NHS Funding Bill 2019-20

House of Lords, second reading
Wednesday 26 February 2020

About the BMA
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 health care and a healthy population. It is an association providing members with excellent individual services and support throughout their lives.

Key points:
- The BMA believes that the funding set out in the Bill and committed to by the government will not be sufficient to get the NHS back on a sustainable footing over the next five years
- The Bill commits to a cash terms funding increase only, which leaves the NHS with a lack of certainty about what funding will be available in real terms (taking inflation into account)
- The BMA is calling for a comprehensive spending plan that increases total health spending by at least 4.1% per year in real terms to address the gap between funding of current services and future demand, and to put the NHS on a sustainable long-term footing. This equates to an extra £9.5bn per year by 2023/24.

Background
In the December 2019 Queen’s Speech, the Government pledged to enshrine in law a fully-funded long-term plan for the NHS within the first three months of the new Parliamentary term. This pledge is based on commitments made prior to the election by the Conservative party to increase NHS England’s revenue funding by £20.5bn in real terms per year by 2023/24.

The NHS Funding Bill commits to:
- A £33.9bn increase in cash terms by 2023/24 – with NHS England’s revenue budget rising to £148.5bn in that year
- Introducing a “double lock” commitment that places a legal duty on both the Secretary of State for Health and Social Care and the Treasury to uphold the minimum level of cash NHS revenue spending as outlined in below table:

### Minimum NHS England revenue funding

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<th>£ billions</th>
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<tr>
<td>Financial year</td>
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**BMA analysis**

The funding commitments set out in this legislation fall short of what is needed to place the NHS back on a sustainable footing and ensure patients receive the best care.

The BMA has called for a 4.1% annual real terms increase in total health spending. The IFS (Institute for Fiscal Studies)\(^1\) has estimated – based on the 2019 Conservative manifesto – that current government spending plans equate to a 3.1% annual real terms increase in total health spending – lower than the historic average and substantially short of the minimum the BMA has called for. We estimate that the ‘gap’ in required funding by 2023/24 will be £6.2bn.

NHS Trusts are increasingly relying on short-term loans from DHSC (Department of Health and Social Care) with little or no prospect of paying them back. The NAO (National Audit Office) recently issued a report on the sustainability of Trusts detailing that £10.9bn in outstanding debt had been issued in March 2019 by DHSC to trusts in financial difficulty\(^2\), up from £8bn on 31 March 2018. This is clearly not a sustainable approach to the financial management of NHS Trusts.

It is also important to note that the funding set out in the Bill only covers NHS England’s revenue budget. This means it does not cover several vital areas of health spending including much needed capital investment and money for public health and workforce planning. The NAO has reported that £4.3bn was transferred from the capital budget to the revenue budget between 2014-15 and 2018-19. The impact of these transfers can now be seen in an estimated backlog maintenance of £6.5bn. Over £1bn of this is required to address high risk backlog to prevent ‘catastrophic failure or disruption to clinical services’, and a further £2bn to address significant risk backlog.\(^3\) The Government’s stated aim of delivering the Long Term Plan is not achievable without urgent and sustained investment in these areas through a multi-year settlement.

An ongoing lack of clarity around the future of social care will also impact on how effective the funding set out in the Bill can be. Lack of adequate social care provision means the NHS faces an uphill struggle to care for patients and keep them out of hospital where possible.

Recent funding commitments for mental health, which have seen the total allocation of CCG (clinical commissioning group) spending on mental health increase to 13.8% in 2018/19, are welcome. However, this does not go far enough in reversing the historical underinvestment in mental health compared to physical health services. In the BMA’s recent survey of healthcare professionals working in mental health, 56% strongly disagreed that there was parity of resource between physical and mental health.\(^4\) Adequate funding must be made available to CCGs to allow them to double mental health spending over the period of the Long Term Plan,

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\(^1\) Conservative manifesto: an initial reaction from IFS researchers (IFS, December 2019): https://www.ifs.org.uk/election/2019/article/conservative-manifesto-an-initial-reaction-from-ifs-researchers


\(^3\) Ibid.

alongside increased investment in primary care, public mental health, mental health research and the mental health estate.

Recent BMA analysis shows there is also a serious lack of investment across child services, leaving doctors concerned about the adverse impact on child health in England. Supply is not yet sufficient to meet the levels of demand on child and adolescent mental health services, whilst spending on public health services for 5-19 year olds in England has declined by 6% since 2016/17.\(^5\) Cuts to local authority children’s services and public health budgets in England must be reversed to address the impact of lack of investment in these areas.

Finally, the Bill sets out funding commitments in cash, rather than real terms. This means that changing rates of inflation will affect how much funding the NHS receives in real terms. A commitment to real terms funding is needed.

Why more funding is needed
A decade of underfunding in the NHS and rising demand has led to a serious deterioration in the NHS’s ability to provide safe and effective care to patients:

- In December 2019, only 79.8% of patients were admitted, transferred, or discharged from A&E within four hours – this is a record-breaking monthly low and the 53th consecutive month that the 95% target has not been met\(^6\).
- 200,000 more people waited over 4 hours to be admitted, transferred, or discharged from A&E this winter, compared to the same point last winter.
- The BMA warned\(^7\) in November 2019 that for the first time, over one million patients were projected to wait over four hours in A&E this winter – data from November and December suggest that we are on track for this to occur.
- Nearly 200,000 people waited over 4 hours on trolley beds in corridors this winter – 56,000 more than this time last year - and 12-hour trolley waits are almost six times more than last winter\(^8\). Both types of trolley wait have reached their highest levels on record this winter.
- There are currently over 4.42 million people waiting for elective treatment in England.
- In December 2019 there were over 148,000 delayed days as a result of delayed transfers of care – often due to lack of social care provision.
- 78% of doctors say that NHS resources are inadequate and that this significantly affects the quality and safety of patient services\(^9\).

The BMA is calling for:
- A comprehensive spending plan that increases total health spending by at least 4.1% per year in real terms
- A credible multi-year plan to invest in NHS infrastructure, including tackling the estimated £6.5bn maintenance backlog in NHS estates and reversing cuts to public health services in England since 2015, requiring at least £1 billion of additional investment in 2020/21.
- A long-term plan to transform and invest in social care to guarantee that everyone can access care, free at the point of use.

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