

## Nuffield Trust briefing: January 2020

### Queen's Speech Debate: Health and Social Care

**The Nuffield Trust is an independent health think tank. We aim to improve the quality of health and social care in the UK by providing evidence-based research and policy analysis and informing and generating debate.**

On 16 January, as part of parliament's scrutiny of the Queen's Speech, a debate will be held in the House of Commons on Health and Social Care. This short briefing sets out key facts and positions on the relevant legislation and proposals.

#### NHS Funding Bill

The Queen's Speech set out the intention to enshrine in law the pledge to increase the NHS budget by £33.9 billion in cash terms by the end of the parliament.

This pledge is based on Theresa May's 2018 commitment to increase spending by £20.5 billion in real terms. But the shift to describing it in cash terms is potentially concerning. If inflation rises, the new pledge could mean the NHS now gets less than the £20.5 billion in real terms.

The commitment will mean that NHS England's £115 billion budget ([in 2018/19](#)) will increase by 3.2% per year over the course of this parliament.

This does not apply to the whole healthcare budget controlled by the Department for Health. Important spending lines are excluded like capital funds for buildings and new technology, workforce training, and public health funding to local authorities. In recent years, significant amounts of capital funding have been reallocated into day-to-day NHS spending, leaving buildings and infrastructure depleted and in need of investment.

Despite the stated intention of the Government to [boost healthcare infrastructure](#) and the [promise of additional money to fund new hospitals](#), there is scant detail on the profile of capital spending beyond the £7 billion overall spend pencilled in for 2020/21. Similarly, specific election pledges on the recruitment, training and retention of nurses have been made without any additional detail about the status of the wider NHS training budget.

After many years of squeezed funding for the NHS, the 3.2% increase to NHS England's budget is welcome. But this must not detract from the reality that the health service cannot adequately function or improve without significant investment in NHS capital and the workforce. MPs should ensure that any legislation on NHS funding treats the health budget as a whole and includes capital, training and public health budgets, rather than focusing solely on the NHS England budget.

## **NHS Long Term Plan Bill**

This Bill aims to provide a legal footing to the ways in which the English NHS has been moving to cooperate more, in the face of the existing 2012 Act which promotes competition in the service. Based on detailed [proposals from the board of NHS England](#), it removes some duties to put services out to market, and also introduces more powers over NHS trusts.

The proposals on cooperation are designed to allow NHS trusts, and the “clinical commissioning groups” who give out money locally, to pool their powers into large committees called “[integrated care systems](#)” covering about 1 million people each. The logic is to make the NHS share responsibility locally, so that trusts, GPs and councils help each other move patients smoothly through the system and keep them well. The light touch nature of the changes is designed to avoid another wasteful reorganisation.

While this has obvious advantages, we see a risk that it will lead to inward looking monopolies in some places with nobody holding services to account - or stronger centralisation as the NHS hierarchy tries to stop this. Because ICSs will not actually have a legal existence, there is also a risk that trusts and other NHS bodies will simply refuse to play ball if the ICS decides something that clashes with their own financial responsibilities, bringing progress to a halt.

A proposal to give the NHS hierarchy the ability to block investment by Foundation Trusts, which run most hospitals in England, has been scaled back but is still concerning. These trusts currently have the right to save up and spend as much as they see fit on buildings and equipment, which has helped motivate their staff to deliver efficiencies.

However, with national capital spending limits having been held down, trust spending threatens to cause the Department for Health and Social Care to illegally breach its national limit, causing the centre to now seek more control. There is a risk that this breaks the promises of foundation trust leaders to their staff and patients, and blocks progress on investment schemes that have long been planned.

## **Medicines and Medical Devices Bill**

This Bill will set out less restrictive rules for some trials of new drugs, something that is likely to mean diverging from EU rules. It will be important to make sure the UK remains a good place for the medicines industry after Brexit.

However, this divergence is not what many key [industry](#) and [scientific](#) bodies want, because it will mean they lose access to a new streamlined system coming in across the European Union. Leaving the single market for medicines more widely may increase costs to the NHS by [several hundred million pounds](#) each year because companies will have to pay for extra checks, paperwork, processes, and employees.

## **Social care**

The social care system in England is in urgent need of reform. Many individuals are struggling to pay for their care, and the number of people needing support is rising. The social care workforce is undervalued, underpaid, and insufficient, and many care homes and other providers are on the edge of bankruptcy.

The Government committed in the [Queen's Speech](#) to finding a cross-party consensus for long-term reform, as well as promising to protect individuals from selling their own home to pay for care. This follows multiple delays by the previous Government to publish a [social care Green Paper](#), initially promised in 2017.

The extra funding of £1 billion per year pledged to prop up the existing system is unlikely to match rising demand. A long-term funding reform will be crucial, and will need to be [fairer and easier to understand](#). It will need to protect all individuals (not just homeowners) and provide stable and reliable funding for care providers. Beyond this, it needs to be a system that the public can understand and support so that reforms have staying power.

Systems that could meet these tests include offering packages of free care to people in need funded by general taxation, or a compulsory national insurance scheme like they have in Germany and Japan.

### **About the Nuffield Trust**

The Nuffield Trust is an impartial think tank funded mostly by our own endowment. We are entirely separate from other organisations bearing the Nuffield name.

Areas of particular interest to us include NHS funding, the healthcare workforce, social care, Brexit and the NHS and healthcare in remote, rural or isolated areas.

Further information is available via our website at [www.nuffieldtrust.org.uk](http://www.nuffieldtrust.org.uk)

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