Sarah Wollaston Chair, Health Committee

It is a pleasure to follow my hon. Friend Dr Whitford.

I want to touch briefly on the importance of clear data, the current financial position, and the need to agree on a settlement for the future in this House rather than continuing to have such confrontational debates.

I can see how the £10 billion figure has been arrived at: by adding an extra year, starting from 2014-15, and by transferring budgets to NHS England. When the Secretary of State refers to the NHS, he is actually referring to NHS England. He is not including public health. He is not, for example, including Health Education England. However, it is crucial that they are considered. As my hon. Friend the Member for Central Ayrshire said, when we talk about transferring money from public health to the NHS England budget, we are cutting off our ability to control the increase in future demand. We face significant challenges, which we will not address unless we invest in those future services.

We sometimes talk about public health as if it were not front-line care, but it is. We are talking about, for instance, services to help people with addictions and sexual health services’ really important costs for the NHS. There is also the challenge of the reduction in Health Education England’s £5 billion budget, £3.5 billion of which is spent directly on the wages of health service doctors who are undergoing training, but also delivering front-line services. Cuts to Health Education England cut us off from future sustainability, because that is the budget that trains, retains and sustains our existing workforce. This is all crucial to front-line services.

The other way in which the £10 billion figure has been arrived at is by changing the baseline from which we calculate real-terms increases. I would say that it has never been more important than it is now for the public to have confidence in the data that we use. Trying to return us to talking about total health spending is not trying to be awkward; it is trying to be honest with the public. It is difficult to argue that more funding for health and social care is necessary if a £10 billion increase has been claimed. It is important that we continue to use the same consistent baselines that have been used in the past, so that the public can see what has happened to total health spending.

I welcome the front-loading of the settlement, and I welcome the fact that the NHS has been relatively protected in comparison with other departments, but the scale of the increase in demand is extraordinary. When Simon Stevens talked about welcoming the increase that had been granted, he made it clear that it was dependent on a fair settlement for social care and a radical upgrade in public health, and those two aspects are lacking.

I think that both sides are correct. I can see how the Secretary of State has arrived at the £10 billion figure, but whenever that figure is used we should also present a figure that refers to total health spending in the way in which it has always been referred to in the past. I
think that that would help to build the Secretary of State's case for an increase in funding as we go forward.

Like others, I hope that we shall see an uplift for social care in the autumn statement, because the impact of social care on the NHS is now profound. There cannot be a Member in the House to whom it has not been made clear by people who come to his or her surgery that the state of the care system is in collapse and providers are in retreat. Even those who can afford to pay are finding it difficult to gain access to care.

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Sarah Wollaston Chair, Health Committee

We know it does, and the CQC report describes social care as being at a tipping-point; it is in a very fragile state and we owe it to all our constituents to try to come together to agree where we go from here. Many have proposed a royal commission to look at future sustainability, but we have had commissions: the Barker commission set out the options, and the House of Lords is looking at future sustainability and the range of options.

I urge colleagues across the House to try to agree, rather than having this continual confrontational debate. The best way forward would be for all parties in this House to agree that this is an enormous challenge. My personal belief is that we should stick with our current very equitable system of state funding of our NHS, look at the various options and agree between us that we need to address this. We cannot keep ducking it; we owe it to all our constituents to adopt a much more constructive tone to our debate.

We know that the current position is unsustainable, and that was reiterated in today's National Audit Office report. We can continue to shout across the Chamber about how much is spent, but we know this will be a challenge whoever is in power, and I urge all colleagues to focus instead on a different approach. Yes, more can be done within the NHS, but I am afraid that the elastic is stretched far too tight for social care to make any more efficiencies. We now need to work together to see how we can fund this going forward.

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Sarah Wollaston Chair, Health Committee

All I clarified was that the way it had been arrived at is not a way that the public would understand health spending, so I think the Minister is perhaps taking my words out of context, if he will forgive me.

Philip Dunne The Minister of State, Department of Health

We never claimed that we were increasing the Department of Health's budget; we were talking about the increases to the NHS. For complete clarity, in 2014-15 the NHS budget was Â£98.1 billion; in 2020-21, it will be Â£119.9 billion. For Opposition Members who cannot do the maths, that is a Â£21.8 billion increase in cash terms to NHS England, or Â£10 billion in real terms. We promised Â£8 billion; we are delivering Â£10 billion.

We also listened to NHS leaders' requests for a front-loaded settlement and delivered on thatâ€”it was welcomed by hon. Members in today's debateâ€”with Â£6 billion of the Â£10 billion increase coming by the end of this year, including a Â£3.8 billion real-terms increase in this year alone.
We have also created a £1.8 billion sustainability and transformation fund for the current year to help providers to move to a sustainable financial footing. This fund will mainly be allocated to emergency care provision, which faces some of the greatest demand growth and financial pressures within the system.

This brings me to the next important point I want to address. While more funding is obviously welcomed, hon. Members have drawn attention to rising deficits in the budgets of NHS providers. We recognise that stronger financial management is required to turn this situation around, and we have introduced robust governance arrangements to get things back on track. There are four main elements to this plan: extra investment in the spending review, as I have discussed, and freeing up local government to spend more on adult social care; restoring financial discipline in the short term, through the measures set out by NHS England and NHS Improvement in July, with a wide-ranging set of actions; reducing demand for acute care in the longer term; and driving efficiency and productivity across the provider sector, building on the work of Lord Carter, who has identified large variations in efficiency across non-specialist English acute hospitals, and controlling cost pressures. The need to reduce variations was raised by my hon. Friend Andrew Selous in his very constructive contribution, and by Jim Shannon. We agree that we need to reduce the variability in the poorly performing trusts and bring them up to at least the average standard, if not higher.

We are now beginning to see the first fruits of the plan, with the publication last Friday of the figures for the second quarter deficit, which has been reduced to £648 million, down from £1.6 billion in the same period last year, representing a £968 million improvement. Progress halfway through the financial year is therefore encouraging, but there is no room for complacency. That is why the system needs to stick to its strong financial plan, supported by our investment and by a series of measures set out to help hospitals to become more efficient and to reduce the use of expensive agency staff.

Several hon. Members talked about the sustainability and transformation plans, 28 of which have now been published. The remainder will be published by the end of next month. Half of the Labour Members who spoke in the debate talked specifically about the STP covering Cheshire and Merseyside. It was disappointing that only one of those three Members was able to attend the Westminster Hall debate earlier today in which we discussed conditions in Cheshire and Merseyside. I remind Labour Members that that STP was led by the chief executive of Alder Hey hospital in Liverpool, with whom I would strongly encourage hon. Members who are complaining about a lack of engagement to have a conversation.