

Rt Hon Theresa May MP
Prime Minister
10 Downing Street
London
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4 June 2018

Dear Prime Minister,

We very much welcome your announcement to the Liaison Committee on 27 March of a new long-term plan and multi-year funding settlement for the NHS.

Our three organisations often work together to ensure that major statements on health and social care are informed by independent analysis. This letter sets out our position ahead of the further announcements we understand are due to be made over the coming weeks and months.

While we welcome the relative protection of the health budget since 2010, historically low funding increases and rising demand for services from a growing and ageing population have left the NHS facing unprecedented pressures and struggling to maintain standards of care. The announcement of a new funding settlement and long-term plan provides an opportunity to address these pressures and to place the NHS on a sustainable footing for the future. However, this will only be achieved if adequate resources are provided and if new funding is accompanied by reforms to transform services.

All authoritative independent analysis undertaken in recent years, including estimates based on the Office for Budget Responsibility's projections, indicate that the NHS needs real terms funding increases of around 4 per cent a year. This is the minimum required to keep pace with rising demand for services, provide some investment in key priorities such as mental health, cancer and general practice and continue the transformation of services set out in the NHS five year forward view. Anything less than this risks further deterioration in standards of patient care and would delay tackling the growing backlog of buildings maintenance, including safety critical repairs. If sufficient funding is not provided, patients and families will pay the price as the service declines.

As the Health and Social Care Committee has pointed out, funding increases should be based on the Department for Health and Social Care's budget (TDEL), rather than NHS England's budget which the government has chosen to focus on since the last Spending Review. Investment in front-line services must increase but this should not be at the expense of other vital health expenditure. Limiting funding increases to NHS England's budget has resulted in damaging cuts to key areas of spending such as public health, capital investment and education and training of NHS staff. This is not a technical point, it has a material impact on patient care.

Funding must be accompanied by reform to ensure it delivers services that meet changing population needs. Progress is being made in implementing the NHS five year forward view and in developing new models of integrated care, with early evidence suggesting these changes are

having some success in moderating increasing demand for hospital services and improving patient care. Areas like Greater Manchester, which received additional funding to support service transformation, are making faster progress than others and it is essential that dedicated funding is made available to all parts of the country to accelerate the implementation and uptake of new care models.

NHS productivity improved by 1.4 per cent a year between 2009/10 and 2015/16, outpacing the service's historical record and the performance of the economy as a whole until recently. But significant future productivity improvements can only be unlocked by investment in transformation, which takes time. This must focus on reducing variations in care and making better use of information and communication technologies.

Two other issues need particular attention. The first is the NHS workforce which is facing a crisis, with morale among overstretched staff a significant concern and worrying shortages of nurses, GPs and hospital doctors. In the short term, there is no option but to recruit more staff from overseas and to relax controls on visas to make this possible. In the long term, the NHS needs to develop a strategic approach to workforce planning to ensure that we are able to meet more of our workforce needs from within the UK. It is therefore essential that the work to develop a 10-year workforce strategy is given top priority and goes hand-in-hand with the new funding settlement.

The second issue is social care. The current system is failing service users, carers and families, with at least 400,000 fewer older people now able to access publicly funded social care than in 2010. The need for reform remains as urgent as when you made the case for it during the general election campaign. Having promised to act 'where others have failed to lead', we welcome the commitment to publish a green paper and the Secretary of State for Health's recent comments that health and social care integration will be a key priority for the NHS plan. It is essential that the green paper outlines proposals for substantial and wide-ranging reform, including a long-term funding settlement, and that these proposals are fully aligned with the plan for the NHS.

The 70th anniversary of the NHS, the announcement of a new funding settlement and long-term plan, and the publication of a social care green paper create an historic opportunity to engage the public in a vital debate and initiate the reforms needed to ensure that current and future generations are able to access the care they need.

We have sent similar letters to the Chancellor of the Exchequer and the Secretary of State for Health and Social Care, and copied this to the Chair of the Health Select Committee and to the Chief Executive of NHS England.

We will publish this letter on our websites on Wednesday.

Yours sincerely,

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The King's Fund

Nigel Edwards
Chief Executive
The Nuffield Trust

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Chief Executive
The Health Foundation