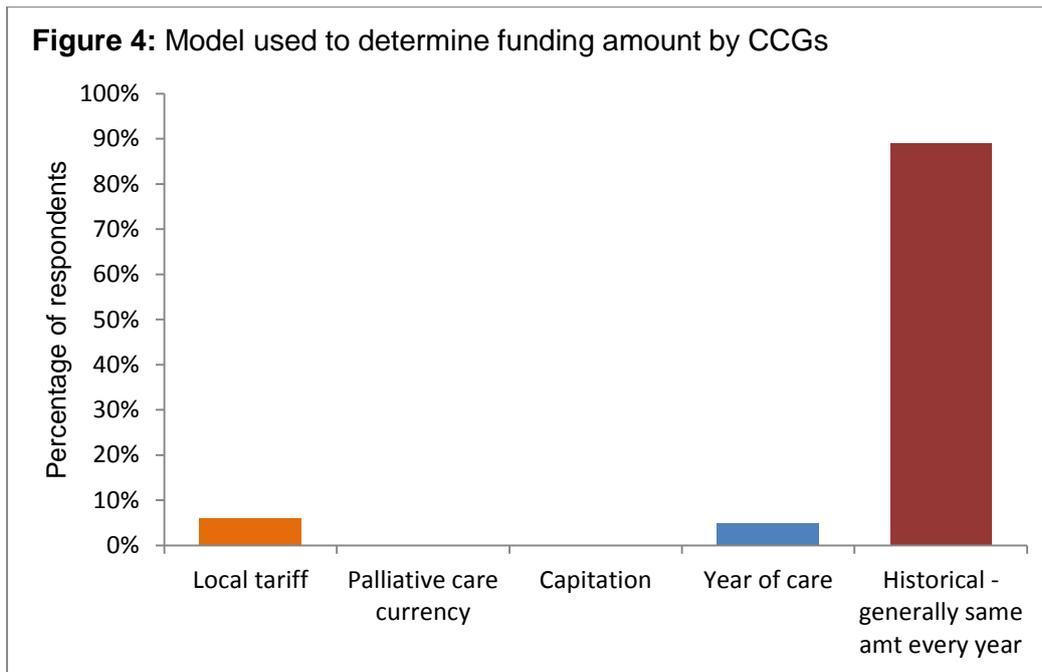


Commissioning of hospice care lacks a coherent funding model and is not directly related to local population need

The lack of a coherent commissioning model nationally means the statutory funding of hospice care is effectively randomly distributed across England and is often not based on people's actual needs at the end of life. This means that sometimes the people that need care the most do not receive it.

In addition to needs assessments not taking place, there is no agreed statutory funding model or formula for working out what to fund, or not fund, in hospice care. Presently, the amount of funding provided by CCGs to hospice services is based on a range of different models and factors. Almost 9 out of 10 respondents (89 per cent) reported that statutory funding is not determined by formal models, but by 'historical funding relationships'. Only 6 per cent of respondents reported that CCGs use local tariffs to determine levels of statutory funding, compared to 10 per cent for local authorities, and despite the introduction of end of life care currencies in April of 2017, no hospices identified CCGs as using the currencies to in their commissioning.

Figure 4: Model used to determine funding amount by CCGs



Commissioning is complex, confusing and short-sighted

Hospices currently seek funding in a complex and complicated system of commissioners and contracts, involving multiple types of agreements being acquired from a range of local statutory funders. Each agreement or contract requires administrative resource, in negotiating, managing and reporting requirements - ultimately costing hospices additional time and money.

Nearly half of hospices' services are commissioned by three or more CCGs

A good measure of the complexity and difficulties faced by hospices in managing statutory funding is the number of funding relationships each hospice and palliative care provider has with multiple CCGs. Nearly half of hospice services (42 per cent) are commissioned by three or more CCGs (n=71). Complexity arises in the different funding models, contract types and reporting requirements of individual CCGs.

This trend is set to continue; 42 per cent of respondents expect to be commissioned, or have services purchased by three CCGs or more (n=69) in the coming year.

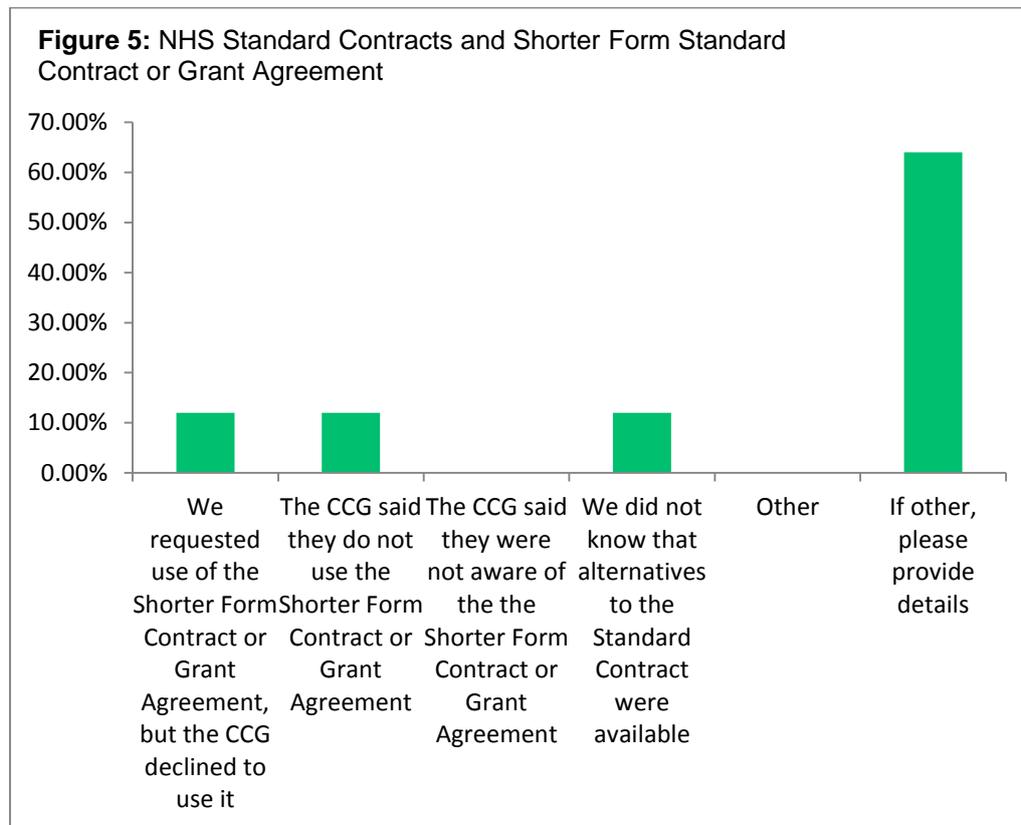
Nearly all respondents reported having multiple agreements, and multiple types of agreements, with local statutory funders – including: NHS Standard Contracts, NHS Shorter Form Standard Contracts, Service Level Agreements, Co-commissioning Agreements, Block Contracts and Spot Contracts.

Shorter Form Contracts are not being used as planned

In 2016 NHS England made a Shorter Form Contract available for use where the NHS Standard contract was not necessary, and this was promoted to CCGs as an appropriate alternative for working with charitable hospices care providers. Use of the Shorter Form Contract by CCGs with charitable hospices remains low.

Twelve per cent of respondents reported that they requested use of the Shorter Form Contract or Grant Agreement, but the CCG declined to use it (n=25). Twelve per cent of hospices reported that CCGs said they do not use the Shorter Form Contract or Grant

Agreement and 64 per cent identified 'Other' as the reason why this type of contract/agreement was unavailable.



Length of funding contracts or agreements with statutory bodies are generally short
 Additionally, hospices reported that 80 per cent of Service Level Agreements only lasted for one year, as did 68 per cent of NHS Standard Contracts and 56 per cent of NHS Shorter Form Standard Contracts.

'We need long-term certainty. One year contracts are not enough.'

'We're unable to obtain longer term commitment from commissioners making it difficult to recruit staff to new posts or to plan with any certainty.'

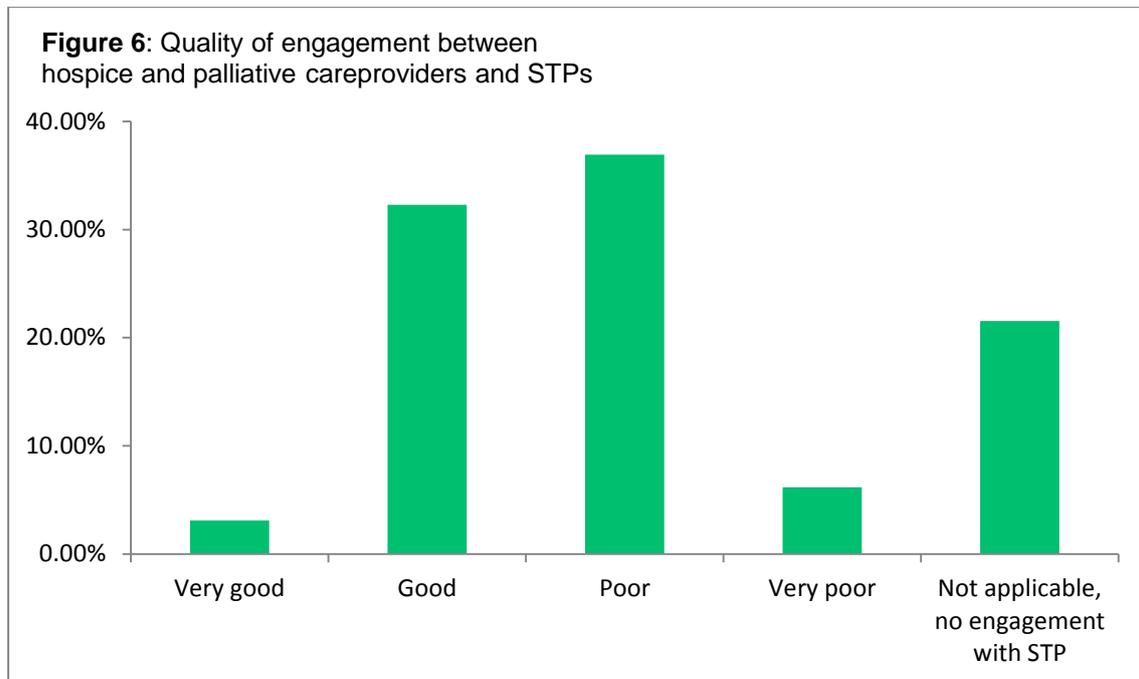
Relationships with Sustainability Transformation Partnerships (STPs) continue to be rated as 'poor'

STPs are part of the new way in which local NHS organisations and councils are working together to improve NHS services and outcomes for people in their area. As part of [the NHS' Five Year Forward View](#), they will be bringing in important changes to local health and care services and it is therefore essential that end of life care is fully considered and included in every local plan.

Despite this, over half of hospices told us that they've had 'Limited / cursory' or 'No engagement' with Sustainability Transformation Partnerships (STPs). 12 per cent of respondents reported having 'strong engagement' with STPs. (n=66)

Almost two thirds (65 per cent) of respondents reported the quality of engagements with STPs as 'poor', 'very poor' or 'no engagement with STP'. 35 per cent of respondents reported having 'very good' or 'good' engagement with STPs. (n=65)

The lack of engagement potentially reflects a lack of planning on a local level. We know that the rate of death is set to increase significantly over the next 20 years and thus it is essential that there is adequate planning and engagement with all services.



Funding is neither fair nor sustainable

In the end, for hospice care to evolve and respond to the challenges of increasing demand from an ageing population, funding must be fair and sustainable. Without a robust funding model accepted by commissioners, lack of inflationary uplift to contracts, rapidly changing funding mechanisms such as personal budgets and CHCs, along with a multitude of commissioners and types of agreement, respondents overwhelmingly indicated that funding was not currently fair or sustainable.

- Almost 9 in 10 respondents (89 per cent) said their funding was not fair, and more than 9 in 10 (92 per cent) said it was not sustainable.
- 89 per cent of respondents reported that the statutory funding of services is unfair. (n=65)
- 92 per cent of respondents reported that the present statutory funding for services is unsustainable. (n=66)

'Commissioners are in a very difficult position, as they are commissioning under-funded services, that are reliant on charity fundraising.'

'In the face of growing demand current approach to statutory funding is unsustainable and will considerably reduce the levels of care provision'

'We are expected to deliver better services for less funding, this is not sustainable'

Recommendations

Although there are many different views on how local hospices should be funded by the NHS and local authorities, it is widely accepted that the inconsistency and variation which characterises the current system needs to be addressed.

If palliative and end of life care services in England are to be able to meet the needs of their communities, now and in the future, then they need a fair and sustainable statutory funding contribution. A range of statutory organisations should take specific actions to deliver this aim. These include NHS England, Clinical Commissioning Groups, Local Authorities and Sustainability and Transformation Partnerships.

Hospice UK makes the following recommendations:

- CCGs and Health and Wellbeing Boards should undertake regular needs assessment for palliative and end of life care in their areas and ensure commissioning practices reflect a needs-based approach.
- CCGs and Local Authorities should aim for three-year funding arrangements with charitable providers
- Sustainability and Transformation Plans should include including hospice and palliative care providers at all levels of planning and development in order to meet the needs of people with long term degenerative conditions and at end of life effectively and efficiently
- NHS England should continue to promote the use of the Shorter Form Contract to CCGs.

Methodology

Between July and August 2017 Hospice UK and Together for Short Lives jointly undertook a survey among non-profit hospices in England, to gather a picture of their experiences of statutory funding and commissioning. Our survey included both adult and children's hospices in England, and achieved a response rate of 62 per cent (112 out of 182 members based in England).

The findings presented here are the responses of 89 hospice providers, made up of 83 who identified as caring for adults and 10 who care for both adults and children. A further 23 providers also responded, reporting that they provide care exclusively to children, and as such are not within the scope of this report. Together for Short Lives separately report on the responses from providers who care exclusively for children and young people.

Not all respondents answered every question. Some figures may not tally due to rounding.

Respondents

The 89 respondents are broadly representative of Hospice UK's members from across England, in terms of geographic spread and size of organisation, based on expenditure and level of statutory income.

All respondents were non-profit providers. Three of the 89 respondents selected "part of an NHS service" when asked to describe their service, and 86 respondents selected "community and voluntary sector organisations, charitable and not-for-profit."

¹ Hospice UK (2017) 'Hospice care in the UK 2017' <https://www.hospiceuk.org/what-we-offer/publications?page=3>

² Hospice UK (2017) 'Hospice accounts - Analysis of the accounts of UK charitable hospices for year ended 31 March 2016' see <http://bit.ly/HospiceAccounts2017>

³ Ibid. p. 10

⁴ Hughes-Hallett T, Craft A, Davies C. Creating a fair and transparent funding system: the final report of the Palliative Care Funding Review, 2011 p.62 -63. Available to download at: <http://bit.ly/15mBe4u>