

## Budget 2009 Royal College of Nursing Briefing

With a membership of almost 400,000 registered nurses, midwives, health visitors, nursing students, health care assistants and nurse cadets, the Royal College of Nursing (RCN) is the voice of nursing across the UK and the largest professional union of nursing staff in the world. RCN members work in a variety of hospital and community settings in the NHS and the independent sector. The RCN promotes patient and nursing interests on a wide range of issues by working closely with the Government, the UK parliaments and other national and European political institutions, trade unions, professional bodies and voluntary organisations.

Ahead of the Chancellor's budget on 22<sup>nd</sup> April 2009 the RCN is issuing this briefing to Members of Parliament.

- **The RCN has real concerns that the economic downturn could result in a reduction in health spending by the government which could lead to a serious impact on patient care and safety.**
- **The RCN is urging the government to use this budget to tackle the negative impact the economic downturn has on the health of the nation and recognise the vital role nurses and other healthcare staff have to play in coping with changes in demand for healthcare services.**
- **The RCN is calling on the Chancellor to ensure that schemes to help people having difficulty with mortgage repayments include those people still in employment.**
- **The RCN also calls for a review of the tax credits system in light of problems with overpayment and asks the government to consider a moratorium on those who incurred overpayments.**
- **The RCN is calling on the government to tackle the issue of student nurse hardship in order to make nursing an attractive career and help address the problem the profession faces with recruitment and retention.**

### Spending on healthcare

***The RCN has real concerns that the economic downturn could result in a reduction in health spending by the government which could lead to a serious impact on patient care and safety.***

The RCN welcomed the health service funding and investment levels as set out in the last Comprehensive Spending Review (CSR). We are convinced that these levels are the minimum required to maintain the progress in patient care and clinical outcomes achieved over the last decade.

However, the RCN is concerned that the current financial crisis could lead to cuts in the health budget as part of a wider effort to reduce government spending. The RCN believes that this would not only result in serious consequences for patient care and safety but would do much to undermine the excellent level of investment that has taken place in the health service over the last ten years.

The recent catastrophic events at the Mid Staffordshire NHS Foundation Trust, where cuts in staff numbers due to self imposed financial pressures led to dangerous staffing levels and poor practice, highlight the serious consequences when economic pressure clashes with clinical need. Although the financial issues at Mid Staffordshire was linked to a desire for Foundation status and not the

current economic downturn, it serves as a stark example of the need for long term funding to be in place and the complications that arise from short term funding cuts.

The NHS has spent the last few years painfully moving from running a deficit to a surplus today of £1.7 billion. This transition saw a large number of cuts to services and posts frozen or removed in order for Trusts to achieve balance. PCTs and other Trusts are still dealing with the problems faced by 'top-slicing' of budgets to plug financial holes elsewhere in the health sector. We have yet to establish the true impact of the deficits crisis on nursing positions and development, which suffered particularly badly as a result of cost cutting measures.

It is apparent that at times of financial pressure within the NHS, cutting staff numbers and training budgets have been the quickest route to achieving reductions in spending. However, the RCN has serious concerns for patient care in settings where the staff to patient ratio is low and when essential training is removed or reduced.

There is now a powerful body of evidence which links staffing numbers to patient care. A significant report by Professor Anne Marie-Rafferty which was launched by the RCN in 2006 put forward convincing evidence of a direct relationship between the registered nurse workforce and patient outcomes in acute hospital settings. The review covered nearly four thousand nurses and looked at 118,752 episodes of patient care in 30 hospital Trusts in England. The research found that wards with lower nurse to patient ratios had a 26% higher patient mortality rate. The research also suggested that higher numbers of registered nurses and a higher proportion of registered nurses within the nursing workforce are associated with reductions in patient mortality, incidence of respiratory, wound and urinary tract infections, number of patient falls, incidence of pressure sores and medication errors.<sup>1</sup>

When asked about what funding the NHS would have during the next CSR period beginning in 2011/12 at a recent House of Commons Health Select Committee hearing, Secretary of State for Health, Alan Johnson MP, said "I will be arguing for real term growth of some sort on the back of the enormous increases we have seen over the last 12 years".<sup>2</sup> At the same hearing Johnson added that "in terms of into the future, it is inconceivable to me that -and health is the priority of this government - people will have to cope with real term cuts".<sup>3</sup> The RCN welcomes these comments.

The Secretary of State for Health has also gone on record saying that NHS trusts that are in surplus will have access to £800 million of the £1.7 billion total NHS surplus, with the remaining £970 million being carried over to the next CSR.<sup>4</sup> The RCN is concerned that any remaining surplus, which has already been allocated for health spending will be clawed back by the treasury to make general savings.

There have been reports recently that the CSR, due this summer to set spending for the three years from 2011, will not take place due to the current financial crisis.<sup>5</sup> The RCN understands that forward fiscal planning may be problematic within the current environment, however, the CSR process has brought with it a tremendous amount of stability and clarity to the NHS and we would like this process protected.

## **Impact of the recession on the health of the nation**

***The RCN is urging the government to use this budget to tackle the negative impact the economic downturn has on the health of the nation and recognise the vital role nurses and other healthcare staff have to play in coping with changes and increases in demand.***

The RCN is acutely aware that periods of economic downturn often feature increases in health problems, particularly among those affected by long term unemployment. In many cases, losing your job can be the tipping point which leads to isolation, family breakdown and mental health problems. Research has shown that those people in secure employment recover quicker from illness compared to those who are unemployed, who in turn have a higher chance of being ill.<sup>6</sup>

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<sup>1</sup> Professor Anne Marie Rafferty of Kings College, University of London, *Outcomes of variation in hospital nurse staffing in English hospitals: Cross-sectional analysis of survey data and discharge records (International Journal of Nursing Studies, October 2006)*

<sup>2</sup> From uncorrected oral evidence of Health Select Committee hearing on the Operating framework for the NHS in England, 11 March 2009. <http://www.publications.parliament.uk/pa/cm200809/cmselect/cmhealth/uc340-i/uc34002.htm>

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Spending review unlikely to happen on time – Financial Times 18<sup>th</sup> March, 2009

<sup>6</sup> "Unemployment and health" – Editorial in BMJ by Danny Dorling, professor of human geography, 10 March 2009

Research has shown that during the time up to the closure of a factory, illness and usage of health services increases. At the same time the rate of hospital admissions doubles whilst the risk of suicide increases within a year of losing a job.<sup>7</sup> This, combined with the impact on general health from hardship and the struggle to make ends meet, can combine to put real pressure on the NHS.

The RCN welcomed the recent joint announcement between the Department of Health and Department for Work and Pensions to introduce greater provision of talking therapies and a new network of employment support workers as part of a package of measures to help unemployed people who are experiencing depression or anxiety to get back to work.

We would now urge the government to make sure that these measures can make an impact quickly, so that health services are not stretched further by the avoidable effects of unemployment on individuals and families. This is particularly important in areas which are already blighted by health inequalities where any further job losses would be most keenly felt.

The RCN understands that responsibility for coping with the health impact of the recession does not just fall to the Department of Health and the NHS. Depression, long term sickness and other conditions are often the result of many factors associated with redundancy, prolonged unemployment and alienation caused by removal from the workplace. We ask the Chancellor to make funds available across Whitehall to ensure that those facing unemployment are properly engaged, given the tools to retrain where necessary and allowed the best chance of returning to work quickly.

### **Cost of living and job security for nurses**

***The RCN is calling on the Chancellor to ensure that schemes to help people having difficulty with mortgage repayments include those still in employment.***

***The RCN also calls for a review of the tax credits system in light of problems with overpayment and asks the government to consider a moratorium on those who incurred overpayments.***

Nurses and health care support workers, like the rest of the nation, have seen tremendous change within their cost of living over the last few years. The UK is facing rising unemployment at the same time as many essentials like utilities and food are also increasing in cost. Nursing is often portrayed in the media as a profession that is 'recession proof' but this is often misleading.

Although many nurses work in the comparatively secure setting of the public sector the RCN has a third of its membership outside of the NHS. These members often work in nursing homes where pay and conditions are not set at the same level as the NHS. The RCN understands that nurses working in the independent sector are facing pay freezes, and in some cases, redundancy.

Secondly, nurses, who are some of the lowest paid members of the public sector, are facing financial difficulty despite the relative security of their jobs compared to those working in other industries.

The RCN has its own service for members who are in financial difficulty and who are seeking advice and help. This service has seen significant increases as nurses struggle to cope with financial pressures. Between March 2008 and February 2009, the number of members who contacted the RCN seeking advice where family income had remained relatively stable but who were struggling with debts and mortgage payments, increased by 76% on the previous year. This included an increasing number seeking advice regarding home repossession.

A 2007 RCN survey found that in 23% of cases, nurses' income represented all of their household income, in 25% it was half and in 25% of cases it was more than half of household earnings.<sup>8</sup> Given that the average nurse earns £24,560<sup>9</sup> this provides little room to cope with potential rises in fuel, food and changes to mortgage repayments if they are the only person in a household receiving a salary.

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<sup>7</sup> *Hard Labour: Jobs Unemployment and the recession*, Page 15, The Work Foundation 2008

<sup>8</sup> Holding On: RCN survey of nurses employment and morale in 2007

<sup>9</sup> ONS LFS Jan-Mar/Employment Research/RCN, 2008

Nurses, like many others, have been hit hard by complications associated with mortgages that they were allowed to take out at a high multiple of their salary. Like others, nurses were given the chance to get on the property ladder by these high multiples at a time when house prices were sky high and average nurse income relatively low. Many nurses took out such mortgages when they were readily available, and are now finding it difficult to secure a lower rate deal when their low fixed rates come to an end. Many nurses are now stuck with mortgage repayments they can barely afford. This, on top of increased cost of living, is pushing those who had finely balanced finances over the edge.

The RCN welcomes the recent government package available to home owners struggling with their mortgage payments, including the Homeowner Mortgage Support Scheme. These measures have only been in place for a short period of time but early indications are that they will be of limited help to those struggling to make payments but still in work.

Finally, some nurses are telling the RCN that they are not claiming their entitlement through tax credits due to a negative experience of having made previous claims. Usually this is due to having incurred overpayments and the subsequent recovery but, in some cases it's simply that the HMRC has such a bad press in terms of administering the scheme that people don't want to take the risk. According to a 2008 Public Accounts Committee report 1.3million families were affected by overpayments in 2006-07 and will have to pay back the on average £770 for the year.<sup>10</sup> The same report stated that "many hundreds of thousands of people are constantly worried about incurring overpayments".<sup>11</sup>

In order to help those nurses and others facing financial difficulty the RCN is asking the Chancellor to;

- Conduct an early audit of the new provisions for mortgage holders to ascertain how many people are receiving assistance. This will be an expensive scheme to administer and of limited benefit if it is not working to keep key workers and others in their homes. There needs to be scope for ongoing revision of the scheme.
- A review of the complex tax credits system. We have members who have received overpayments in the past and as a consequence will not claim again for fear of the same thing happening again. We are also concerned that members are still repaying tax credits overpayments which deprives them of income when they need it most. A moratorium on those who incurred overpayments may go some way to address this.

### **Student nurse hardship**

***The RCN is calling on the government to tackle the issue of student nurse hardship in order to make nursing an attractive career and help address the problem the profession faces with recruitment and retention.***

Student nurses are also finding that their already difficult financial situation is compounded by the economic downturn. A recent RCN survey found that almost three quarters of nursing students have had to get a second job just so they could afford to study and nearly half have considered leaving their course altogether due to financial pressures. More than half of students surveyed said that they were working more than ten hours a week in paid employment alongside their studies in order to make ends meet.<sup>12</sup>

Nurses studying at university do not complete their course in the same way as other students but this is not considered in their funding. Nursing students will often have longer contact hours and spend more weeks in university each year than average students. Added to this is the clinical practice nursing students must undertake which can make supplementing their income with paid work problematic. Whereas other undergraduates are able to top up their bursary with bar work and other paid employment nursing students will only be able to do this in time free after working shifts in clinical settings. This is not only extremely tiring it has serious implications for the patients they are caring for.

In order to address this issue, the RCN is currently calling for nursing degree students in England to receive a non-means tested bursary, just like students in the other three UK countries.

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<sup>10</sup> HM Revenue and Customs: Tax Credits and Income Tax – Public Accounts Committee 2008, page 7

<sup>11</sup> Ibid, page 3

<sup>12</sup> "Nursing our future: an RCN study into the challenges facing today's nursing students in the UK. RCN 2008

The average age of a student nurse is 29, meaning they enter education often as a second career after already having children and buying a house. This means that average student nurses are already under financial pressures without taking into account the problems associated with rising costs and the recession.

England is the only country not to have a non-means tested bursary for all nursing students, while across the rest of the UK the level of the bursary is so low it is causing students financial hardship. In order for this to be redressed, the RCN is calling on the government to introduce a non-means tested bursary for all UK nursing students.

A 2007 RCN survey found that there were 180,000 nurses due to retire by 2017.<sup>13</sup> In order to address this massive loss of nurses from the workforce there needs to be adequate numbers of nurses entering education. As nursing moves to an all graduate profession the issue of financial hardship for students must be addressed in order to attract more people into the profession.

**Royal College of Nursing  
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<sup>13</sup> Holding On: RCN survey of nurses employment and morale in 2007