



11 January 2018

Rt. Hon. Jeremy Hunt MP
Secretary of State for Health and Social Care
Department of Health and Social Care
39 Victoria Street
London SW1H 0EU

Dear Secretary of State,

Congratulations on your reappointment and the expansion of your role. We welcome your new responsibility for the social care green paper and are pleased that the deep interdependency between health and social care has been further recognised.

We are writing to you now as we believe the current winter pressures facing the NHS have brought us to a watershed moment. Despite preparing for this winter better than ever before, national and local preparations have been insufficient to meet the levels of patient demand that trusts and primary and social care are now experiencing. As a result, care in too many places has fallen below the standard we would all want, with knock on effects throughout the wider health and care system.

The current approach to managing winter pressures has become unsustainable – in the words of one of our board members this week: “we cannot carry on trying to manage the NHS in this way”. This is symptomatic of a much wider issue – the mismatch between what the NHS is being asked to deliver and the funding and workforce available and the subsequent fragility of the wider NHS.

Our members would propose that the Government take three actions in response to these challenges.

1. Sustainably address the gap between required NHS service levels and current funding

In the November Budget, the NHS in England received more funding for 2018/19 than expected, but less than was needed. Any extra investment in the NHS is welcome given the overall economic context and the other demands on public expenditure. But the increase remains insufficient to enable the NHS to deliver all that is being asked of it next year.

Despite the best efforts of frontline NHS staff, last year, for the first time ever, the service was unable to deliver the three key acute care targets in A&E, elective surgery and cancer waiting times. Recovery of the four hour A&E standard to the trajectory set out in the *Five Year Forward View Next Steps* now looks impossible. Regaining the 18-week elective surgery standard alone would cost an estimated minimum of £2-2.5bn, and this calculation was made before recent decisions to cancel elective operations. This amount is far more than the Budget’s £1.6bn of revenue funding. In short, we have now reached the point

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where the NHS is unable to meet the standards of care required by the NHS Constitution.

Looking longer term, three independent health think tanks estimate, based on projections from the Office for Budget Responsibility (OBR), that health spending would need to rise to approximately £153bn (from £123.8bn in 2017/18) by 2022/23 to maintain standards of care and meet rising demand.¹ Current Government plans are significantly lower.

As you have helpfully identified, the Government must therefore now move quickly to create a sustainable long term funding settlement for health and care that enables the NHS to meet the standards set out in its constitution. We cannot afford any further delay.

There has been a lot of recent speculation about how such a settlement might be created, including calls for a Royal Commission or a cross-party review. Given the impact on overall public expenditure, the tax system and other public services, setting funding levels for health and care will always be a political decision that can only be made by an elected Government. The impact of some of the ideas under discussion – for example a hypothecated health tax and your own suggestion of a ten year financial settlement – confirms this.

The last decision to structurally increase NHS funding, in the 2000s, was made without the need for a full Royal Commission. It was a political decision, supported by a Government commissioned review, run by the Treasury.

There is much existing, high quality, work for the Government to draw on:

- The Office of Budget Responsibility (OBR) has published robust estimates of required future health and care spending;
- The Barker Commission has set out how we can effectively integrate health and social care, including pooling health and care funding; and
- A recent cross-party House of Lords Committee has reviewed what is needed to create a sustainable NHS, drawing on the widest range of evidence. This has been usefully supplemented by work from the cross-party Commons Health Select Committee.

So, whilst we recognise the need to build a consensus around any major changes, the Government now needs to set out how it will create the sustainable, long term, health and care funding settlement you have rightly called for. Given the urgency of this task, substantial progress needs to be made by Budget 2018. We would therefore ask the Government to set out a clear process and timeline, within the next 6-8 weeks, on how it will make the decisions you have said are required and how this would relate to Budget 2018.

2. Review this winter's preparations and performance

Given the challenges the NHS has faced this winter, it is vital that we properly and publicly review NHS winter preparations and performance. As a starting point, the issues we would expect to be covered include:

- Whether the NHS has sufficient capacity to deal with the winter demand the NHS knows it can expect, including the adequacy of bed numbers and staffing levels;
- The efficacy of the new national planning approach, including the role of national and local assurance as well as the National Emergency Pressures Panel (NEPP) and the decisions that have been made this year;
- The adequacy, timing and allocation of extra winter funding;

¹ Nuffield Trust, the Health Foundation and The King's Fund analysis:
<https://www.kingsfund.org.uk/publications/autumn-budget-2017>

- System resilience (i.e. in mental health and community services, primary care and social care as well as in the acute and ambulance sectors) before the start of winter;
- The process and impact of cancelled elective operations and how we balance urgent and planned care over the winter period; and
- The role and availability of primary care and social care, and their involvement in winter planning.

Whilst a winter review was conducted last year, we believe that the process could be significantly improved. We need an early public commitment from you that such a review will be commissioned. The terms of reference should be set in consultation with the wider sector, not just by the Department and its arm's length bodies (ALBs). The review must also explicitly draw on the experience, views and input of frontline NHS and social care delivery organisations, and their representatives.

3. The immediate short term

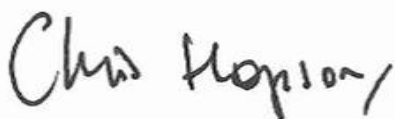
With winter pressures set to continue until at least mid-February, the immediate task is to ensure the best possible care for patients now. NHS trusts are doing all they can to provide such care and will continue to work closely with the ALBs to this end.

They are, however, concerned about the financial impact of the extra costs they have incurred and the elective income they are likely to lose following the recent decisions made by the National Emergency Pressures Panel (NEPP) to postpone elective surgery cases. This will mean that many more trusts than currently planned will lose access to financial and performance target-dependent funding and/or be financially penalised by commissioners. This has a clear impact on their day-to-day financial stability as well as their ability to recover targets, invest in capital maintenance and transformation and reduce the provider sector deficit. I hope the NHS can be assured of your support in managing the financial consequences of these exceptional winter pressures in a sensible way, while maintaining overall financial discipline. We would particularly note the shared control of the Sustainability and Transformation Fund across DH, Treasury, NHS England and NHS Improvement. I am writing in detail to the ALBs on these issues and will ensure you are copied.

The NHS trusts we represent believe that they can continue to provide outstanding care if they are properly funded and equipped to do so. We welcome your recognition of the need to create the right long term financial settlement for health and care. But urgent action is now needed on this issue if we are not to lose the hard won gains the NHS has made over the last 15 years.

We are releasing a copy of this letter publicly.

Yours sincerely



Chris Hopson
Chief Executive