# IFS Report Reveals Financial Strain on NHS in England Amid High Inflation Rates



The Institute for Fiscal Studies (IFS) has reported that the National Health Service (NHS) in England is under increased financial strain due to significantly higher inflation, despite the Conservative party's pledge to boost spending. The analysis, released on May 14, 2024, reveals that while the Conservatives committed to a 29% cash increase in NHS funding at the 2019 election, amounting to an anticipated 3.3% annual increase in real terms, elevated inflation rates have reduced this increment to just 2.7% per year for the current parliament period.

The IFS highlighted that this rate of growth is unusual compared to the past 40 years during which NHS budgets generally exceeded forecasts. This comes amidst challenges like the COVID-19 pandemic, extended waiting lists, and escalating health issues which have not seen a corresponding rise in funding.

Furthermore, while capital spending has seen some increase following severe cuts in the 2010s, recent requirements have led to allocations being diverted from the capital budget to meet daily operational costs. This has exacerbated the degradation of NHS facilities, doubling the maintenance backlog over the previous decade.

The report also indicated that the health budget's future is uncertain with no explicit plans beyond 2024-25. The situation is compounded by Britain's lackluster economic growth, which although has increased health spending as a share of GDP, indicates tougher decisions ahead for the next government with pressures to enhance the NHS budget while managing overall fiscal constraints. The IFS calls for realistic financial planning considering broader obligations, such as recent defense spending commitments.

NHS spending on a per-person basis remains higher in Scotland, Wales, and Northern Ireland compared to England, although disparities have lessened since 2000.