



The Rt Hon Philip Hammond MP  
Chancellor of the Exchequer  
HM Treasury  
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*Don Chandler,*

The signatories of this letter represent professionals, commissioners and providers of services across the NHS and adult social care in England, and importantly, the people who use and rely on these vital services as well as their unpaid carers.

We are writing to urge you to:

1. Revisit the spending plans for both the NHS and social care for 2018-19 and 2019-20
2. Provide a long-term sustainable funding solution for adult social care up to, and beyond, 2020
3. Provide ring-fenced transformation funding to enable new models of care to be developed
4. Relax pay restraint with the Government fully funding any additional costs
5. Deliver the Conservative manifesto commitment on capital investment.

### **Background**

The Care Quality Commission has acknowledged that front line services have managed well given the financial constraints of recent years, but has concluded that they are now in a precarious condition.<sup>i</sup> These services are already unable to keep up with demand and to meet the standards set out in the NHS Constitution and the requirements under the Care Act. As a result, the government is already failing to meet its statutory obligations and millions now face unacceptable delays and difficulties in accessing treatments, care, information and support.

- Patients are stuck in hospital - the number of days patients are in hospital when they could be discharged has risen by nearly one third since January 2015<sup>ii</sup>.
- The care market is fragile – most councils report that some social care providers are ceasing trading, or handing back contracts<sup>iii</sup>.
- More than half of A&E departments are not meeting the required four hour standard<sup>iv</sup>, leaving patients with unacceptably long waits for treatment and ambulance resources significantly held up waiting to handover patients.<sup>v</sup>
- 4 million patients are waiting for planned operations.<sup>vi</sup>

We recognise that there will be many calls on public spending but we are clear that without additional resources there will be a further deterioration in what can be provided for patients, service users and carers.

### **Revisit existing spending plans**

Since 2010 both the NHS and local government have delivered significant savings. However, we accept that there is more to do and we support the major reforms underway to create a more joined up system with better support for patients and service users. However, the evidence is clear that these reforms cannot close the significant gap between funding and need over the next two years.

The Conservative Party manifesto promised that NHS spending would increase by £8 billion in real terms over the next five years.<sup>vii</sup> Under current plans, as assessed by The King's Fund, the Department of Health budget will increase by £2.8 billion over the next three years.<sup>viii</sup> Even if the government were only to stick to its current commitment, we believe the remaining £5.2 billion should not be reserved for the last two years of the parliament. It should instead be brought forward now to address significant current challenges.

Supporting transformation is vital. But any commitments or targets imposed on the NHS and social care must be realistic, properly costed and agreed with those who are accountable for delivery.

We also urge the government to go further and consider the projections by the independent Office of Budget Responsibility (OBR) which suggest that a real terms increase of around £30bn will be needed in five years' time to enable the NHS alone to deal with these pressures.<sup>ix</sup>

In the light of this, the Treasury should revisit its current spending plans for 2018/19 and 2019/20 to make sure that the system is able to maintain high standards of care.

### **Bring forward proposals for the sustainable funding of social care**

The Conservative Party manifesto also promised 'medium and long-term solutions to put elderly care in our country on a strong and stable footing' and to make sure that the system has the funding and staff required to deliver the highest possible quality of care.<sup>x</sup> The government should, at the earliest opportunity, bring forward and consult on clear and wide-ranging options for a sustainable social care system up to and beyond 2020. This would also serve to recognise the importance of adult social care in achieving long-term transformation.

### **Ring-fenced transformation funding**

Fundamental changes are needed in the way care is delivered but many of these will need pump priming. Without significant transitional support there is a danger that moves to reform the system will stall.

The sustainability and transformation fund (STF) was intended to be used to transform services as well as reduce NHS provider deficits. It has become an integral part of NHS finances and has helped to bring deficits down. However, little of the money has been allocated to transformation.

To make sure that resources are directed specifically at transformation, we would urge you to introduce a ring-fenced, non-recurrent fund in addition to the STF. This would be used to support credible local plans, or agreed as part of an 'invest to save' strategy. An additional £2 billion should be made available to local systems for each of the next two years solely for the purpose of transforming services.

At the same time, the government should work with all parts of the service to agree a future mechanism for allocation of the STF after 2019/20 to create a better balance between financial sustainability, performance and transformation.

### **Relax pay restraint**

The current pressures on recruitment and retention are already affecting the care and treatment that is being delivered, with staff shortages across all parts of the country. Pay restraint is a major factor affecting staff working in health, social care and the wider public sector. Vacancy rates, particularly in clinical grades in both hospital and community alternatives, are now affecting the quality of care which people experience. We therefore support a relaxation of pay restraint, but additional costs that result must be funded in full by the government. In particular there should be no further deterioration in the supply of nurses in parts of the system, such as in care homes.

### **Capital investment**

There is also a need to invest in buildings, equipment and technology. There is a serious and growing backlog of maintenance work which has been made worse by cuts in capital funding in the NHS over the last three years.<sup>xi</sup> The Conservative Party manifesto promised to fund 'the most ambitious programme of investment in buildings and technology the NHS has ever seen'.<sup>xii</sup> It is important the government now delivers on this pledge.

### **Our commitment**

We believe that health and social care funding should be treated as two parts of a single system. A more favourable settlement for one part, without a plan for the other, risks exacerbating existing pressure, tensions and imbalances.

Health and social care are too often seen just as calls on the public purse – we very much hope you will recognise that in fact they are essential building blocks in the construction of economic prosperity. The combined employment in both sectors exceeds 2.5 million and represents a substantial contribution to the local and national economies with further opportunity for job and wealth creation.

The arguments put forward in this letter refer to services in England for which the UK government has direct responsibility, but we are clear that similar pressures exist in other parts of the UK and we believe that comparable funding must be made available to make sure these services are similarly supported.

Every one of our organisations is keen to work with you and your colleagues to make sure that additional funds are used in the most effective way possible and that there are clear returns for any additional investment. Our shared goal must be to deliver the care which the public demand and need.

Yours sincerely



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(Including NHS Employers, NHS Clinical Commissioners, Mental Health Network)

Margaret Willcox, President, Association of Directors of Adult Social Services

Professor Carrie MacEwen, Chair, Academy of Medical Royal Colleges

Bob Bell, Chair, Association of UK University Hospitals

Heléna Herklots, Chief Executive, Carers UK

Saffron Cordery, Director of Policy and Strategy, NHS Providers

Chris Askew, Chair, Richmond Group  
(including Age UK, Alzheimer's Society, Arthritis Research UK, Asthma UK, Breast Cancer Now, British Heart Foundation, British Lung Foundation, British Red Cross, Diabetes UK, Macmillan Cancer Support, MS Society, Rethink Mental Illness, Royal Voluntary Service Stroke Association)

Dr Tajek B Hassan, President, Royal College of Emergency Medicine

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<sup>i</sup> Care Quality Commission, (2017), The state of health care and social care in England, 2016/17

<sup>ii</sup> NHS England's delayed transfers of care data webpage, April 2017

<sup>iii</sup> ADASS Annual Budget Survey 2017

<sup>iv</sup> Figures from NHS England Q2, 2017-18 A&E Attendances & Emergency Admission monthly statistics, NHS and independent sector organisations in England.

<sup>v</sup> NAO Report, January 2017 HC 972 Page 21

<sup>vi</sup> NHS referral to treatment (RTT) waiting times data June 2017, NHS England, August 2017

<sup>vii</sup> Forward Together, (2017) The Conservative Party Manifesto, Page 66

<sup>viii</sup> Kings Fund, (2017) The NHS Budget and how it has changed, DH Budget in Real Terms/Prices at 2017/18

<sup>ix</sup> OBR (2017) Fiscal sustainability report, January 2017, OBR

<sup>x</sup> Forward Together, (2017), The Conservative Party Manifesto

<sup>xi</sup> NHS Digital (2017) Estates Return Information Collection (ERIC) 2016-17

<sup>xii</sup> Forward Together, (2017), The Conservative Party Manifesto, 2017, Page 67