

Budget 2020

A member briefing

The Budget sought to tackle both the 'levelling-up' narrative and provide reassurance in the government's economic response to the COVID-19 outbreak. For health this meant an extra £6 billion through the course of this parliament to tackle a large shopping list of promises, including 50,000 new nurses, 50 million more GP appointments and 40 new hospitals, but with no detail on how this money will be allocated. In addition, there was a notable intervention with the lifting of the pensions annual allowance taper, which the NHS Confederation, including NHS Employers, had been calling for.

The Budget also provided a series of measures which focused on the COVID-19 outbreak, including a £5 billion emergency response fund for public services but again with no indication of how much will be portioned off for the NHS. The devil will be in the detail and today's Budget only marks the first of a trilogy of fiscal events throughout the year. There was also little mention of social care. A blank cheque to give the NHS 'whatever it needs' will fail to meet the ambitions of the NHS Long Term Plan and deal with the many issues faced by the sector unless it is allocated appropriately and social care is also tackled, which is far from 'done.'

Key points

- The Chancellor sought to shore up UK public confidence in the government's ability and commitment to deal with COVID-19 by announcing £5 billion of emergency funding for the NHS and other public services. He stated that whether it takes 'millions or billions,' the NHS will receive the funding it needs to cope with additional strain placed on it by the coronavirus.
- In addition to funding for the NHS on coronavirus, the government presented a £30 billion stimulus package to keep small firms operating, and help for people who can't work because they are ill or isolated.
- The government will change pensions tax rules to ensure that NHS staff across the UK – including senior doctors – whose income is less than £200,000, can work additional hours for the NHS without their annual allowance being reduced.
- On NHS spending, the government refreshed its commitment to £34 billion over the next five years, and in addition announced a further £6 billion in new funding over the course of this parliament.
- The Chancellor reaffirmed the intention to build 40 new hospitals, employ 50,000 more nurses and open up 50 million more GP appointments, as set out in the Conservative party manifesto last year.
- No new funding was announced for social care.

Political context

The Chancellor, less than a month into his new role, delivered a Budget in the wake of the COVID-19 outbreak. This, along with competing narratives of the 'levelling up' and climate change agendas, pressures to raise revenue and the elasticity of the government's fiscal rules, played a key role in shaping the Budget outcome.

In tandem with media reports, increases to capital spending, with a gross figure of over £600 billion over the five-year parliament, did mark a significant change in broad brush spending commitments. But the devil, as ever, is in the detail and the Budget only marked what it set to be a trilogy of key fiscal events over the course of this year, with the Comprehensive Spending Review due to report in July and an Autumn Budget to follow. The National Infrastructure Plan has also been delayed beyond the Budget.

The Budget was of course delivered during significant uncertainty surrounding the outbreak of COVID-19 and this led to a twin narrative. The first narrative was of reassurance that the government would do everything required to support individuals and businesses through a "difficult few months," this included a three-point plan which led with the "NHS receiving whatever help it needs, whether research for a vaccine, recruitment for thousands of returning staff or supporting our doctors and nurses." The Budget also allocated a £5 billion emergency response fund for the NHS and other public services, without exact commitments.

The second narrative was focused on the levelling up agenda and there was significant play on getting policy commitments 'done.' Whilst the Budget did provide headline figures of a £6 billion increase to the NHS funding settlement, there is a long shopping list of workforce commitments against it, including the promise to deliver 50,000 more nurses, 50 million more GP appointments and 40 new hospitals. The allocations and detail will have to wait until the forthcoming NHS People Plan and Comprehensive Spending Review. However, social care remains the Achilles heel in realising the ambition of the NHS Long Term Plan and the Budget only confirmed that this "will be tackled in the coming months", and follows a letter from the Secretary of State to MPs and peers last week calling for cross-party talks on a long-term settlement.

In this political context, the extra funding commitments are welcome but following on from a particularly difficult winter and an unprecedented summer ahead, further detail and the allocation of new commitments cannot come soon enough, and social care has been kicked down the road yet again.

What the Budget means for the NHS

COVID-19

- £5 billion COVID-19 funding has been made available to fund pressures in the NHS; support local authorities to manage pressures on social care and support vulnerable people; and help deal with pressures on other public services. The size of the fund will be reviewed as the situation develops, to ensure all necessary resources are made available.
- The government is providing the National Institute for Health Research with £30 million of new funding to enable further rapid research into the disease. The funding could also allow rapid screening of potential therapeutics and support clinical trials to inform treatment and improve patient outcomes.
- The government will increase the capacity and capability of diagnostic testing and surveillance facilitated by Public Health England to support the NHS, by providing an additional £10 million of new funding to the Department of Health and Social Care.
- The government has already issued guidance to employers, advising them to use their discretion not to require a GP fit note for COVID-19 related absences. The Budget set out that the government and the NHS will bring forward an alternative to the fit note in the coming weeks, which can be used for the duration of the COVID-19 outbreak. This system will enable people who are advised to self-isolate to obtain a notification via NHS111, which they can use as evidence for absence from work, where necessary. This notification would meet employers' need for evidence, whilst taking pressure away from general practices.

Pensions

- The government will change pensions tax rules to ensure that NHS staff across the UK – including senior doctors – whose income is less than £200,000, can work additional hours for the NHS without their annual allowance being reduced.
- To support the delivery of public services, particularly in the NHS, the two tapered annual allowance thresholds will each be raised by £90,000. This means that from 2020/21 the threshold income will be £200,000,

so individuals with income below this level will not be affected by the tapered annual allowance. The annual allowance will only begin to taper down for individuals who also have an adjusted income above £240,000.

- For those on the very highest incomes, the minimum level to which the annual allowance can taper down will reduce from £10,000 to £4,000 from April 2020. This reduction will only affect individuals with total income (including pension accrual) over £300,000. The flexible accrual proposals consulted on by DHSC for senior clinicians in the NHS Pension Scheme will not be taken forward.
- The lifetime allowance, which is the maximum amount someone can accrue in a registered pension scheme in a tax-efficient manner over their lifetime, will increase in line with the Consumer Price Index for 2020/21, rising to £1,073,100.

Workforce

- The Budget reaffirmed the delivery of a significant funding package to improve the recruitment, training and retention of nurses in England, ensuring there are 50,000 more in the NHS; and for the recruitment, training and retention of up to 6,000 more GPs and 6,000 more primary care professionals in England, such as physiotherapists and pharmacists. This is expected to create 50 million more GP surgery appointments a year.
- As previously announced, from September 2020 all new and existing students on nursing, midwifery and allied health courses in England will benefit from additional non-repayable maintenance grants to help with living costs. Students will receive at least £5,000 a year, with up to £3,000 of further financial support available for eligible students with childcare responsibilities, as well as those studying in regions and specialisms where trusts find it difficult to recruit nurses.

Capital investment

- £8.2 billion is allocated for health and social care department spend 2020/21.
- The government will protect the level of NHS operational capital investment in England by increasing the DHSC's capital budget by £683 million in the new financial year 2020/21. This will allow trusts to continue to invest in important capital projects such as estate refurbishments and building maintenance.
- The government will invest over £100 million in 2020/21 to make progress on 40 new hospital projects, as part of a long-term programme of investment in health infrastructure.

- This will be accompanied by an increase in the Department of Health and Social Care's capital budget of £683 million in the 2020/21 financial year to protect the level of NHS operational capital investment. This will allow trusts to continue to invest in important capital projects such as estate refurbishments and building maintenance.

Mental health

- The government will provide funding over the next three years to speed up the discharge of individuals with learning disabilities or autism into the community from mental health inpatient care in England.
- New funding amounting to a £10 million uplift in 2020/21 will go to the Armed Forces Covenant Fund Trust, to deliver charitable projects and initiatives that support veterans with mental health needs.

Social care

- No new funding commitments were made on social care in this Budget. The Chancellor directed members of the House to the Secretary of State for Health and Social Care's invitation to join cross-party talks on the future of social care, which are expected to commence in May.
- The government has previously committed to investing £1 billion funding for social care next year, as announced at the 2019 Spending Review.
- The Budget confirms that this additional funding will continue for every year of the current parliament, to continue to stabilise the system.

Prevention

- In order to improve our understanding of how to reduce the burden of illness in the future, the government is committing £12 million of new funding for the National Institute for Health Research to invest in prevention research, supporting local authorities to grow their research capabilities for the longer term.
- As announced in September 2019, the government is providing £200 million for the NHS in England to replace its oldest diagnostic equipment, including MRI machines, CT scanners and breast screening equipment. The new equipment will improve the quality of screening and speed of diagnosis for illnesses such as cancer.

Other

- To ensure that new arrivals to the UK contribute to the funding of the NHS, the immigration health surcharge will be increased to £624. The government will also introduce a new discounted rate of £470 for children in recognition of the increased financial impact on family groups.
- The government will scrap hospital car parking fees in England for those in greatest need, including patients with a disability and/or terminal illness and their families; patients with regular appointments; parents of sick children staying overnight; and NHS staff working night shifts.

NHS Confederation viewpoint

Responding to the Budget, **Niall Dickson, chief executive of the NHS Confederation**, said:

“Covid19’s spread means the NHS is undergoing one of the greatest challenges in its 70-plus-year history. The Chancellor’s pledge of £5 billion investment to support public services in tackling the virus, with the promise of more if needed, is therefore good news. We do not yet know how great the impact will be, but the service is bracing itself for a significant shock.

“It may not seem important, but the decision to tackle the pensions crisis affecting senior doctors is also a positive move. We have repeatedly called for action to address this because it was the cause of delayed and cancelled operations and clinics. In other words, patients were suffering.

“Senior doctors were having to refuse to undertake extra work for fear of being hit with hefty or unexpected tax bills – even to the point where they could be worse off doing the extra work than doing nothing at all. The Budget announcement should hopefully make this a thing of the past for the vast majority of doctors, by lifting the pensions annual allowance taper. We need to look at the details in full but we are pleased that the government has listened to our entreaties, which were motivated by our determination to protect patient care.

“The extra £6bn investment in the NHS, as announced previously, is welcomed too but the devil will be in the detail on how this will be allocated.

“Our remaining big concern today is the worry that the government is kicking the can down the road for social care. We fervently hope the cross-party talks announced last week will bring results and we repeat our plea that the government must be prepared to deal with the crisis that is here and now, as well as tackling long-term reform.”

Responding to the announcement in the Budget that the threshold for the annual allowance taper in the NHS Pension Scheme will be raised, **Danny Mortimer, chief executive of NHS Employers**, which is part of the NHS Confederation, said:

“Employers across the NHS will welcome this significant step in reforming pensions taxation.

“The overwhelming majority of NHS employees will no longer face the uncertainty and distress of the application of the annual allowance taper based on additional NHS earnings. This importantly provides certainty for them. Employers will also hope that this announcement reassures clinical colleagues so that they can agree to undertake additional work without the perverse consequences that have resulted in recent years.

Responding to the Budget, **Sean Duggan, chief executive of the Mental Health Network**, which is part of the NHS Confederation, said:

“We know that mental health inpatient care is often not the appropriate environment for people with learning disabilities and/or autism so the government’s announcement today that it will seek to speed up the discharge from inpatient services is extremely welcome.

“Additional funding will allow current models of care to be transformed in order to better support people in the community without the need for lengthy inpatient stays.

“An essential part of bringing people back into their community is ensuring people with a learning disability and/or autism have access to appropriate supported housing and we hope that today’s announcement will unlock opportunities for more people to find the supported housing they need within the communities they need it.”

About the NHS Confederation

The NHS Confederation is the membership body brings together and speaks on behalf of organisations that plan, commission and provide NHS services in England, Northern Ireland and Wales. We represent hospitals, community and mental health providers, ambulance trusts, primary care networks, clinical commissioning groups, integrated care systems, as well as independent sector organisations providing NHS care.

To find out more, visit www.nhsconfed.org or email ExternalAffairs@nhsconfed.org



18 Smith Square, Westminster, London SW1P 3HZ

Tel **020 7799 6666**

Email **enquiries@nhsconfed.org**

www.nhsconfed.org

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