Written evidence submitted by the British Medical Association (CSR0063)

The British Medical Association is an apolitical professional association and independent trade union, representing doctors and medical students from all branches of medicine across the UK and supporting them to deliver the highest standards of patient care. We have a membership of over 170,000, which continues to grow each year.

Executive Summary

- The Spending Review’s definition of ‘NHS’ spending means health spending will rise by only £4.5 billion in real terms by 2020-21, rather than the £10 billion announced by the Government. This is far less than the funding requirements set out in NHS England’s Five Year Forward View (FYFV) to enable new ways of working.
- The BMA is concerned that the majority of the £6 billion committed in 2016-17 will go towards tackling provider deficits, leaving little to support the essential changes to services set out in the FYFV.
- There is still no credible plan or commitment to invest enough early on, to enable the required £22 billion of annual efficiency savings to be made by 2020/21. Any plan needs to bear in mind the low staff morale across the NHS at this time and not rely on continued staff pay constraint.
- We support the FYFV’s call for a ‘radical upgrade in prevention and public health’, but this is undermined by the Spending Review’s 3.9 per cent cut to the public health grant. The BMA appreciates the Government’s commitment to parity of esteem for mental health services but we would question both whether £600 million goes far enough and whether there is enough investment in preventing mental health problems in the first place.
- UK expenditure on health has slipped down the international league table, behind the Netherlands, France, Germany, Denmark, Italy and Canada.

1. NHS funding

1.1. The Spending Review announced a commitment to increase NHS funding in England by £10 billion in real terms by 2020-21, with £6 billion ‘front-loaded’ by 2016-17. The government have claimed that this ‘fully funds the NHS’s own Five Year Forward View’. However, the Spending review defines ‘NHS’ funding as just NHS England’s budget, rather than the whole of the Department of Health budget – the definition used by previous governments. The new definition excludes spending on public health, education and training, capital and national bodies. Health funding that now falls outside of the ‘NHS’ category will decrease by more than £3 billion in real terms by 2020-21 – more than a 20 per cent reduction.

1.2. The Nuffield Trust, The King’s Fund and The Health Foundation have calculated that when the previous definition of NHS funding is used, total health spending in England will rise by only £4.5 billion in real terms between 2015-16 and 2020-21. This is an increase of 0.9 per cent a year, which is almost identical to the rate of increase over the last parliament. This is much less than the Government’s announcement implies, as well as not meeting the funding
requirements set out in NHS England’s Five Year Forward View (FYFV). The funding will be stretched even further considering that the additional investment is intended to ‘ensure that the NHS becomes a 7-day service’\(^3\), something that was not factored into the funding scenarios in the FYFV.

1.3. The CSR’s financial commitment fails to keep pace with the level of additional funding required to meet the rising costs of healthcare. UK expenditure on health has slipped down the international league table, behind the Netherlands, France, Germany, Denmark, Italy and Canada, for example\(^4\). This is having a direct impact on patient care, as shown by the UK’s variable performance in the OECD’s international comparison report ‘Health at a glance 2015’\(^5\). As the Nuffield Trust commented ‘...you get what you pay for’\(^6\).

1.4. The BMA’s submission to the Spending Review called for significant upfront investment and we are pleased to see that the Spending Review committed £6 billion of front-loaded funding in 2016-17. However, we are concerned that most of this money will go towards tackling deficits among NHS providers, leaving little to support increasing service capacity and coping with greater demand. The Government has announced that £1.8 billion of the £6 billion will go to a Sustainability and Transformation Fund designed to give the NHS the resources necessary to sustain services. While we agree that providers are in urgent need of financial support, it is concerning that NHS England has implied that only a limited amount of this will be available to invest in the essential changes to services outlined in the FYFV\(^7\).

1.5. The Government seems to have no credible plans for how the £3 billion decrease in spending outside of the ‘NHS’ category will be managed and the BMA has a number of serious concerns about the consequences of this. For example, Health Education England is expecting their budget to be fixed in real terms from now until 2020-21\(^8\). 70 per cent of Health Education England’s budget currently goes on subsidising the salaries of doctors in training. This decision will only increase the pressure on hospitals who would presumably have to cover any increase in costs themselves. The cuts to the public health budget are also a significant concern to the BMA and this is covered in more detail below.

1.6. The BMA was pleased to see that the Spending Review announced an additional £600 million of funding for mental health services. We have long been concerned about the underfunding of mental health and have repeatedly called for the funding for mental health services to reflect parity of esteem with physical health services\(^9\). However, this can only be the starting point. Cuts have left mental health services stretched to their limits, while demand continues to increase. Moreover, the Government’s cuts to public health budgets and continued pressures on social care and housing cast doubts on the commitment to support people’s mental health before they reach crisis point. As the Mental Health Policy Group put it, ‘We are simply not investing enough in preventing mental health problems in the first place, leaving people to become more unwell and in need of more long-term and costly treatment’\(^10\).
1.7. Our submission to the Spending Review recommended that the government should directly fund new NHS capital projects and either renegotiate PFI contracts to ensure a better deal for the taxpayer or enable exiting PFI schemes to be bought out by the NHS. This is supported by the Treasury Select Committee who reported that ‘we do not believe that PFI can be relied upon to provide good value for money without substantial reform’\textsuperscript{11}. The Spending Review did not include any solutions to this drain on the public purse. In fact, it allocated only £4.8 billion a year to capital funding until 2020/21, which is a significant real-terms reduction over the period. This is likely to continue to exacerbate affordability problems at a time where public spending on health as a proportion of GDP is projected to fall to 6.7 per cent by 2020/21, leaving us behind many advanced nations on this measure of spending.

2. Efficiency savings

2.1. The Spending Review commits the NHS to deliver £22 billion of efficiency savings by 2020-21. Some efforts are underway to make these efficiencies, for example through the work of the Carter Review and reducing agency staff spend, but there is still no credible plan to enable this unprecedented scale of efficiency savings to be made. This is even more unrealistic when we consider the fact that this expectation is balanced against the NHS priority for improving performance. For example, ensuring the critical issue of safe staffing levels can increase provider deficits, as seen in some trusts who have left special measures\textsuperscript{12}. Financial balance must not become more important than maintaining patient safety and quality. Recent events in Mid Staffordshire should serve as a constant reminder of what can happen when financial considerations take precedence\textsuperscript{13}.

2.2. Staff have borne a disproportionate burden of efficiency savings so far. In the first two years of the Quality, Innovation, Productivity and Prevention (QIPP) initiative - savings of £5.8 billion, or 5.5 per cent of the NHS budget, were made in 2011-12 and savings of just over £5 billion, or 4.6 per cent, were made in 2012-13. The biggest areas of saving came from tariff efficiency, with a real terms reduction of around 6 per cent. This amounted to savings of £4.8 billion over two years. The second largest element of savings resulted from the pay freeze, and totalled £1.7 billion from the NHS budget over both years\textsuperscript{14}. The FYFV clearly states that a continuation of NHS staff pay constraint as a principle means of achieving efficiency savings is not ‘indefinitely repeatable’. This is particularly true given the service is already struggling to recruit and retain enough staff, has a high reliance on agency staff and there is low staff morale across the sector. The King’s Fund Quarterly Monitoring Report showed that staff morale remained the top concern for NHS trust finance directors for the fifth time in a row\textsuperscript{15}.

3. Public health spending

3.1. The BMA was deeply disappointed to read that the Spending Review is cutting public health budgets annually by 3.9 per cent a year. This is addition to the Department of Health’s recent in-year cut of 6.2 per cent to local authorities’ public health grant, which has been described as
‘the falsest of false economies’\textsuperscript{16}. Public health funding is stretched to the limit already and these further cuts mean that local authorities will struggle to fulfil even their statutory responsibilities, let alone provide additional services that will help improve population health.

3.2. As we outlined in our written evidence to the Health Committee inquiry on Public Health post-2013 – structures, organisation, funding and delivery, these swingeing cuts to the public health budget are both at odds with the Government’s expressed commitment to protect and invest in public health services and the emphasis on prevention in the FYFV. The FYFV states that the future health of millions of children, the sustainability of the NHS and the economic prosperity of Britain all now depend on a radical upgrade in ill health prevention and public health. Without significant funding to tackle obesity, alcohol abuse, smoking and mental health, it will be impossible to implement the public health measures set out in the FYFV that are a central part of maintaining an affordable NHS. Cuts to the public health grant will inevitably lead to service reduction and will, in the longer term, result in greater costs for the NHS and the taxpayer. Coupled with the reduction in Public Health England’s budget by £65 million in 2015-16\textsuperscript{17}, it seems clear that the Government is not serious about investing in public health.

3.3. In our submission to the spending review we called for ill-health prevention funding to be increased in the short term by 10 per cent each year, and increased to 0.5 per cent of GDP in the long term. Spending should be focussed proportionally across the social gradient and allocated on a per capita basis and adjusted for need, in line with Sir Michael Marmot’s \textit{Fair Society, health lives}\textsuperscript{18}. With the NHS being required to find unprecedented levels of efficiencies, now is not the time to cut funding in services which will save money later down the line.

3.4. The Government announced in the Spending Review that it will consult on options to fully fund local authorities’ public health spending from their retained business rates receipts. If this is to be effective in delivering the envisaged improvements to public health it is essential that local authorities spend funds on their intended purpose. The BMA is concerned that some local authorities are diverting the public health grant to cover cuts to other parts of local authority budgets and that this will only increase as more power is devolved. We would like to see guarantees from the Government for how it will ensure that the public health grant is not spent on alternative services in the future. We would want to see Public Health England being given the necessary levers to hold local authorities properly to account for the expenditure of the public health grant.

3.5. The Chancellor announced that the 3.9 per cent cut to public health budgets ‘finishes the job of reforming the public health system’. We do not understand this statement, particularly as it is patently clear that ‘cutting investment to meet short-term needs is not a sustainable strategy’\textsuperscript{19} . The FYFV view explicitly calls for a ‘radical upgrade in prevention and public health’ and this will only be achievable within an appropriately sized public health budget with appropriate protection of the public health grant. The BMA believes that it is essential for the ring-fence on
public health spending to be maintained beyond 2017-18, which is all the Government have committed to in the Spending Review, and that the grant grows adequately year on year.

4. General practice funding

4.1. The Spending Review promises that by 2021 everyone will be able to access GP services in the evenings and at weekends, with an extra 5,000 doctors in general practice. It says that this target will be achieved through £750 million of investment and a new national voluntary contract for GPs. This dogmatic pursuit of weekend opening hours is not the sustainable investment needed to relieve the significant pressures on general practice. Instead, the Government should be focussed on developing a realistic plan to retain and expand the number of GPs, expanding the number of practice staff and improving the premises that GP services are provided from.

4.2. General practice is currently in crisis. GPs are facing an unsustainable workload that threatens to undermine the high quality care they provide. This is having a direct impact on patients: it means longer waits to get an appointment and shorter consultation times. The BMA’s Future of General Practice survey found that more than nine in ten GPs say that their workload negatively impacted on the care they gave to their patients. This is unsurprising as, despite there being a rise in GP consultations in England from 300 million in 2008 to 340 million in 2013 since 2006 low increases to GMS contract payments have produced a real-term decrease to the overall value of contract payments. One in three GPs responding to the survey said they hoped to be able to retire in the next five years.

25 January 2016

References

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9 British Medical Association (2014). Recognising the importance of physical health in mental health and intellectual disability: Achieving parity of outcomes.
10 Mental Health Foundation (2015). Mental Health Policy Group’s initial response to Spending Review.