



# Capital: unleashing productivity

To help meet the challenge of ever rising demand for care by using resources more effectively, the Health and Care Act 2022 created integrated care systems (ICSs), bringing together all partners responsible for planning and delivering health and care across England to keep people as healthy as possible with their collective resources. [10]<sup>i</sup> However, lack of capital could derail ICSs' ability to achieve their four objectives and put the health and care system on a more sustainable footing. **ICS leaders consistently say that investment in capital spending is their priority for any additional spending on the NHS after the next general election.**

Healthcare becomes more expensive as a society ages. The number of people in England aged 65 and over increased by more than 400,000 alone in the five-year period from 2017/18 to 2021/22. Over the same period, the number of people aged over 85 increased by 3.1 per cent to 1.4 million. [11] The likelihood of living with multiple or complex long-term health conditions, disability and/or frailty rises directly in line with age, and with it the likelihood of needing to draw on care and support. Yet the UK's healthcare productivity has averaged a mere 0.9 per cent over the past 25 years. [12] The biggest reason for this is that the NHS has lower capital investment than other healthcare systems internationally and other industries domestically – it is therefore no surprise that it has struggled to achieve greater than 0.9 per cent annually.<sup>ii</sup> Staff find it harder to work when buildings are outdated and IT systems do not work.

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**Capital investment is key to boosting productivity and transforming long-term care**

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As in other sectors, capital investment is key to boosting productivity and transforming long-term care. However, the National Audit Office (NAO) has highlighted numerous times how a

lack of capital investment inhibits successful long-term investment to increase productivity. [13,14] Further studies show how productivity continues to lag behind pre-COVID-19 levels. [15] Something needs to change. Greater capital investment is needed, with more flexibility for ICSs to invest in the most pressing local needs and the best opportunities to boost productivity in their area.

i ICSs have four core aims: (1) to improve outcomes in population health and healthcare, (2) to tackle inequalities in outcomes, experience and access, (3) to enhance productivity and value for money, and (4) to help the NHS support broader social and economic development.

ii For a detailed discussion of the role capital investment plays in healthcare productivity and the recent English travails, see the Institute for Government's recent report:  
[https://www.instituteforgovernment.org.uk/sites/default/files/2023-06/nhsproductivity-puzzle\\_0.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/2023-06/nhsproductivity-puzzle_0.pdf)

## Chapter footnotes

- i.
- ii. [//www.instituteforgovernment.org.uk/sites/default/files/2023-06/nhs-productivity-puzzle\\_0.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/2023-06/nhs-productivity-puzzle_0.pdf)