Dear Chancellor,

2019 Spending Round – Investment priorities for health and social care

I write to you today to urge you to increase investment in health and social care in the forthcoming spending round. The NHS is regarded as one of the best health systems in the world, but successive years of underinvestment have left services struggling to cope with unprecedented pressures all year round, affecting patient care and impacting on the morale of doctors and other staff. The additional funding promised by the government last year will not be enough on its own, to deliver the ambitions set out in NHS England’s Long Term Plan and will mean the UK continues to spend a lower proportion of our GDP on healthcare than many of our European counterparts.

The government must use this spending round to explain how it will provide adequate additional funding in three key areas:

1. Public health: the ambitious prevention aims of the Long Term Plan need to be supported by a reversal to recent cuts to the public health grant following the 2015 spending review, requiring at least £1 billion of additional investment in 2020/21.
2. Workforce: with nearly 100,000 vacancies among hospital and community services the government must set out plans to increase the Health Education England budget, which has experienced sustained real terms cuts of over £1 billion since 2013/14.
3. Capital: with an NHS maintenance backlog of over £6 billion and the safety of patients and staff being compromised by buildings not fit for purpose, the government must set out long term capital spending plans beyond its recent announcement of a modest uplift of the capital spending limit.

Our proposals are set out in detail below. We look forward to hearing the Government set out its plans to invest in our health and social care services on 4 September.

Yours sincerely,

Dr Chaand Nagpaul CBE
BMA council UK chair
Spending Round 2019: Representation by the British Medical Association

1. Introduction
   1.1 The BMA (British Medical Association) is a professional association and trade union representing and negotiating on behalf of all doctors and medical students in the UK. It is a leading voice advocating for outstanding healthcare and a healthy population.

   1.2 To allow doctors and the organisations they work in to deliver excellent care to patients, certainty about the funding available in future years as much as the right level of funding is required. Converting the spending review to a one-year spending round prevents this. It also makes it nearly impossible to deliver NHS England’s 10-year plan or implement the NHS People Plan, both of which require sustained, long-term investment.

   1.3 The fact this decision has been prompted by the need to ‘clear the ground ahead of Brexit’,¹ further illustrates how Brexit, especially a potential ‘no-deal’ Brexit, will – and is already – having catastrophic consequences for patients, the health workforce, health services and the nation’s health, as the BMA has repeatedly warned.

   1.4 Certainty is particularly important when it comes to capital budgets, with the health sector currently in the dark about capital budgets beyond 2020/21 at a time of much needed investment. Hospitals to GP’s practices are in dire need of significant capital investment and while the recent capital funding announcements are welcome, they do not come close to meeting the NHS’ need for ‘new’ capital funding or provide much needed certainty about investment in future years. Our submission sets out the areas doctors believe should be prioritised for capital investment.

   1.5 Due to health being a devolved matter the specific calls for investment set out below are England-focussed, however, many of issues addressed are just as pressing in the devolved nations. Therefore, we would expect to see any increases in health funding for the devolved nations through the Barnett formula to be targeted at similar areas to the ones identified below.

2. Overall revenue expenditure
   2.1 With regards to the UK’s overall public revenue expenditure on health, the BMA has consistently called for the UK Government to match the health expenditure of other leading EU countries. Germany, for example, spent 11.2% of its GDP on health in 2017, whereas the UK only spent 9.6% of its GDP on health in 2017.² Although last year’s five-year funding settlement will have gone some way to bridging this gap, there remain many areas which are in need of greater investment if the public are to receive the quality of care they deserve. Research by the Health Foundation and the Institute for

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¹ UK Government (2019) Chancellor fast-tracks Spending Round to free up departments to prepare for Brexit.
² Office for National Statistics (2019) How does UK healthcare spending compare with other countries?
Fiscal Studies suggests the NHS requires funding increases of 4.1% per annum over the next 15 years if it is going to be able to modernise, as well as keep up with demand.\(^3\)

3. **Pay and contracts**

3.1 Fair remuneration and terms and conditions for all doctors will save money in the long-run and provide staffing solutions that will improve recruitment and retention, reduce absence and lead to happier, more productive staff.

3.2 Since 2008, doctors have experienced the largest drop in earnings of all professions subject to pay review bodies, with some groups having seen their pay fall by up to 24 per cent against CPI, or 30 per cent against RPI. This is against the backdrop of doctors dealing with an NHS under overwhelming pressure. Unsustainable workloads are pushing many doctors to breaking point and as a result they are leaving the profession as they feel the job is simply not sustainable or fairly recognised by the Government leading to and reinforcing unprecedented workforce shortages.

3.3 The BMA is calling for significant additional funding to be provided in 2020/21 to invest in the renumeration of doctors and redress the drop in pay doctors have experienced in the past decade, including ensuring the DHSC has sufficient funds available for the forthcoming SAS contract negotiations.

**Pensions**

3.4 The introduction of a tapered Annual Allowance in 2016 has resulted in thousands of consultants, Armed Forces doctors, GPs and other NHS professionals being caught in a poorly designed tax-net which has forced them to reduce their sessions in order to avoid high tax bills.

3.5 Recent surveys indicate that around half of senior doctors in all specialties are planning to stop doing overtime, reduce sessions, or retire early because of punitive changes to the way their pensions are taxed. This comes at the worst possible time for the NHS, with hospital consultants, staff and associate specialists, and general practitioners all facing critical workforce shortages, and a potentially difficult 2019/20 winter ahead.

3.6 Plans to consult on increased pension flexibilities being introduced are potentially helpful as temporary mitigations, by itself, though, flexibility is not enough to solve the problem. Without “recycling”—paying the lost employer contribution as salary— even full flexibility would amount to a substantial pay cut for consultants and especially for GP partners, who as employers already have access to the employer contribution. Therefore, these temporary solutions has to include both further flexibility and recycling of the full 20.6% employer contribution.

\(^3\) Institute for Fiscal Studies (2018) *Securing the future: Funding health and social care to the 2030s.*
3.7 These steps must be accompanied by a drive to address the root of the problem, which is pension taxation itself. Your commitment to review the tapered Annual Allowance, which, in the worst cases leaves doctors actually paying to work, is welcome – however pension taxation in its entirety requires urgent reform. It is unreasonable to tax pension savings both on entry to and exit from the scheme, particularly in defined benefit schemes where pension growth cannot be controlled. We hope to see a clear commitment from the Government to reform pension taxation in this spending round since the impact of various forms of pension taxation are potent drivers for both reductions in working times and early retirement amongst the medical workforce, at a time of widespread shortages of medical staff across the NHS. Furthermore, the costs of replacing lost NHS capacity and reduction in income tax receipts as doctors reduce sessions are likely to far outstrip the revenue generated from these punitive taxes.

Shared Parental Leave

3.8 The BMA welcomed the enhancement to Shared Parental Leave for junior doctors this year, which saw it increased to the same levels as occupational maternity and adoption pay. We now ask Government to extend this offer to SAS doctors and consultants. Supporting all doctors to balance their home and work life in this way will not just be the right thing to do, it will also help address the workforce crisis, avoiding expensively trained doctors dropping out of the workforce. Addressing this will incur a minimal cost to the NHS but could go a long way towards making the NHS a place where doctors want to work and want to continue to work.

4. Capital expenditure

4.1 All across the NHS there are areas in dire need of capital investment following years of underfunding. Current bed capacity in hospitals in England for example is significantly short of what is needed to maintain safe and efficient services, as shown by our research revealing the continued use of thousands of ‘escalation beds’ outside of exceptional circumstances and highlighted in recent calls to significantly increase the services bed stock by Simon Stevens himself.4 5

4.2 The Government’s recent announcement of additional capital expenditure was a step in the right direction to address this. However, we believe the Government needs to be more ambitious in its capital expenditure plans for the NHS in this spending round and in following years. The UK should, at a minimum, match the health capital spending of other developed countries. Following years of underfunding the extent of the shortfall in capital funding in health is now so extreme that, for example in England, just to bring the capital budget of the NHS in line with the OECD average would require the NHS England capital budget to be increased from £5.9 billion in 2019/20 to £10.3 billion in 2023/24.6

4 BMA (2019) Beds in the NHS.
5 HSJ (2019) NHS ‘needs more acute beds’ after decade of reduction.
4.3 There are three areas in particular where we want to see increased capital expenditure: capital expenditure set aside to address the NHS’s maintenance backlog; capital investment to ensure GP premises are safe and fit for the future; and much needed investment in IT infrastructure.

**NHS backlog maintenance**

4.4 The consistent underfunding of health capital budgets has been compounded by the short-sighted decision to permit capital to revenue transfers across a number of years to compensate for shortfalls in revenue funding for the NHS. These transfers have masked the true state of NHS finances at the cost of much-needed capital investment. Therefore, we are pleased that no capital to revenue transfers are planned for 2020/21. The Government must now ensure these transfers never take place again.

4.5 The impact of these transfers can now be seen in the maintenance backlog of NHS trusts. In England alone, it now stands at over £6 billion, of which over £1 billion is required to address high risk backlog to prevent ‘catastrophic failure or disruption to clinical services’, and a further £2 billion is required to address significant risk backlog.\(^7\) In a recent BMA survey 5 out of 10 doctors stated the estates they currently work in are not fit to provide high-quality patient care.\(^8\) The extent of the issue was also recently illustrated by the threat from chief fire officers to multiple trusts that they would have to close hospital wards if they could not make necessary maintenance improvements to bring them in-line with safety requirements.\(^9\) This situation is not sustainable, and it is imperative additional capital funding is provided to trusts with the specific purpose of clearing the maintenance backlog.

4.6 At a bare minimum, £3 billion of additional capital funding must be provided to trusts in 2020/21 with the explicit purpose of addressing the high and significant risk maintenance backlog. However, as these maintenance backlog figures are from October 2018 it is almost certain the current figures are now significantly higher. It is unacceptable that the health and safety of patients and staff is being put at risk due to the inadequacy of the buildings in which they are treated and work.

**GP premises**

4.7 The neglect of estates also extends to GP premises, with a recent BMA survey revealing that half of GP practice buildings are not fit for purpose, and only two in every ten practices were fit for the future.\(^10\) The prolonged underinvestment in GP premises threatens to undermine the delivery of the PCN (Primary Care Networks) agreement and the expansion of the primary care workforce, a cornerstone of the NHS Long Term Plan and crucial to help address the workforce crisis in general practice. Therefore, as with

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\(^8\) BMA (2019) *Quarterly survey Q1 2019.*


secondary care, urgent additional capital investment is required for GP premises to ensure they are fit to provide high-quality patient care now and in the future.

**IT infrastructure**

4.8 The BMA welcomes the enthusiasm the current Secretary of State has for radically improving IT infrastructure across all parts of the NHS, which is long-overdue an overhaul. However, before pursuing pioneering IT projects the priority must be to address the basic IT infrastructure that doctors and other staff groups use every day. Currently 32 per cent of doctors say they do not have the necessary IT equipment to perform their job to the best of their abilities without disruption.\(^ {11} \)

4.9 The inadequacy of the systems that doctors have to use was highlighted in a recent BMA survey, in which 27% of doctors estimated they lose more than four hours a week because of inefficient hardware systems.\(^ {12} \) If this is extrapolated across all doctors working within the NHS in the UK, then we are losing at least 8,150,000 working hours a year from the current doctor workforce. This equates to 4,870 full-time equivalent doctors, roughly 3 per cent of the current total doctor workforce in the UK. Investing in better IT infrastructure is therefore key to addressing the current NHS workforce crisis.

4.10 The BMA recommends an immediate scoping exercise is undertaken across primary and secondary care to estimate the capital investment required to bring IT infrastructure up to standard, with subsequent capital funding being released in 2020/21 to meet this estimate. Funding for IT infrastructure must be ring-fenced to prevent commissioners and providers from diverting funding for digital transformation to address short-term concerns. Any upgrade in NHS IT infrastructure needs to occurs concurrently across primary and secondary care settings to enable interoperability.

5. **Public Health**

5.1 Following the 2015 Spending Review, the public health grant has been subject to severe funding cuts, which by 2020/21 are estimated to amount to a £1 billion real-terms funding cut relative to 2015/16 funding levels.\(^ {13} \) The need for a reinvigorated public health sector in the UK has become increasingly evident of late, with life expectancy improvements slowing dramatically and health inequalities widening. The renewed emphasis placed upon prevention in the NHS Long Term Plan is welcome, but it is crucial this renewed focus on population-health is substantiated through significant investment in public health.

5.2 Therefore, the BMA is supporting the Health Foundation’s and King’s Fund call for these cuts to be reversed in full, with £1 billion more funding needing to be allocated to the

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\(^ {11} \) BMA (2019) *Technology infrastructure and data supporting NHS staff.*

\(^ {12} \) Ibid.

\(^ {13} \) The Health Foundation (2019) *Urgent call for £1bn a year to reverse cuts to public health funding.*
public health grant in 2020/21. To keep pace with wider developments and spending in health, the public health grant should then increase to £4.5 billion by 2023/24 from the currently planned budget of £3.1 billion in 2020/21. This will guarantee that public health is adequately resourced to support the ambitious prevention aims of the Long Term Plan.

6. **Education and training**

6.1 If the NHS is to have any chance of resolving its workforce crisis then it is critical that the budget of Health Education England is also prioritised, to guarantee that doctors have the necessary amount of support throughout their training and working career to help them realise their full potential and stay in post. In recent years, doctors have often found this support to be lacking. This has only been exacerbated by the cuts to HEE funding over recent years that have seen its budget fall from around £5.3 billion in 2013/14 to £4.2 billion in 2019/20.¹⁴ This Spending Round must mark a reversal in these cuts and must provide HEE with the necessary resource to support the development of all parts of the clinical workforce.

6.2 An increased budget for HEE should lead to the following areas being prioritised to support the development of doctors and to guarantee the investment in the training of doctors is not lost through doctors leaving due insufficient support: increasing the value of junior doctor study budgets to enable them to maximise their learning opportunities; expanding HEE’s supported return to training programme to meet the unmet need for this support within the NHS’s increasingly diverse workforce and increase the programme’s accessibility; and, funding to support junior doctors with the personal financial costs they incur through pursuing their training, as they are a significant financial burden which they are often not compensated for.

6.3 Furthermore, NHS trusts and HEE need to be provided with adequate funding to ensure there are sufficient employment opportunities for all the medical students who are due to qualify through the expanded medical school places. It will be unacceptable if, after so much has been invested in the training of these doctors and at a time of severe workforce crisis in the NHS, we are left with medical unemployment as a result of trusts being unable to employ the doctors we so desperately need.

7. **Social Care**

7.1 There is now a growing consensus among stakeholders, political parties, and the public that the effectiveness and outcomes of our health system are increasingly dependent on the functioning of social care, and that the resourcing of social care and health must be considered jointly as their fortunes are so closely tied to each other. Our members see the damaging effects the growing crisis in the provision of social care is having day in and out on the NHS’s ability to deliver high-quality patient care.

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7.2 Against this context BMA members are now clear that there needs to be a radical overhaul in the delivery of social care. The current system simply is not working, which is why we believe it is time for social care, like the NHS, to be publicly funded and provided free at the point of delivery. In addition, closer integration between social care and health is required via structural reforms to create truly integrated services. The BMA believes the necessary level of integration can only be achieved through the NHS running care homes and providing domiciliary care.

7.3 However, prior to any such reform it is imperative the social care system receives an immediate funding boost to ensure the social care crisis does not deepen with further ramifications for the performance of NHS services. Estimates vary as to how much immediate additional funding is required to stabilise the provider market, along with meeting the growing cost and demographic pressures. The LGA estimated the social care sector required a minimum funding injection of £2.3 billion in 2019/20 to stave off a deepening of the current crisis and maintain current levels of care, and due to the continuing funding and demographic pressures it is likely the sector needs a similar funding boost in 2020/21.

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16 Local Government Association (2017) *Adult Social Care Funding.*