

Spending review 2020

NHS core funding

There will be a £6.3 billion cash increase in NHS core spending (not including COVID-19 funding) in 2021/22, compared to 2020/21. This represents an average real growth in spending of 4% per year over the next two years.

- This increase is front loaded with an average real terms growth of 5.3% by 2020/21, which then reduces to 2.4% by 2021/22.
- Whilst we welcome the increase in core funding this year, this increase must be maintained in the long-term to cope with the increasing demand placed on the NHS that will continue. The BMA maintains its ask of 4.1% real terms growth per year for core NHS funding to undo the damage wrought by years of underinvestment and ensure it can cope with increasing demand going forward.

Capital investment

As part of commitments to improve the NHS estate the following capital investment was announced:

- a multi-year capital funding commitment was announced including £3.7 billion until 2024/25 to make progress on building 40 new hospitals by 2030 and £1.7 billion until 2024/25 for over 70 hospital upgrades.
 - £4.2 billion in 2021/22 for NHS operational capital investment to allow hospitals to refurbish and maintain their infrastructure.
 - £325 million of new investment in NHS diagnostics equipment to improve clinical outcomes
- Whilst a multi-year capital funding settlement is needed, £3.7 billion will go nowhere near the amount needed to build these extra hospitals, which has been estimated to cost between £12 billion and £24 billion¹.
 - In addition, much more is needed to cover hospital and GP practice refurbishments and maintenance. The latest data from 2018/19 shows that at least £6.5 billion is needed to tackle the backlog of maintenance costs², which are now likely to be even higher since this data was published. GP practices also need at least £1 billion to ensure they are fit for purpose and to expand the estate in line with government commitments to increase the primary care workforce.
 - Continued, increased investment is needed in diagnostics equipment to help address historic under-capacity and enable doctors (regardless of location) to order rapid tests for their patients. Due to increased online/ remote consultations it will become increasingly important that primary, community and secondary care clinicians as well as patients have rapid, and ideally same-day access to a properly commissioned community-based monitoring and diagnostic services. These services would reduce the need for patients to attend hospitals and allow clinicians to continue their care for patients in terms of diagnosis and longer-term monitoring.

¹ Johnson's '40 new hospitals' pledge costed at up to £24bn, Guardian, 8 Dec 2019:

<https://www.theguardian.com/politics/2019/dec/08/boris-johnson-40-new-hospitals-pledge-costed>

² NHS Digital (2019) [Estates Returns Information Collection Summary page and dataset for ERIC 2018/19](#)

COVID-19 funding

Backlog of services

£3 billion for 2020/21 to go towards NHS recovery from COVID-19. This includes £1 billion to begin tackling the elective backlog and reduce waiting times, as well as around £1.5 billion to help ease existing pressures in the NHS caused by COVID-19.

- In addition to increases in core NHS funding, the BMA has called for significant investment to cope with the impact that the COVID-19 pandemic has had on health and care.
- £1 billion is completely insufficient to tackle the backlog of elective care. The BMA has previously demonstrated that the cost of the backlog of non-COVID-19 services is at least £10.7 billion. We estimate that between April and September 2020 there were:
 - 15.5 million fewer outpatient attendances than expected, potentially costing £1.7 billion³ to work through;
 - 2.2 million fewer total elective treatments, costing approximately £9.0 billion⁴ to work through.

Mental health services

The £3 billion COVID-19 fund also includes £500 million for mental health services in 2020/21.

- BMA has highlighted that at least £4.6 billion is needed for mental health services a year by 2023/24, therefore it is crucial that this is not a one-off funding injection and additional funding continues to be provided each year.
- It has been estimated that there will be around 11% more new referrals to mental health services, each year for the next three years with associated costs amount to an extra £1 billion a year⁵. Therefore, today's funding announcements for mental health don't even cover half of what is needed.

Response to COVID-19

As part of the ongoing response to COVID-19, funding in 2021/22 includes:

- £15 billion for Test and Trace
 - £163 million for medicines and therapeutics
 - £2.1 billion to continue to maintain and distribute stocks of personal protective equipment
- The test and trace investment must be reached at a local level to increase local capacity. An effective test and trace system is crucial in managing the response to COVID-19 and reducing case numbers by identifying local outbreaks and minimising community spread.
 - It is crucial that funding is in place to ensure adequate supplies of the right kind of PPE – e.g. ensuring sufficient quantities of gowns and FFP3 masks, which were in particularly short supply earlier this year. The BMA has asked for this year's £15 billion spend on PPE to be repeated next year. Therefore, the plan of investing only £2.1 billion in 2021/22 puts us in risk of undersupply of this equipment in the future. The government need to provide further detail on why this reduced investment for PPE is planned for next year. Even if a stockpile of PPE has been gathered, plans for ensuring these are maintained are needed.

³ [Provisional Monthly Hospital Episode Statistics for Admitted Patient Care](#) and [Outpatient April 2020 - June 2020 and 2018/19 National Schedule of NHS Costs](#)

⁴ [Hospital Episode Statistics for Admitted Patient Care and Outpatient Data](#) and [2018/19 National Schedule of NHS Costs](#)

⁵ <https://www.strategyunitwm.nhs.uk/mental-health-surge-model>

Public health

Local authority spending through the public health grant will continue to be maintained.

- COVID-19 has demonstrated the importance of public health services and how they help to reduce pressure on the NHS therefore, more investment is needed. At a local level, the BMA and others have previously called for an increase of £1 billion to the public health grant to return funding to 2015/16 levels, with additional investment year on year increasing to £4.5 billion by 2023/24.

Social care

Local authorities will be able to access over £1 billion of spending for social care through £300 million of social care grant and the ability to levy a 3% adult social care precept. This funding is additional to the £1 billion social care grant announced last year which is being maintained. £573 million in Disabled Facilities Grants and £71 million in the Care and Support Specialised Housing Fund, supporting people to live independently for longer was also announced.

- It is crucial that social care is properly resourced and more focus is placed on prevention to keep people living independently for longer. However, this does not go far enough to fix the crisis that social care is currently experiencing. Around 70% of this additional funding must be raised by local councils through tax, which will be very difficult given the current economic climate and could result in poorer areas being further disadvantaged.
- The BMA has called for £12.2 billion by 2023/24 for social care to enable the sector to meet rising demand, whilst also improving services and workforce conditions. In addition, the funding announced for social care today falls short of helping more people access free personal care, which is estimated to cost at least £5 billion in England by 2023/24.
- Government plans for improving the social care sector will be announced next year. Again, this confirms plans to delay social care reform.

Workforce

The core NHS funding announcement included £260 million for Health Education England to continue to grow the NHS workforce and support commitments made in the NHS Long Term Plan. This includes training more new nurses and doctors and increasing undergraduate places. The Chancellor also confirmed plans to create an additional 50 million appointments in general practice a year.

- Investment in the chronically understaffed NHS workforce is essential. Around 7,500 additional medical school places are required by 2023/24⁶, which alone, by DHSC calculations⁷, would cost at least £3.5 billion per year. Far more investment is therefore needed on a long-term basis to ensure we can grow the NHS workforce, to the sustainable levels required for safe patient care, and to deal with significant growth in citizens aged 65 and over across the next two decades^{8,9}.
- Without adequate support for the existing workforce, including greater investment and flexibility to retain and recruit staff, and funding to expand and improve the NHS estate accordingly, the government will not be able to fulfil its commitment of creating additional GP appointments¹⁰. Neither will it be able to retain the services of a significant number of

⁶ Royal College of Physicians (2018) [Double or quits: calculating how many more medical students we need](#)

⁷ Department of Health and Social Care, [Expansion of Undergraduate Medical Education](#) (2017) – the cost to put a UK/ EU national through medical school is estimated to be around £230,000

⁸ British Medical Association (2020), [Consultant workforce shortages and solutions: Now and in the future](#)

⁹ Office for National Statistics (2019), [National population projections: 2018-based](#)

¹⁰ British Medical Association (2020), [COVID-19: general practice during the second wave](#)

overworked primary and secondary care doctors and staff who were already reporting physical burnout and emotional exhaustion before the pandemic arrived¹¹.

- NHS staff have worked tirelessly throughout the COVID-19 pandemic to keep providing the care we all need. Far greater investment is needed to ensure the NHS people plan is fully funded, staff terms and conditions are fair and reasonable and all NHS staff have access to comprehensive occupational health services. This will surely prove to be better value for public money; trying to rectify the situation after already overworked staff start showing the ill-effects of an intensely stressful pandemic response will be much more costly¹².

Public sector pay

A freeze has been placed on the pay of public sector workers, with the exemption of NHS workers.

- As a result of COVID-19 we have seen doctors going above and beyond what is normally required of them, going so far as to put their lives on the line on a daily basis, and they have done this despite the historic cuts in real terms pay inflicted on them over the past decade. It is therefore only right that the government does not intend to freeze pay but at a time when burnout and morale are so critical the Chancellor should go further and make clear that he intends fair pay increases in recognition of the extraordinary efforts of the whole public sector workforce.
- Many other members of the public sector such as the social care workforce and doctors and nurses working in our armed forces have also borne the brunt of COVID-19 but have regrettably not been recognised today.

International aid

The government has committed 0.5% Gross National Income (GNI) to international aid for 2021, down 0.2% from 0.7%.

- The BMA is concerned this move will negatively impact on funding for critical UN programmes as well as other aid organisations responsible for delivering a significant portion of vital services that impact health in low-resource countries, at a time when support needs are highest.
- An aid budget of £10 billion in 2021 represents a significant reduction in real terms funding available to fragile states struggling to cope with the immediate and secondary impacts of the pandemic. It is also well below what the US, Germany and Japan¹³ spent last year or are projected to spend on official development assistance this year¹⁴. The BMA is therefore calling on government to increase aid funding back to the UN recommended level of 0.7% GNI at the earliest possible opportunity, to make good on Global Britain's promise to build back better, fairer and more resilient societies.

¹¹ British Medical Association (2020), [Improving the mental wellbeing of doctors and medical students](#)

¹² British Medical Association (2020), [COVID-19: analysing the impact of coronavirus on doctors](#)

¹³ <https://data.oecd.org/oda/net-oda.htm>

¹⁴ <https://donortracker.org/country/japan>