Written evidence submitted by the Department of Health (CSR0042)

1 Introduction

1 The Spending Review (SR) 2015 settlement, delivered by the Chancellor on 25 November 2015, sets the Department of Health’s (the Department) overall budget for the remaining years of the parliament and the level of funding that will be available to the NHS.

NHS funding

2 A strong NHS is built on a strong economy. This Government has taken tough decisions to tackle the deficit and repair the economy, and by doing this it is able to honour, in full, the £8 billion request made by the NHS to fund its own improvement plan for the next five years. Together with the additional £2 billion in 2015-16 this totals to a £10 billion investment by 2020-21.

3 The SR settlement means a growth in total funding of over £16 billion in cash terms in 2020-21 compared with 2015-16 (see table 1). This represents a real terms increase of nearly 4% across the period. It also means that in real terms NHS funding will be £10 billion a year more by 2020-21 than 2014-15, and £8 billion higher than 2015-16 (see table 2).

4 The NHS will not have to wait until the end of the parliament for much of this investment. The Government will be giving the NHS £3.8 billion more next year, over and above inflation. This will increase resource funding to £115.6 billion in 2016-17.

5 The SR set the capital budget at £4.8 billion in 2016-17 and for each subsequent year to 2020-21. The capital settlement allows for spending in both operational and strategic capital investments in support of the Five Year Forward View. The budget will need to be tightly controlled to ensure both value for money and that it is spent in the best possible way to support sustainability and transformation. The settlement will also allow the NHS to continue to invest in the essential maintenance and equipment required to deliver a high quality of care.
**Efficiency**

6 Even with this additional funding in order for the NHS to live within its resources at least £22 billion of efficiency savings (representing 2% to 3% efficiency each year) will be needed. This is achievable but requires investment in new models of care, moderating demand increases, boosting productivity, reducing NHS costs and increasing NHS income.

7 In order to prioritise funding for frontline NHS patient services, there will be a real terms reduction in administration costs of around 30% across the Department and its arm’s-length bodies, including through streamlining and greater efficiency in back office functions.

**Service transformation**

8 As a key part of achieving these efficiency savings, NHS England is set to invest £2.1 billion in sustainability and transformation in 2016-17. This will both stabilise finances and support the on-going development of new models of care.

9 Across England communities and service users are working with health and care organisations to design these new models of joined-up care locally, which can be rolled out across the country within the next five years.

**Better access, better care**

10 The Government has set the NHS the objective of guaranteeing that, by the end of this parliament, anyone who needs urgent or emergency hospital care will have access to the same level of consultant assessment and review, diagnostic tests and consultant-led interventions, whatever day of the week it is. Hospitals will deliver this for 25% of the population by March 2017, 50% by March 2018 and everyone by 2020.

11 Furthermore, this Government is committed to improving access to GP services as part of our plan for a seven-day NHS. Achieving improved access not only benefits patients but also has the potential to create more efficient ways of working, which benefits GPs and practice staff.

12 We are also committed to taking mental health as seriously as physical health. The principle of parity of esteem between mental and
physical health was enshrined in legislation as part of the Health and Social Care Act 2012.

**Adult social care**

13 Social care continues to be a key priority for this Government. It is critical in enabling people to retain their independence and dignity. This is why, against the context of tough public sector finances the Government has taken steps to protect social care services. This will be done by enabling local authorities to raise extra money through a new Social Care Precept as well as making additional funds available through the Better Care Fund.

**Public health and prevention**

14 The Government remains fully committed to improving the health of the people of England – and prevention clearly plays an important role in meeting the efficiency challenge. Local authorities have set an excellent example of how more can be done for less to provide the best value for the taxpayer.

15 Local authorities will receive over £16 billion to spend on public health over the next five years. This is in addition to what the NHS will continue to spend on vaccinations, screening and other preventative interventions – including the world’s first national diabetes prevention programme.
2 Spending Review 2015

2.1 The distribution of funding for health and social care across the spending review period

Table 1 sets out the detail of the Department of Health budget for the SR 2015 period while table 2 shows the funding for the NHS allocated through NHS England. Funding for non-NHS England programme budgets will be set out as part of the normal business planning cycle, as the Department works on the detail of its central budgets.

Table 1: Department of Health budget for Spending Review period

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<tbody>
<tr>
<td>RDEL (1)</td>
<td>111,560</td>
<td>115,611</td>
<td>118,718</td>
<td>121,308</td>
<td>124,085</td>
<td>128,241</td>
</tr>
<tr>
<td>Real terms growth</td>
<td>1.9%</td>
<td>0.8%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>1.1%</td>
<td></td>
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<tr>
<td>CDEL (2)</td>
<td>4,810</td>
<td>4,810</td>
<td>4,810</td>
<td>4,810</td>
<td>4,810</td>
<td>4,810</td>
</tr>
<tr>
<td>Real terms growth</td>
<td>-1.6%</td>
<td>-1.8%</td>
<td>-1.9%</td>
<td>-2.0%</td>
<td>-2.2%</td>
<td></td>
</tr>
<tr>
<td>TDEL</td>
<td>116,370</td>
<td>120,421</td>
<td>123,528</td>
<td>126,118</td>
<td>128,895</td>
<td>133,051</td>
</tr>
<tr>
<td>Real terms growth</td>
<td>1.8%</td>
<td>0.7%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>1.0%</td>
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(1) Resource DEL excludes depreciation
(2) Capital DEL includes funding for: key priority schemes (Proton Beam Therapy, PHE Science Hub and Advanced Well Being Centre); major new hospitals planned at Brighton and Sandwell Birmingham; and, Disabled Facilities Grant monies.

Table 2: NHS budget for Spending Review period

<table>
<thead>
<tr>
<th>Revenue and capital combined</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
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<tbody>
<tr>
<td>Total (£ million)</td>
<td>100,500</td>
<td>105,975</td>
<td>109,337</td>
<td>111,824</td>
<td>114,929</td>
<td>119,035</td>
</tr>
<tr>
<td>Real terms increase on previous year (%)</td>
<td>3.7%</td>
<td>1.3%</td>
<td>0.3%</td>
<td>0.7%</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Real terms</td>
<td>£3.8</td>
<td>£5.3</td>
<td>£5.8</td>
<td>£6.7</td>
<td>£8.4</td>
<td></td>
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<tr>
<td>Revenue and capital combined</td>
<td>2015-16</td>
<td>2016-17</td>
<td>2017-18</td>
<td>2018-19</td>
<td>2019-20</td>
<td>2020-21</td>
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<tr>
<td>increase on 2015-16 baseline (£ billion)</td>
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Note: These figures differ from the NHS TDEL figures announced at SR due to a number of technical adjustments, including transfers of functions. The main transfer of function is the move of 0-5 public health services from NHS England to local government. There are a small number of other transfers including the move of the Leadership Academy to Health Education England. To ensure comparability of numbers, in this table £500 million has been removed from the 2015-16 baseline, representing 6 months of funding for 0-5 public health services between 1 April and 30 September 2015 and these other planned transfers.

**NHS England / clinical commissioning group (CCG) allocations**

17 The Board of NHS England discussed and agreed CCG and other allocations at its meeting on 17 December 2015.

18 The agreed allocations allow NHS England to deliver on the following key objectives:

- Greater equity of access – in 2016-17 all CCG areas are no more than 5% under target for CCG commissioned services and total place-based budgets.

- Closer alignment with population need through improved allocation formulae. This includes a new inequalities adjustment and a new sparsity adjustment for remote areas.

- Faster progress on strategic goals including higher funding growth for GP services and mental health.

- Support for joined up community of local services through place-based allocations.

- Stronger long-term collaboration between commissioners and providers supported by appropriate incentives.

19 The resulting allocations provide that:

- Overall CCG programme spend is projected to grow above inflation in all five years. Nominal growth is above 3% in 2016-17, mainly due to the funding pressure associated with the changes to pensions payments for employers, and above 3% in 2020-21, when the full rollout of 7-day services is completed. Firm three-year allocations have been provided, followed by two indicative years. No CCG will be more than 5% below its target funding level.
• Primary care (GP services), which covers the core GP contract as well as other primary care medical services, grows at 4% per annum or greater in all years to deliver on the strategic goals noted above.

• Specialised services commissioning budget growth is 7% in 2016-17 and 4.5%-5% in subsequent years. The relatively high level of funding reflects forecast pressures from new NICE legally-mandated drugs and treatments.

Table 3: CCG allocations

<table>
<thead>
<tr>
<th>Summary outputs</th>
<th>15/16 Adjusted allocation</th>
<th>16/17 proposed allocation</th>
<th>Budget growth</th>
<th>17/18 proposed allocation</th>
<th>Budget growth</th>
<th>18/19 proposed allocation</th>
<th>Budget growth</th>
<th>19/20 proposed allocation</th>
<th>Budget growth</th>
<th>20/21 proposed allocation</th>
<th>Budget growth</th>
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</thead>
<tbody>
<tr>
<td>CCGs</td>
<td>£69,484</td>
<td>£71,853</td>
<td>3.4%</td>
<td>£73,355</td>
<td>2.1%</td>
<td>£74,846</td>
<td>2.0%</td>
<td>£76,469</td>
<td>2.2%</td>
<td>£78,172</td>
<td>3.8%</td>
</tr>
<tr>
<td>Primary Care (GP)</td>
<td>7,342</td>
<td>7,652</td>
<td>4.2%</td>
<td>7,958</td>
<td>4.0%</td>
<td>8,317</td>
<td>4.5%</td>
<td>8,716</td>
<td>4.8%</td>
<td>9,188</td>
<td>5.4%</td>
</tr>
<tr>
<td>Specialised</td>
<td>14,643</td>
<td>15,062</td>
<td>2.9%</td>
<td>16,413</td>
<td>4.8%</td>
<td>17,151</td>
<td>4.5%</td>
<td>17,918</td>
<td>4.5%</td>
<td>18,820</td>
<td>5.0%</td>
</tr>
<tr>
<td>Place based commissioning budgets</td>
<td>91,469</td>
<td>95,168</td>
<td>4.0%</td>
<td>97,730</td>
<td>2.7%</td>
<td>100,317</td>
<td>2.6%</td>
<td>103,103</td>
<td>2.8%</td>
<td>107,381</td>
<td>4.1%</td>
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<tr>
<td>Sustainability Fund</td>
<td>0</td>
<td>1,800</td>
<td></td>
<td>2,864</td>
<td>33.9%</td>
<td>2,947</td>
<td>2.9%</td>
<td>3,434</td>
<td>16.5%</td>
<td>3,405</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Transformation Fund</td>
<td>200</td>
<td>339</td>
<td>69.5%</td>
<td>2,864</td>
<td>33.9%</td>
<td>2,947</td>
<td>2.9%</td>
<td>3,434</td>
<td>16.5%</td>
<td>3,405</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Sustainability and Transformation Fund</td>
<td>200</td>
<td>2,139</td>
<td></td>
<td>2,864</td>
<td>33.9%</td>
<td>2,947</td>
<td>2.9%</td>
<td>3,434</td>
<td>16.5%</td>
<td>3,405</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Other direct commissioning</td>
<td>6,684</td>
<td>6,642</td>
<td>-0.6%</td>
<td>6,641</td>
<td>0.0%</td>
<td>6,609</td>
<td>-0.5%</td>
<td>6,526</td>
<td>-1.2%</td>
<td>6,462</td>
<td>-1.0%</td>
</tr>
<tr>
<td>NHS England central budgets</td>
<td>1,708</td>
<td>1,637</td>
<td>-4.2%</td>
<td>1,599</td>
<td>-4.8%</td>
<td>1,402</td>
<td>-10.0%</td>
<td>1,312</td>
<td>-6.5%</td>
<td>1,227</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Non-recurrent use of Drawdown</td>
<td>300</td>
<td>250</td>
<td>-16.7%</td>
<td>400</td>
<td>60.0%</td>
<td>400</td>
<td>0.0%</td>
<td>400</td>
<td>0.0%</td>
<td>400</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100,100</td>
<td>105,636</td>
<td>5.5%</td>
<td>109,196</td>
<td>3.2%</td>
<td>111,675</td>
<td>2.3%</td>
<td>114,775</td>
<td>2.9%</td>
<td>118,875</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

20 NHS England announced individual CCG allocations on 8 January.

Sustainability and Transformation Fund

21 NHS England is set to invest £2.1 billion in the Sustainability and Transformation Fund in 2016-17. The Fund will give the NHS the resources it needs as part of the Five Year Forward View to sustain services. The fund will be allocated dependent on hospitals meeting a series of strict conditions. It is designed to help trusts reduce their deficits and allow them to focus on transforming services to deliver excellent care for patients every day of the week.

22 The initiative will be led by NHS Improvement (the combined Monitor and NHS Trust Development Authority), NHS England and the Department of Health. NHS Improvement wrote to NHS foundation trusts and NHS trusts on 15 January with details of how the funding will be distributed.

Social care

23 The SR announced additional funding for adult social care of up to £3.5 billion by 2019-20.
24 Councils will be able to introduce a new Social Care Precept, allowing them to increase council tax by an additional 2%. It was estimated at the SR that if all local authorities used this to its maximum effect it could help raise nearly £2 billion a year by 2019-20.

25 From April 2017, the SR makes available social care funds for local government, rising to £1.5 billion by 2019-20, to be included in the Better Care Fund.

Table 4: Adult social care funding profile, as per the Local Government Finance Settlement

<table>
<thead>
<tr>
<th></th>
<th>£ billions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17</td>
</tr>
<tr>
<td>Potential revenue from ASC precept</td>
<td>0.4</td>
</tr>
<tr>
<td>Improved Better Care Fund</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total additional funding</strong></td>
<td><strong>0.4</strong></td>
</tr>
</tbody>
</table>

Note: DCLG have assumed a slightly lower figure in the four year provisional Local Government Finance Settlement (LGFS), which projects that the precept will raise £1.8 billion a year for social care by 2019-20.

26 Taken together, the new precept and additional Better Care Fund contribution mean local government has access to funding to increase social care spending in real terms by the end of the parliament.

27 To help people to stay well in their own homes for longer, the SR also more than doubles the Disabled Facilities Grant to over £500 million in 2019-20 – this heavily oversubscribed fund has a proven track record in keeping people out of hospital and out of care.

28 The Government remains committed to fully funding the introduction of the Dilnot reforms in 2020, including the cap on reasonable care costs and extension of means tested support.

29 Adult social care funding is part of wider local government finance. The provisional Local Government Finance Settlement (LGFS), published in December 2015, provides a breakdown of total local government income by local authority from 2016-17 to 2019-20 (of which adult social care is a part).

30 The Government recognises that some councils with a low council tax base will not benefit as much from the Social Care Precept. To that end, we are proposing to allocate the additional Better Care Fund money (£1.5 billion by 2019-20) in a way that complements the new council tax flexibility – more will go to councils that raise least from the council tax flexibility.
3 Efficiency savings

3.1 Achieving efficiency savings: their source, scale and impact

Health

31 The NHS is busier than it has ever been, caring for more people, often with complex, long-term conditions such as cancer, heart disease or diabetes. Nonetheless, there is recognition that there remains scope for further efficiencies.

32 The shared challenge identified in the NHS’ Five Year Forward View is to close three gaps in healthcare: the health and wellbeing gap; the care and quality gap; and, the funding and efficiency gap. For the NHS to meet the needs of future patients in a sustainable way, we need to close all three of these gaps. To do this and enable the NHS to live within its resources the Five Year Forward View called for an extra £8 billion in funding, and at least £22 billion of efficiency savings (equivalent to 2% - 3% efficiency per annum).

33 The Government has fully met this funding request, increasing NHS funding by £8 billion in real terms by 2020-21, with an additional £2 billion in 2015-16. The SR provided a front-loaded spending profile with £3.8 billion more investment in 2016-17. This will in part fund a Sustainability and Transformation Fund to give the NHS the resources it needs to sustain services and help NHS providers to achieve financial balance in aggregate while focusing on changing the way they provide high-quality care for patients.

34 The NHS achieving 2% - 3% net efficiency gains each year until 2020-21 would represent a strong performance. It is achievable but requires investment in new models of care, moderating demand increases including through a clear focus on prevention, boosting productivity, reducing NHS costs and increasing NHS external income.

35 The scale of the efficiency challenge can only be achieved if the whole system works together – national bodies can create the right environment, but local delivery is essential. This will require firm and decisive action at the local level as well as the right culture and leadership to drive improvement.
Support will be provided through a series of national initiatives. We have already begun introducing measures to achieve efficiency savings and productivity improvements to enable the NHS to live within its resources, for example:

- Lord Carter in his interim report identified up to £5 billion per annum savings by 2020 through improvements across workforce, estates, procurement and medicines optimisation. The full report is due to be published in early 2016.
  - The Model Hospital is being developed which will set out what good looks like and provide indicators, benchmarks and guidance on how these can be achieved.
  - All acute providers (excluding specialist trusts) have been sent analysis which identifies their potential savings opportunity and provides a benchmark for measuring improvements. The Department’s Productivity & Efficiency Team are in the process of agreeing these challenging productivity improvements with individual trusts.

- NHS Improvement has introduced tough in-year controls on agency spending, including a new hourly price cap and published guidance to trusts on implementing these. These are expected to reduce expenditure in agency costs back to 2013-14 levels of £2.5 billion by 2017-18.

- Thus far the RightCare programme has worked with around 20 CCGs, and the programme is now being implemented as a phased rollout across all CCGs to reduce unwarranted variation and improve the use of resources to deliver better outcomes at lower cost.

- 50 vanguard sites have been identified and funded. These will take a lead on the development of New Care Models which will act as the blueprints for the NHS moving forward and enable wider roll out of the New Care Models programme. This programme has the aim of re-designing health and care systems to provide the best possible models of integrated care for patients at the most efficient cost for the taxpayer.

The ambition of the efficiency programme is to put the NHS on a financially sustainable footing by enabling the NHS to live within its means, eliminate organisational deficits and ensure a balanced NHS budget in each year.

Our best hospitals are achieving very high levels of quality, safety and productivity, but many have some way to go. Efficiency and productivity improvements go hand in hand with improving quality of care for patients, crucially in driving down waste, and ensuring that
the system is supported to deliver for patients. Success in 2020 will not only be to secure the future of a comprehensive tax-funded NHS but also to deliver higher quality care better able to respond to the expectations of patients and the public, within the resources available.

39 The NHS shared planning guidance 2016/17-2020/21, authored by the six national NHS bodies, sets out a clear list of national priorities for 2016-17 and longer-term challenges for local systems, together with financial assumptions and business rules. The guidance reflects the settlement reached with the Government through its new Mandate to NHS England. The Mandate reflects NHS England’s contribution to the Government’s goals for the health and care system as a whole.

Social care

40 Demand for social care is growing. The number of people aged 75 and over is projected to rise by around 90%, to 9.9 million, by mid-2039, and the number of people aged 85 and over is projected to more than double by the same date. In addition, the number of adults with learning disabilities with critical, substantial and moderate needs using social care services is estimated to increase from 180,000 in 2015 to nearly 264,000 in 2025.

41 Therefore local authorities have to work in better, smarter ways to keep our growing elderly and vulnerable population well and living independently.

42 Local authorities have made considerable savings over the past five years through both efficiency and changes to the services they offer, and they will need to continue to do so.

43 Recent research by the Local Government Association (LGA) demonstrates that councils have achieved savings through managing demand, transforming services and better procurement. The research cites four councils that have demonstrated that up to 75% of people approaching the council for support could have their needs met through positive action but outside of the formal care system.

44 Local authorities are placing more emphasis on prevention and enabling people to live independently for longer. They have increasingly offered re-ablement packages for older people. Efficiencies have included renegotiating the prices they pay providers for care packages, moving away from in-house services and reducing management costs.

45 Councils also report in the Association of Directors of Adult Social Services (ADASS) budget survey that the majority of the savings that have been made are ‘efficiency savings’ (£0.8 billion) in comparison
with savings from charges (£0.07 billion) and reductions in services (£0.19 billion).

The Department will continue to work with the sector to deliver efficiency savings. The sector-led LGA efficiency programme has published a report on best practice in this area, which promotes and supports local authorities to find efficiency savings. Funding for this programme will continue. The Department has also published an adult social care efficiency tool to further support the sector and will work with the sector to understand what further help can be provided.
4 Service transformation

4.1 Achieving service transformation set out in the Five Year Forward View at scale and pace through transformation funds

47 NHS England is set to invest £2.1 billion in 2016-17 into a Sustainability and Transformation Fund:

- The transformation element of the fund is intended to support the ongoing development of new models of care along with the investment identified to begin implementation of policy commitments in areas such as 7-day services, GP access, cancer, mental health and prevention.

- In 2016-17, £1.8 billion forms the sustainability element of the fund, the purpose of which is to support NHS Improvement to bring the provider trust sector back to financial balance in year. The sustainability funding will have two elements:
  - a general element which will be distributed to relevant providers to support the sustainability of emergency services and the achievement of agreed control totals; and,
  - a targeted element which we will use to support relevant providers to go further faster through additional efficiency gains.

48 NHS England intends that over the five-year period the split between sustainability and transformation requirements for local health economies will change. As the provider sector comes back into underlying balance under NHS Improvement’s supervision, the share of the funding available for transformation and new policy commitments will increase in subsequent years. The overall fund also increases in size to reflect the growing investment funding included in the SR settlement.

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<tr>
<th></th>
<th>15/16</th>
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<th>19/20</th>
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<tr>
<td>Sustainability fund</td>
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<td>Transformation fund</td>
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<tr>
<td>Sustainability and transformation fund</td>
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<td></td>
<td>200</td>
<td>2139</td>
<td>2864</td>
<td>2947</td>
<td>3434</td>
<td>3405</td>
</tr>
</tbody>
</table>
The NHS shared planning guidance 2016/17 – 2020/21, authored by the six national NHS bodies, sets out a clear list of national priorities for 2016-17 and longer-term challenges for local systems, together with financial assumptions and business rules.

Planning by individual organisations will increasingly be supplemented with planning by place for local populations. The first critical task is for local health and care systems to come together to form a ‘transformation footprint’ – the area for which they will create a local (place-based) plan.

The planning guidance requires NHS bodies to produce two separate but connected plans:

- an operational plan by each individual organisation that sets out how priorities will be met during 2016-17; and,
- a strategic, local health and care community Sustainability and Transformation Plan (STP) setting out how the Five Year Forward View will be realised by 2020-21.

For the first time, the local NHS planning process will have significant central money attached. The STPs will become the single application and approval process for being accepted onto programmes with transformational funding for 2017-18 onwards.
5 Deficits in the NHS and social care

5.1 The impact and management of deficits in the NHS and social care

Health

Managing the NHS deficit

53 It is clear that there is a significant financial challenge for certain parts of the NHS. To help, this Government has invested an additional £2 billion in the NHS for 2015-16, with a further £8 billion to be invested by 2020.

54 While NHS providers delivered an overall net deficit in 2014-15, offsetting savings throughout the rest of the system were achieved and financial balance against all spending controls was delivered. We expect to deliver the same in 2015-16.

55 Immediately after the 2015 general election, the NHS started implementing cost-control measures to clamp down on spending on agency staff and management consultants, while the Department continues to work with hospitals on ways to improve productivity and reduce waste.

56 NHS Improvement has committed to driving efficiencies to improve the financial position, with Jim Mackey, the new chief executive, stating publically that trusts must do what they can to mitigate pressures on the wider system caused by deficits and work towards achieving financial balance in 2016-17.

57 To help achieve financial balance in 2016-17 a Sustainability and Transformation Fund will be created. The Secretary of State recently said, “We’re offering trusts help to improve their financial position and transform services for patients based on that planned investment, subject to strict conditions. This will allow hospitals to focus their efforts on making the NHS a truly seven-day service, offering the same excellent world class care every day of the week”.

Department of Health and NHS Improvement: role and support

58 The Department and NHS Improvement make continual assessment of financial performance of NHS providers via assessment
frameworks that help to detect early signs of any financial risks that could jeopardise a trust’s financial standing and so threaten the continuity of the key services it provides.

59 Where things do go wrong and a trust reports a deficit, continued delivery of affordable, safe and quality health services is paramount, and to ensure this happens regulatory action may be carried out, where necessary, in order to provide trusts with support and sometimes define compulsory action to bring the organisation back to a stable position as soon as possible, and interim financing (cash support) may be provided to those trusts to help pay the bills.

60 During this period an assessment is made of the underlying issues and a recovery plan developed and delivered. All trusts are expected to sign up to a set of conditions aimed at delivering efficiencies across their core areas, as quickly and as safely as is possible, and develop sustainable future year plans.

**Deficits in the NHS**

2014-15

61 NHS providers reported a net deficit of £842 million in 2014-15.

62 A total of 129 NHS providers ended the year with an underlying financial deficit, with 117 in surplus or break-even. This is the first time that more providers have been in deficit than in surplus.

63 To help, the Department provided over £1.4 billion of additional funding, to ease winter pressures, reduce waiting times, support mental health, support those trusts merging or taking activity from dissolved trusts or otherwise support financial pressures.

64 This all placed significant pressures on the overall Departmental group budget, and offsetting mitigations were required from the rest of the system. Savings were achieved elsewhere and total spending was contained within available resources.

65 NHS England and CCGs reported a net underspend of £372 million in 2014-15. Across the 211 CCGs, there was a small underspend of £182 million (0.3% of allocation).

2015-16

66 In November 2015, Quarter 2 spending figures were released by NHS Improvement, showing:
- FTs ended the first half of the year with a net deficit of £729 million, £169 million worse than plan.

- NHS trusts ended the first half of the year with a net deficit of £887 million, £189 million worse than plan.

- A combined net year-to-date deficit of £1,616 million.

- Of the 241 NHS providers, 110 FTs and 72 NHS trusts have reported a deficit, which is 182 (or 76%) in total.

- FTs and NHS trusts are currently forecasting to end the financial year with a combined net deficit of £2.2 billion. Regulatory action led by NHS Improvement is expected to bring this down to £1.8 billion.

The impact of deficits on the NHS

67 Capacity constraints and rising demand are making it challenging for the NHS to achieve waiting time standards. The Department, and its arm's-length bodies (NHS England and NHS Improvement), are working across the system to stabilise and recover performance.

68 NHS performance across the waiting time standards for A&E, ambulances, consultant-led referral to treatment, cancer and diagnostic tests deteriorated during 2014-15 and into 2015-16 as a result of increased demand from an ageing population.

69 For urgent and emergency care (UEC), £400 million of funding for operational resilience was made available, with the CCG element included in clinical commissioning group baselines at the start of the 2015-16 financial year to prepare early for winter. All UEC providers are undergoing service transformation to optimise patient flow following the Urgent and Emergency Care Review (through implementation of the ‘Safer, Faster, Better’ guidance), and the Five Year Forward View. All System Resilience Groups are expected to have eight high impact interventions in place designed to relieve pressure on A&E departments and improve patient flow through to discharge. The 28 most challenged trusts on A&E have access to the Emergency Care Improvement Programme (ECIP) which provides tailored, evidence-based interventions and access to buddying and programme management support over winter. The collection of robust monthly data has enabled UEC performance to be challenged within government and by external experts to generate a solid evidence base for future improvements to UEC services.

70 For elective care, a number of actions have already been implemented, or are being considered. These include promoting patient choice, further supporting the use of contracting to maximise
elective capacity and a number of co-ordinated actions to manage
demand on elective pathways. From June 2015, changes to national
performance standards allowed providers to focus on treating those
patients waiting the longest. Improvement plans have been developed
for providers facing the greatest challenges on elective pathways;
regional teams are actively performance managing trusts against their
plans and escalating and intervening as appropriate. The Intensive
Support Team is working with the most challenged providers and
actions are being taken to improve the quality of data that trusts use
to manage elective pathways.

Social care

71 Each local authority is required by s.151 of the Local Government Act
1972 to appoint a Chief Financial Officer, who is commonly referred to
as the s.151 Officer. A core duty of this individual is to lead the
development of a medium-term financial strategy and the annual
budgeting process to ensure financial balance. In effect, this means
that councils cannot run deficits and must balance expenditure needs
against the burden of local taxation.
6 Non-NHS England health budgets

6.1 The effect of cuts to non-NHS England health budgets e.g. public health, health education and Department of Health, and their impact on the Five Year Forward View

72 The Government believe this settlement is tough in some areas, but fair in the context of constraints on overall public spending. Compared with 2014-15, the NHS will receive a real terms increase of £10 billion by 2020-21 to deliver its own plan, the Five Year Forward View. Overall health spending (the NHS and the Department of Health put together) will increase in real terms every year meeting our commitment to protect health funding. However, to fund frontline NHS services we are redirecting resources away from the Department’s central budgets.

73 The Department has prioritised funding for frontline NHS services, but this means that there will around a 25% real terms reduction to non-NHS England budgets by 2019-20.

74 The SR only set high-level funding limits. It did not determine all the detailed budgets for the Department itself, the different arm’s-length bodies (ALBs) or programmes. Work since the SR announcement is focussing on setting the largest of these other budgets.

Administration budgets

75 On administration budgets across the Department and the ALBs, the outcome of the SR was a 30% real terms reduction for all parts of the system except for flat cash for CCGs. In total, the SR settlement includes administration budget savings of £352 million in cash terms by 2019-20, compared with 2015-16.

76 The Department and its ALBs will be working up business plans between now and the end of March 2016, which will include further detail on SR planned savings.

Public health
This SR delivers average annual real-terms savings of 3.9% over the next five years in the public health grant.

Even after these reductions, local authorities will receive over £16 billion to spend on public health over the next five years. This is in addition to what the NHS will continue to spend on vaccinations, screening and other preventative interventions – including the world’s first national diabetes prevention programme. The SR also committed the Government to investing over £400 million over an eight-year period in a new Science Hub, which will provide world class Public Health England laboratories at Harlow in Essex to help protect the public from threats such as flu and Ebola.

The Government knows this settlement won’t be easy for local authorities, but we also know that they have made a great start in shaping more cost effective, efficient, and creative local public health services. Public Health England will provide support to local authorities in meeting this challenge.

The Five Year Forward View is a call for the whole system to focus on prevention. We will encourage the NHS and local authorities to co-commission services, and to draw up joint plans for innovative new ways of getting the best deal for their local health economy – supporting a cross-system focus on prevention and bringing to bear the resources we have made available to support transformation of services.

It is important to remember that prevention is not just about spending money or delivering health services. A key part of the rationale for vesting local authorities with responsibility for improving the public’s health was their ability to make local linkages beyond the health sector and implement creative, place-based approaches to improvement. We know that factors such as employment opportunities underpin good health, and that there are important health linkages to planning, transport, addressing social isolation and a broad range of local government responsibilities. So the public health grant remains a core element in local efforts to improve the public’s health, but it is far from the only lever local authorities have.

Raising awareness so the public can make informed decisions about their health, and encouraging cultural change are also important influences. For its part, the Government has shown that it is willing to take decisive national action where this is warranted. The introduction in 2015 of standardised packaging for cigarettes confirmed our commitment to reducing the harm still done by smoking, and legislation banning smoking in cars with children will reduce the dangers of second-hand smoke our children inhale and increase awareness of the dangers. We will shortly be publishing an important new strategy to tackle childhood obesity, helping to address another of the major long-term health risks we face as a nation.
The national Public Health Outcomes Framework will provide a means of measuring progress in improving the health of the population, informing and focusing efforts locally and nationally.

**Health education**

Although Health Education England’s funding for 2016-17 is yet to be determined, the aim is to broadly maintain programme funding at current levels.

From 1 August 2017, new nursing, midwifery and allied health students will no longer receive NHS bursaries. Instead, they will have access to the same student loans system as other students. We will run a consultation on how best to implement these reforms.

The Five Year Forward View outlined the need for a modern NHS workforce, with the right numbers, skills, values and behaviours to deliver it. Under the loans system, most students on nursing, midwifery and allied health courses will receive around a 25% increase in the financial support available to them for living costs.

Rather than denying thousands of applicants a place to study health subjects at university, the new system will ensure that there are enough health professionals for the NHS while reducing the current reliance on expensive agency staff and overseas staff and giving more applicants the chance to become a health professional.

This will enable universities to provide up to 10,000 additional nursing, midwifery and allied health training places over this parliament, so more applicants will have the chance to become a health professional.

There are also plans to create a new nursing support role, to work alongside healthcare support workers and fully qualified nurses, focusing on patient care – provisionally to be called Nursing Associates. The new addition to the care workforce will help bridge the gap between healthcare support workers, who have a care certificate, and registered nurses.
7 Social care funding

7.1 Social care funding, including implications for quality and access to services, provider exit, funding mechanisms, increasing costs and the Care Act provisions

Social care finance

90 Adult social care is primarily funded through local government funding (the Department of Health Group financial position only includes a subset of overall adult social care expenditure). Local government funding is complex and made up from several funding streams, including central government grants, Business Rates Retention Scheme and council tax. Adult social care funding is not ring-fenced and ultimately it is for local authorities to decide how to prioritise their spending based on local priorities and need.

91 From 2011-12 through to 2014-15 overall spending on adult social care, including money transferred from the NHS, has been relatively flat in cash terms; as detailed in table 6. Budget data for 2015-16 indicates that local authorities are planning a small increase in spending on adult social care.

Table 6: Spending on Adult Social Care 2010-11 to 2015-16

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</thead>
<tbody>
<tr>
<td>Cash prices</td>
<td>16.06</td>
<td>15.55</td>
<td>15.35</td>
<td>15.51</td>
<td>15.51</td>
<td>15.68</td>
</tr>
<tr>
<td>2015/16 prices</td>
<td>17.36</td>
<td>16.51</td>
<td>16.04</td>
<td>15.88</td>
<td>15.67</td>
<td>15.68</td>
</tr>
<tr>
<td>% change per year cash</td>
<td>2.2%</td>
<td>-3.2%</td>
<td>-1.3%</td>
<td>1.0%</td>
<td>0.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>change per year cash (£)</td>
<td>0.34</td>
<td>-0.51</td>
<td>-0.20</td>
<td>0.16</td>
<td>0.00</td>
<td>0.17</td>
</tr>
<tr>
<td>% real terms change per year 2015/16</td>
<td>-0.6%</td>
<td>-4.9%</td>
<td>-2.8%</td>
<td>-1.0%</td>
<td>-1.4%</td>
<td>0.1%</td>
</tr>
<tr>
<td>real terms change per year (£) 2015/16</td>
<td>-0.10</td>
<td>-0.85</td>
<td>-0.47</td>
<td>-0.17</td>
<td>-0.21</td>
<td>0.02</td>
</tr>
<tr>
<td>% change in cash terms from 2010/11</td>
<td>0.0%</td>
<td>-3.2%</td>
<td>-4.4%</td>
<td>-3.5%</td>
<td>-3.4%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>% real terms change from 2010/11 (2015/16)</td>
<td>0.0%</td>
<td>-4.9%</td>
<td>-7.6%</td>
<td>-8.5%</td>
<td>-9.8%</td>
<td>-9.7%</td>
</tr>
</tbody>
</table>
Local authority plus transfers from NHS: net current expenditure, £billion

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</thead>
<tbody>
<tr>
<td>* Provisional data</td>
<td>** budget data</td>
<td></td>
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</table>

92 The SR announced additional funding for adult social care of up to £3.5 billion by 2019-20.

93 Councils will be able to introduce a new Social Care Precept, allowing them to increase council tax by an additional 2%. The most that councils could raise is £2 billion per year by 2019-20, as per the SR announcement.

94 From April 2017, the SR makes available social care funds for local government, rising to £1.5 billion by 2019-20, to be included in the Better Care Fund (BCF).

Table 7: Better Care Fund composition (minimum fund) over Spending Review period

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>NHS RDEL contribution</td>
<td>3,460</td>
<td>3,519</td>
<td>3,582</td>
<td>3,650</td>
<td>3,726</td>
</tr>
<tr>
<td>Disabled Facilities Grant</td>
<td>354</td>
<td>394</td>
<td>431</td>
<td>468</td>
<td>505</td>
</tr>
<tr>
<td>New Social Care Grant</td>
<td>0</td>
<td>105</td>
<td>825</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>Total BCF</td>
<td>3,814</td>
<td>3,913</td>
<td>4,118</td>
<td>4,943</td>
<td>5,731</td>
</tr>
</tbody>
</table>

Table 8: Adult social care funding profile, as per the Local Government Finance Settlement

<table>
<thead>
<tr>
<th>£ billions</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential revenue from ASC precept</td>
<td>0.4</td>
<td>0.8</td>
<td>1.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Improved Better Care Fund</td>
<td>0.0</td>
<td>0.1</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Total additional funding</td>
<td>0.4</td>
<td>0.9</td>
<td>2.1</td>
<td>3.3</td>
</tr>
</tbody>
</table>

95 Taken together, the new precept and additional BCF contribution mean local government has access to funding to increase social care spending in real terms by the end of the parliament.

96 The Government remains committed to fully funding the introduction of the Dilnot reforms in 2020, including the cap on reasonable care costs and extension of means tested support.
Adult social care funding is part of wider local government finance. The provisional Local Government Finance Settlement (LGFS), published in December, provides a breakdown of total local government income by local authority from 2016-17 to 2019-20 (of which adult social care is a part).

The Government recognises that authorities have varying capacity to raise council tax. The provisional LGFS has therefore proposed that the additional funding for the BCF should be allocated using a methodology which provides greater funding to those authorities which benefit less from the additional council tax flexibility for social care.

In addition, to help people to stay independent in their own homes for longer, the SR more than doubles the Disabled Facilities Grant to over £500 million in 2019-20. This fund has a proven track record in keeping people out of hospital and out of care. This grant is expected to pay for over 85,000 home adaptations in 2019-20 and prevent around 8,500 people from needing to go into a care home.

**Care Act**

The Care Act 2014, which started to be implemented in April 2015, sets out the legislative framework for the most significant and far-reaching programme of reform in adult social care undertaken in over 65 years. It is having a profound impact on the way the system works, the responsibilities of local government and partners, and the rights, outcomes and experience of people who need care, carers and their families.

The Government proposes to include all funding for implementation of the Care Act 2014 in the local government finance settlement (other than that which, as in 2015-16, is funded as part of the BCF and funding for social care in prisons, which is funded through a separate specific grant). The SR identified the funding in scope as £307.7 million in 2016-17, increasing to £513.9 million in 2019-20. This includes £175 million of preparatory funding for the introduction of the Dilnot cap on care costs and £3 million for a new system of appeals. Full details of each year are set out in table 9.

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<tbody>
<tr>
<td>Total visible Care Act funding in the Revenue</td>
<td>132.3</td>
<td>307.7</td>
<td>368.2</td>
<td>376.2</td>
<td>513.9</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------</td>
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</tr>
<tr>
<td>Support Grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: prisons funding</td>
<td>11.2</td>
<td>10.3</td>
<td>10.3</td>
<td>10.3</td>
<td>10.3</td>
</tr>
<tr>
<td>(remaining a DH grant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Care Act funding</td>
<td>113.0</td>
<td>114.9</td>
<td>119.0</td>
<td>125.5</td>
<td>135.2</td>
</tr>
<tr>
<td>in the BCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(real terms growth)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Care Act cost</td>
<td>256.5</td>
<td>432.9</td>
<td>497.6</td>
<td>512.1</td>
<td>659.4</td>
</tr>
<tr>
<td>(new burdens)</td>
<td></td>
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</table>

102 Decisions on allocations for the core Better Care Fund and Social Care in Prisons Grant – which fund the remainder of the Care Act new burdens – have not yet been made.

**Access**

103 The numbers of people receiving formal packages of care from their local authority has been falling since 2006-07, but it is not clear that this is because people are being denied access to care.

104 The transformation of the care and support system to meet this demand focuses on prevention and enabling people to live independently for longer so as to reduce the numbers of people that depend on formal care.

**Quality**

105 Despite the financial pressures detailed above the latest Personal Social Services Adult Social Care Survey, England, 2014-15, indicates that 65% of service users said overall they were ‘extremely satisfied’ or ‘very satisfied’ with the care and support services they received in 2014-15.

106 In September 2014 the Care Quality Commission (CQC) introduced a new, much tougher inspection and ratings regime to ensure people receive safe, high quality and compassionate social care services.
The new ratings celebrate best practice and help give those providing services pointers to what they could do better as well as help the public make better choices about their care.

There are a small proportion of services that are rated as inadequate and upon re-inspection have shown that they are unable or unwilling to improve. CQC is quite rightly taking action to close those down and its enforcement action has nearly doubled since the new inspections were introduced. But this is the exception rather than the rule as we know that many of those services that have been re-inspected have improved their rating.

CQC began rating the adult social care sector in October 2014. As of January 2016, CQC had carried out over 11,900 comprehensive ratings inspections across community-based adult social care services, hospice services and residential social care services.

As of January 2016, the latest ratings for active locations are:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Adult social care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>56</td>
</tr>
<tr>
<td>Good</td>
<td>6,494</td>
</tr>
<tr>
<td>Requires improvement</td>
<td>3,240</td>
</tr>
<tr>
<td>Inadequate</td>
<td>328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,118</strong></td>
</tr>
</tbody>
</table>

**Adult Social Care Markets**

The 2014-15 CQC ‘State of Care’ Report claims that there are a number of potential issues driving sustainability issues in the market, including “increasing complexity of people’s care needs, significant cuts to local authority budgets, increasing costs, high vacancy rates, and pressure from local commissioners to keep fees as low as possible”.

The Department continues to support local authorities with their new Care Act duties to ensure their local market remains effective to meet people’s needs.

The Department is also working with the CQC and the sector to monitor risks to the system. The Department, CQC and other relevant partners are actively considering and rehearsing a wide range of contingency situations and would develop bespoke plans to support local government manage provider failure, where this was appropriate and needed. CQC took up its new powers of market oversight of the largest social care providers on 1 April 2015. This will help to drive up standards for service users as well as reassure and protect vulnerable people if their care provider should fail financially.
114 In 2015-16, the Department has invested £115 million in training and development of the workforce. The Department is working with its delivery partner Skills for Care to improve training and development for the workforce. In April 2015, we introduced a Certificate of Fundamental Care, now known as the Care Certificate. This will help ensure that care workers can deliver a consistently high quality standard of care. A Social Care Nursing Taskforce has been set up to look specifically at issues around nursing in adult social care.
8 Integration of health and social care

8.1 Impact of the spending review on the integration of health and social care

Current health and care approaches have evolved to respond reactively to changes in an individual’s health or ability to look after themselves and do not meet people’s expectations for person-centred co-ordinated care. The health and care system needs to be integrated, so that people are enabled to live independent and healthy lives in the community for as long as possible. Locally led transformation of health and social care delivery has the potential to improve services for patients.

In Spending Round 2013 the Better Care Fund (BCF) was announced, which in 2015-16 has mandated local authorities and the NHS to establish pooled budgets in every area in England, totalling £3.8 billion nationally. Local leaders and clinical experts have put together plans setting out how these local pooled budgets will be used to commission more person-centred, co-ordinated services for local people, and these plans have been signed off by health and wellbeing boards.

The 2015 SR continues the Government’s commitment to joining up health and care by confirming commitment to the BCF, as well as making available further social care funds for local government from 2017, rising to £1.5 billion by 2019-20, and to be included in the fund.

Furthermore, the SR includes over £500 million by 2019-20 for the Disabled Facilities Grant, which will also be included in the BCF and will fund around 85,000 home adaptations in 2019-20. This is expected to prevent 8,500 people from needing to go into a care home in 2019-20. Details of the BCF monies are given in Table 7 (previous section).

As outlined in the SR every part of the country must have a plan for longer term integration to deliver more person centred care by 2017, to be implemented by 2020. Areas will be able to graduate from the existing BCF programme management once they can demonstrate that they have moved beyond its requirements.

Other key enablers/models for supporting integration include the Integrated Personal Commissioning programme, and integration from the provider perspective through the New Models of Care in the Five Year Forward View. Although both are priority programmes for NHS
England, they are at early stages and support for demonstrator sites is being funded through NHS England’s programme funding.

**Integrated Personal Commissioning**

121 Integrated Personal Commissioning and personal health budgets more widely aim to improve quality of life, enabling people to achieve outcomes that matter to them and prevent crises in people’s lives that lead to unplanned and often costly hospital admissions or institutional care. While the Integrated Personal Commissioning programme is at an early stage, the Mandate sets a clear expectation that 50-100,000 people will have a personal health budget or integrated personal budget by 2020.

122 The Integrated Personal Commissioning programme is a joint NHS England/local authority led programme involving nine Demonstrator sites. They will develop standard replicable models which find solutions to common problems ensuring that replicable learning is available to the wider system.

**New models of care**

123 New care models play a key role in implementing the NHS Five Year Forward View – the vision for the future of the NHS, published in October 2014 and developed by the partner organisations that deliver and oversee health and care services.

124 The programme is redesigning the future of health and care for 2020 and the models will act as blueprints for the NHS and the inspiration to the rest of the health and care system. We have 50 vanguards representing organisations and partnerships across England from the Isle of Wright to Northumbria and Whitstable to Wirral.

125 In each vanguard, communities and service users are working with health and care organisations to design new models of joined-up care locally, which can be rolled out across England within the next five years.
9 Quality and access in health and social care

9.1 Quality and access in health and social care including the cost and implications of new policy objectives such as 7 day services

Health

Quality of services

126 The Care Quality Commission (CQC) has introduced a new, much tougher inspection and ratings regime to ensure people receive safe, high quality and compassionate healthcare services.

127 The new ratings bring clarity to patients and the public about the quality of care, and are based on five key questions about care providers or services:

- Is it safe?
- Is it effective?
- Is it caring?
- Is it responsive?
- Is it well-led?

128 Unless we reshape care delivery, harness technology, incorporate patient opinion in real time, and drive down variations in quality and safety of care, then patients’ changing needs will go unmet, people will be harmed who should have been cured, and unacceptable variations – and inequalities – in outcomes will persist.

129 Care quality has a legal definition, but in the context of closing the care and quality gap, the emphasis is on improving services in leading areas (as described below). The Government is therefore committed to improving the quality of care, and to supporting the NHS to achieve better outcomes at the same time as improving efficiency and reducing health inequalities. This is also what patients and the public want: publicly-funded healthcare care should be excellent, affordable and sustainable, and fair.

130 In developing our policies in these areas, we are using the opportunity presented by the Five Year Forward View in order to align our policy objectives with the future models of care. Specific critical success factors are:
• 7-day services in hospitals for anyone with urgent and emergency care needs.

• Have the safest hospitals in the world by 2020, reduce avoidable mortality, and make the NHS into the world’s largest learning organisation.

• The patient’s experience of care will be valued as highly as their clinical needs and recorded and monitored in the same way to drive service change in trusts at pace.

• Reduce number of trusts in special measures by 2020.

• Achieve improvements in both the quality of end-of-life care and people’s ability to exercise choice in their care.

• By 2020, women’s outcomes and experience of NHS maternity care will improve through system innovations that enable services to be more responsive, effective and safer.

131 As at January 2016, CQC ratings for GPs and NHS trusts were as follows:

<table>
<thead>
<tr>
<th>Rating</th>
<th>General Practice</th>
<th>NHS trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>98</td>
<td>2</td>
</tr>
<tr>
<td>Good</td>
<td>1,926</td>
<td>21</td>
</tr>
<tr>
<td>Requires improvement</td>
<td>295</td>
<td>70</td>
</tr>
<tr>
<td>Inadequate</td>
<td>102</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>2,421</td>
<td>104</td>
</tr>
</tbody>
</table>

Access to services

132 Overall performance against the key access standards continues to be challenging. Based on data available at January 2016:

• **A&E**: national performance against the A&E 4-hour waiting times standard remains below the operational standard of 95%. To support the most operationally challenged trusts, the Emergency Care Improvement Programme was established to provide focused support to these specific trusts. High Impact Interventions have also been introduced to provide best practice guidance, peer support and knowledge transfer across all acute trusts.

• **Referral to treatment**: the NHS is currently meeting the performance standard for consultant-led referral to treatment (RTT) waiting times. However, current performance is the lowest it has been since the standard was introduced in April 2012 and the
waiting list remains high at just over 3.3 million. A range of actions around RTT flows have been developed including deep dives, waiting list management and efforts to improve data quality. However, achieving the RTT standard will remain a significant challenge for the remainder of 2015-16.

- **Cancer, ambulance response, diagnostic waiting**: Nationally the NHS is meeting 7 of 8 cancer standards but faces challenges in meeting ambulance and diagnostics standards.

133 Through the creation of NHS Improvement we are aiming to provide a more coherent alignment of support functions and interventions on offer to those organisations who need to raise performance to meet the access standards.

134 However, the NHS in England is not alone in facing pressures to meet waiting times targets and standards as these pressures are also felt in Scotland, Wales and Northern Ireland. Particular pressures have been seen in A&E departments where none of the devolved administrations have met their standards for some time. Similar pressures have been experienced across the range of waiting times targets with ambulance response times and referral to treatment times all struggling to meet standards over recent years, and large numbers of patients having long waits for diagnostics tests.

**Seven-day services in hospitals**

135 We have set the NHS the objective of guaranteeing that, by the end of this parliament, anyone who needs urgent or emergency hospital care will have access to the same level of consultant assessment and review, diagnostic tests and consultant-led interventions, whatever day of the week it is. Hospitals will deliver this for 25% of the population by March 2017, 50% by March 2018 and everyone by 2020.

136 Implementing the key clinical standards for 7-day services will involve different approaches in different areas. All areas will implement them in the way that makes most sense for them, minimising additional costs and maximising opportunities for using existing resources better.

**Seven-day GP access**

137 The Government is committed to improving access to GP services as part of our plan for a seven day NHS. Achieving improved access not only benefits patients but also has the potential to create more efficient ways of working, which benefits GPs and practice staff.
The majority of patients get convenient appointments and are satisfied with their GP, but we know that more needs to be done.

Having 7-day access does not mean that every GP must work every day or that all practices must open at evenings and weekends. Through schemes such as the Prime Minister’s GP Access Fund, practices are encouraged to collaborate together in delivering more convenient and accessible services for patients in the evenings and weekends through multiple methods including innovative use of technology, working together at scale, and better use of skill mix to both improve patient care and release GP capacity.

To action the Government’s commitment to transform GP access, £175 million has been invested (including £25 million sourced from the Primary Care Transformation Fund) in the Prime Minister’s GP Access Fund to test improved and innovative access to GP services. Across the two waves of the Fund, there are 57 schemes covering over 2,500 practices and, by March next year (2017), over 18 million patients – one-third of the population – will have benefited from improved access and transformational change at local level.

A wide variety of approaches are being tested including:

- extended evening and weekend opening hours;
- better use of telecare and health apps;
- more innovative ways to access services by telephone, video consultation and email; and,
- more integrated services with a single point of contact to co-ordinate patient services across health and social care.

Social care

Ensuring that people do not stay in hospital for longer than they need to is an important issue – maintaining patient flow, having access to responsive health and care services and supporting families are essential.

Successful, joint 24/7 working improves the flow of people through the system and across the interface between health and social care, and means that services are more responsive to people’s needs, and more efficient.

Local authorities have maintained a strong focus on services that support people in their communities, help avoid unnecessary hospital admissions, and help people get back home in a safe and timely way. 7-day working is a key component of getting people out of hospital
and back to their own homes; it is about seamless provision of care regardless of time of day or day of the week.

145 Local government, the NHS and the Department of Health are committed to working together to embed 7-day working across the health and care system; this is a requirement of the conditions relating to the Better Care Fund.
10 Mental health funding: parity of esteem

10.1 Progress on achieving parity of esteem through funding for mental health services

The Government is committed to taking mental health as seriously as physical health. The principle of parity of esteem between mental and physical health was enshrined in legislation as part of the Health and Social Care Act 2012.

Since 2010, progress has included:

- Over £400 million invested in Improving Access to Psychological Therapy for adults over the last SR period. This has helped over 3 million adults enter treatment since 2008, of which over 1.7 million have completed treatment. Over 700,000 patients have recovered and the national recovery rate is currently 45.5%. Between October 2008 and February 2015, over 100,000 people moved off of sick pay and benefits.

- In addition to this we intend to invest a further £118 million between 2015-16 and 2019-20 to ensure national roll-out of the Children and Young People’s IAPT programme. This will mean that by 2018 children and young people across all of England will have access to services that have been transformed by the CYP IAPT programme. Some 68% of children and young people under 18 currently have access to a CAMHS service that has been transformed by Children and Young People’s IAPT.

- The Crisis Care Concordat has reduced the use of police cells being used as places of safety for people in mental health crisis by over 33%, from 6,028 cases in 2013-14 to 3,996 in 2014-15 and the use of health-based places of safety has increased by 2,400 in the same period. In addition to this, the Department invested £2 million between 2013 and 2015 on nine street triage pilots, which succeeded in reducing police detentions for mental health crisis altogether by an average of 20%, so that places of safety were

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needed in fewer cases. Every local area now has an action plan in place to improve crisis services. The Department has commissioned Mind to provide an evaluation of the Crisis Care Concordat. This is expected in January 2016.

- We have been investing in Liaison and Diversion (L&D) services which have been commissioned in England since 2014. The L&D national service specification, is currently being tested through 24 sites covering over 50% of the population. L&D services identify and assess people of all ages who have mental health and other vulnerabilities when they first come into contact with the criminal justice system, at police stations and courts, and refer them to the appropriate treatment or support service. Where appropriate, early identification through L&D could result in some people being diverted away from the criminal justice system altogether. Subject to an evaluation of these trials, and approval of the Full Business Case by HM Treasury, we will deliver L&D services across the whole country.

- Investment of over £120 million over 2014-15 and 2015-16 in order to introduce for the first time waiting times standards for mental health services from April 2015, so that:

  o 75% of people accessing psychological therapies do so within 6 weeks and 95% within 18 weeks.

  o 50% of people experiencing a first episode of psychosis access NICE concordant care within 2 weeks.

- The Department continues to support the Time to Change initiative, which is an ambitious £20 million national programme, funded by the Department of Health and Comic Relief, being delivered by leading mental health charities Mind and Rethink Mental Illness to reduce stigma and discrimination towards people with mental health problems. Since 2011, more than two million people (4.8% of the population) have improved their attitudes towards people who have a mental illness. In the most recent attitudes survey, conducted at the end of 2013, the biggest improvement in public attitudes in a decade was achieved, with a 2.8% improvement between the 2012 and 2013 surveys.

- The NHS shared planning guidance for 2016/17 – 2020/21 made it clear that CCGs must continue to increase investment in mental health services each year at a level which at least matches their overall expenditure increase.

While this represents significant progress, the Government recognises that a great deal remains to be done to make parity of esteem a reality.
In 2015-16, the Government is investing an additional £173 million in children and young people’s mental health services, including:

- £30 million to CCGs to develop evidence-based community Eating Disorder services for children and young people.

- £75 million to CCGs to develop and implement their Local Transformation Plans (this amount will gradually increase over the life of the parliament, subject to the successful assurance of refreshed Local Transformation Plans).

By 2020-21, the Government will have invested an additional £2 billion in mental health, consisting of:

- £1.4 billion additional investment in children and young people’s mental health until 2020 consisting of:
  
  o £1.25 billion for system-wide transformation of children and young people’s mental health and perinatal mental health - as announced in the March 2015 Budget; and,
  
  o £150 million for young people with eating disorders (any capacity freed up by the new community teams will be redeployed to improve crisis and self-harm services) - announced in Autumn Statement 2014, aiming for 95% to be seen within 4 weeks from first contact with a designated healthcare professional for routine cases and within 1 week for urgent cases (by 2020).

- £600 million for mental health – announced in the SR, which will particularly focus on further improving access to psychological therapies, perinatal mental health and crisis care.

On 11 January the Prime Minister announced a £247 million investment over the next five years to deliver enhanced psychiatric liaison services in Accident and Emergency departments. Liaison psychiatry services in hospitals reduce the number and length of admissions to beds and can deliver significant savings for the average hospital.

The Government has set out that the funding announced in the SR will equate to an additional £290 million being made available over the next five years to 2020-21 to invest in perinatal mental health services. This builds on the initial investment announced at the Spring Budget, making a total investment from 2016-17 to 2020-21 of £350 million, meaning that at least 30,000 more women each year will have access to evidence-based specialist mental health care during or after pregnancy by 2020-21.
Mental health spending

Table 10 sets out the estimated spending on mental health in 2013-14 and 2014-15. In-year information for 2015-16 is showing that spending on mental health is continuing to increase.

**Table 10: Mental health spending, 2013-14 to 2014-15**

<table>
<thead>
<tr>
<th>£ million</th>
<th>2013/14</th>
<th>2014/15</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCGs</td>
<td>7,819</td>
<td>7,949</td>
<td>130</td>
<td>1.7%</td>
</tr>
<tr>
<td>Direct Commissioning</td>
<td>3,543</td>
<td>3,715</td>
<td>172</td>
<td>4.9%</td>
</tr>
<tr>
<td>Total</td>
<td>11,362</td>
<td>11,664</td>
<td>302</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Note: With the changes to the health system in 2012-2014 there arose a number of data quality issues in programme budgeting information that has previously been used to report total mental health spending. The information collected for 2013-14 and 2014-15 was not sufficiently robust to be relied upon. To understand mental health spending in the NHS a bespoke data collection exercise was undertaken using programme budgeting rules.

22 January 2016