Chancellor of the Exchequer’s 2017 Autumn Statement: On-the-day briefing

22 November 2017

The Chancellor talked of an economy that was on a ‘new path’ in developing a ‘new relationship’ with our EU partners and made clear in his opening remarks that the Brexit process was at a critical stage. Indeed, £700m has already been invested in the Brexit process, and the Chancellor has set aside a further £3bn to deliver the Prime Minister’s ‘vision’ for a future beyond EU membership. Contained within the written statement, the Budget clarifies that Department allocations for preparing for EU exit in 2018/19 will be agreed in early 2018.

There was also a strong opening focus on the ‘technological revolution’ and the leading role Britain is playing in this. It will be interesting to see the extent to which the latest technological revolution will impact the NHS of the future.

On health, the Chancellor recognised that the NHS is a ‘source of pride the length and breadth of the country’ and that the Conservative government ‘will back it’. The Chancellor highlighted that hospital in-patient satisfaction was at its highest level, but recognised that the service is ‘under pressure right now’. For this reason, the Chancellor announced additional financial investment to meet demand. Unfortunately, however, there was nothing on social care.
Key health and care announcements

▪ To help ease the burden, and outside of the spending review process, the Chancellor is giving an extra £2.8bn to the health service in England by 2020. Of that, £335m will be for this winter, with £1.6bn in 2018/19 and £850m in 2019/20. This falls far short of the urgent injection of £4bn into the NHS that the NHS Confederation and Simon Stevens called for next year.

▪ The Chancellor also committed to the £10bn package for capital investment recommended by Sir Robert Naylor’s review of NHS property and estates, for frontline services over this parliament as well as to support transformation. The Government will be making £3.5bn of capital available from public funds available in England on top of the £425m already provided at the 2017 Spring Budget. This will be allocated as follows:

  o £2.6 billion will be for local groups of NHS organisations (Sustainability and Transformation Partnerships) to deliver transformation schemes that improve their ability to meet demand for local services. Alongside the Budget, the government has announced the first group of schemes to benefit from this funding.
  o £700 million will support turnaround plans in the individual trusts facing the biggest performance challenges, and tackle the most urgent and critical maintenance issues that trusts are facing – to help ensure every patient is treated in a safe environment, conducive to the highest quality of care.
  o £200 million will support efficiency programmes that will, for example, help reduce NHS spending on energy, and fund technology that will allow more money and staff time to be directed towards treating patients.

▪ In addition, the government is committing to funding pay awards for NHS staff on the Agenda for Change contract that are agreed as part of a pay deal to improve productivity, recruitment and retention. Thus pay extra pay for doctors, dentists and senior staff will not be covered. Any pay deal will also be on the condition that the pay award enables improved productivity in the NHS, and is justified on recruitment and retention grounds. This does not prejudge the role of the independent NHS Pay Review Body in recommending the level of pay award that these staff should receive.

Economic growth

▪ The Office for Budget Responsibility has revised its forecast for GDP growth down by 0.5 per cent to 1.5% in 2017. The forecast for borrowing is significantly lower than the Spring budget predicted it would be by 2020/21, with the government expected to meet its 2 per cent structural deficit predicted by 2018/19.
Grenfell Tower

- A £28 million fund was announced to support victims of the Grenfell tower tragedy. This funding was pledged to provide new mental health services, amongst other things.

Brexit

- The budget set aside an additional £3bn funding for government to ensure a smooth transition as Britain’s leaves the EU.

Devolution

- £600 million of investment in the North of Tyne region over 30 years and create a new mayor elected in 2019 with powers over important economic levers including planning and skills.
- £6 million for a housing delivery taskforce, £5 million for a construction skills training scheme and a £250 million allocation from the Transforming Cities fund to be spent on local intra-city transport priorities in the West Midlands metro area.

Technology

- A Centre for Data Ethics and Innovation will be launched, establishing a new regulatory framework in AI and data-driven technologies.
- The government will invest a further £160 million from the NPIF in new 5G infrastructure.

Public Sector Leadership

- Public Service Leadership Academy to be established, to complement existing provision, create networks and share best practice across the public services. A taskforce will be set up to advise on the role, remit and responsibilities of the new Academy and will provide an interim report by Spring Statement 2018.

Tax

- Increase in the personal allowance to £11,850 and in the higher rate to £46,350, in line with inflation

Independent Living

- The Budget also provides £42 million of additional funding for the Disabled Facilities Grant in 2017-18, supporting people to stay in their own homes. This will increase the total budget for this year to £473 million.

Alcohol and tobacco taxes

- The government will introduce a new duty band for still cider and perry from 6.9% to 7.5% alcohol by volume.
- Duty rates on all tobacco products will increase by two percentage points above RPI inflation until the end of this Parliament. Hand rolling tobacco will increase by an additional one percentage point.
The Minimum Excise Tax for cigarettes will rise to be set at £280.15 per 1,000 cigarettes.

Reaction to the Budget

Niall Dickson, Chief Executive of the NHS Confederation, said: “This is another missed opportunity and falls well short of what is needed to relieve the massive pressures facing the NHS today.

“Over the years the NHS has required increases of around 4% above inflation to deal with demand and maintain services. What the Government is promising for next year represents around 1.4% plus whatever is allocated to cover the lift in the pay cap.

“Of course, the extra money announced is welcome as is the promise of more capital and some more funds for this year. It was better than we expected but it does not begin to take account of the enormous challenges we have to confront over the next few years.

“What is more the Chancellor did not even mention social care – the extra £1 billion for this year and next year was totally inadequate and will leave health and social care unable to meet demand and more importantly thousands of older people without the care and support they need.

“We have consistently argued that the health and care funding challenge will not be addressed until politicians face up to the reality of what confronts us and until there is consensus for the longer term around what as a society we are willing to pay for.”

Danny Mortimer, chief executive of NHS Employers, said: “We look forward to continuing to work with trade union colleagues and the Department of Health to agree how contract arrangements can be reformed and how our employees will benefit from a lifting of the pay cap. There is a great deal to discuss but the Chancellor’s commitment to fund the additional pay bill is welcome.

“Meanwhile, NHS organisations are working hard to address staff concerns and better retain vital skills. But they also need national support.

“Increasing training numbers and improving access to affordable housing are welcome recent interventions to help employers recruit and retain staff, but investment is also needed in training budgets (known as continuing professional development, or CPD) as well as reform of migration policy and greater flexibility in apprenticeships.”
Julie Wood, Chief Executive of NHS Clinical Commissioners, said: “The Chancellor today rightly acknowledged the immense pressure the NHS is under. We are pleased by the confirmation in today’s budget that there will be additional funding provided to cover the costs of the much-needed removal of the pay cap. We also welcome the capital funding that has been announced which will help the transformation agenda for STPs – however this, along with the additional revenue funding announced will only go some way towards alleviating the pressures on the NHS. It falls far short of the funding that has been called for by patients, the public and across the health and care sector – funding which is desperately needed to allow us both to sustain the NHS and to transform services and the way they are delivered for the better.

“The difficult decisions that clinical commissioners and their colleagues across the system are having to make on a daily basis are already starting to become impossible choices – it must be acknowledged that the level of support offered by today’s budget won’t change this. Our members will continue doing their utmost to ensure their patients and populations are provided with the best possible healthcare, but can only do this within the funding they are allocated.”

David Hare, Chief Executive of NHS Partners said: “The NHS Partners Network welcomes the additional funding announced in the Chancellor’s Budget and it is now vital that this money is used to make the ‘significant inroads’ needed to reduce waiting times for patients and help the NHS once again meet its performance targets.

“The announcement of £3.5bn of new capital funding is also to be welcomed given the NHS’ desperate shortage of capital. Once this investment is made, it’s important that the NHS works closely with the independent sector who can bring managed service solutions to help ensure the health service gets the best possible value for money of any new capital.”

Sean Duggan, Chief Executive of Mental Health Network said: “The Treasury has missed a critical opportunity today to ease the strain on mental health services.

“Simon Stevens said earlier this month that fulfilling the commitments in the Five Year Forward View for Mental Health was becoming ‘increasingly difficult’ for the NHS. Without the resources for proper implementation, any innovations or improvements are unlikely to achieve their potential.

“The sector is awaiting the Government’s support to enable much-needed funding to reach the front line. Our members continue to deliver high standards of care despite the pressures they are under but it is unclear how long this can continue without increased investment.

“We urge the Government to deliver on its promises and ensure that mental health remains high on the agenda.”