

17 October 2019

Dear Sajid

## **AUTUMN BUDGET 2019**

I wrote to you in August on my departmental spending priorities. We have made progress in our work together to successfully launch a number of significant proposals over the summer, placing the NHS at the top of this Government's domestic agenda.

There is clearly more to do, however. I have continued to develop my priorities and I am writing now to draw out areas where an announcement at the planned Budget 2019 would be helpful. The NHS is the public's top domestic priority, and we should ensure that the Budget continues to demonstrate that this Government is serious about supporting the frontline of our health service.

### **Workforce**

The Prime Minister has set out his personal focus on supporting the people in our NHS. We know that no issue matters more to the public or is more visible than the number of staff in the NHS, yet we are facing the legacy of lack of workforce investment that we must now correct. The shortage of numbers is working its way into pay pressures manifested in agency and locum rates, which will make future pay rounds harder unless we tackle the shortages now. We have an opportunity to build on the success of the Long Term Plan and the Spending Round, and to take unprecedented action to put the NHS workforce on a sustainable footing. My two strategic priorities here are increasing nurses and access to primary care.

As a Government, we have rightly and unambiguously committed to recruiting 20,000 additional police officers by 2023, reflecting the importance the public place on ensuring the police have the resources they need to tackle serious violence and make the UK's streets safer. We should now do the equivalent for nurses, committing now to deliver an extra 40,000 nurses by 2025, visibly backed by radical policy action. Not

only will this address real shortages on the frontline and improve quality of care, it will plainly demonstrate to the public that we are supporting the professionals who are there for them at their times of greatest need. The evidence is clear that a piecemeal approach will not fix nurse shortages; we must act big.

With regards to primary care, I am proposing a package that will provide extra capacity in the system by making 30 million more appointments available each year to help with access. This will be delivered through a further expansion in primary care staff (6,000 more non-GP professionals on top of the 20,000 already announced) and ensuring NHSE deliver on the commitment of 5,000 more GPs and commit further investment to deliver a step change in retention initiatives. In addition, we would continue to ensure we have record GPs in training, through increasing the number of GPs in training by a further 500 each year (to reach 4,000 in total) to provide sustainable supply of domestically-trained staff to meet the country's health needs in the medium term. Expanding access to primary care will directly support action to tackle the unsustainable rise in admissions, reducing NHS spending pressures in the long term.

My officials will write with the full policy proposals for both of these areas.

As you know, we are also seeking to support the NHS workforce through consulting on introducing full flexibility into the NHS Pension Scheme. Responses to the consultation, whilst acknowledging the importance of flexibility in accrual, argue that without reform or removal of the taper, there will still be a significant problem. My officials stand ready to engage with yours on your approach. It is critical that any changes to the lifetime allowance or annual allowance win the support of the professionals we care about, and I expect to engage fully on the details ahead of any final decisions.

If we can make progress on the above measures it will send a significant signal of support to the NHS ahead of this winter, a workforce where we rely hugely on discretionary effort and good will during the most challenging months of the year. As you know No.10 attach considerable importance to the narrative and plan for this winter. One area where we are potentially vulnerable is adult social care. Building on

the welcomed support earlier in the year at the spending round, and drawing on the evidence from last winter's funding; a further £240m million for adult social care this winter would buy over 35,000 home care packages and over 15,000 care home placements.

### Transforming care

I would also like to take this opportunity to address a pressing issue with the Transforming Care programme, aimed at ending the inappropriate hospitalisation of people with learning disabilities. It is clear to me that local authorities are facing unfunded transition costs, which are inhibiting local action to move people who are ready for discharge back into the community. I ask for your support to set up a transition fund, of £20m in 20/21 rising to £21m in 22/23, to enable LAs to put in place transitional care packages to discharge people with learning disabilities or autism from mental health hospitals – freeing up NHS resources from inpatient capacity as well as improving the outcomes for individuals. I'm sure you will agree this is a hugely important issue that we must tackle together. My officials are able to provide the detail as required.

### **Capital**

I am pleased that we have made progress since August on the Prime Minister's priority of strengthening NHS infrastructure and have thought further about how we maintain the necessary momentum on the HIP programme. The launch of the Health Infrastructure Plan has been a success, and I am grateful to you and your officials for our joint working on this under challenging timescales. We have launched the largest hospital building programme in a generation and committed to reforming how capital is spent in the system.

Recognising that there are also other pressing funding priorities for this Budget, my view is that we should nonetheless set out next steps for NHS capital now. I propose we announce that we are inviting applications from the NHS for further hospital

upgrades, refurbishments and technologyre developments. The applications would allow for a rapid bidding round, ready for us to make decisions on the full shape of the HIP investment programme - large schemes as well as upgrades - at the next capital review, as already agreed. My officials would of course work with you on the principles of our proposed approach.

If you wanted to anticipate the process with some specific announcements now, capital for urgent upgrades to the mental health estate (including ending the use of mental health dormitories) or investment in a small number of hospitals that urgently need upgrades could be brought forward. These would be hugely welcomed by the system, and fit with your economic focus to capital.while funding a small pot for a small number of more urgent upgrades to the mental health estate, to support those with significant learning difficulties and autism, and in a small number of hospitals that need upgrades urgently such as Hillingdon and Worcester. The applications would allow for a rapid bidding round, ready for us to make decisions on the full shape of the HIP investment programme - large schemes as well as upgrades - at the next capital review, as already agreed. My officials would of course work with you on the principles of our proposed approach.

The Budget is most pressingly an opportunity to shore up economic capital; to get ahead of the curve in backing the Life Sciences and Research and Development sectors, unlocking benefits to the economy. I have four proposals here for Budget:

- Ensuring smooth access to high-quality health data is the life sciences industry's number one ask of government, and you are aware of my support for this. It is key to supporting the next wave of data-driven innovations, and a powerful signal that the UK is open for business after Brexit. We have identified opportunities that could, conservatively, deliver more than £22bn of benefit over the next 10 years to the NHS, researchers and industry – and may well deliver much more as we learn more about data's potential to unlock transformative change. The time to act is now: with the US, China and other countries investing at scale in their health data capabilities, the UK has a limited window of opportunity to establish its position in areas of

comparative advantage such as cancer research, clinical trials, and new AI technologies. We will need to invest **up to £900m over the next four years** if we're to make a serious dent in curating the data and ensuring research-ready access.

- Building on the successful delivery of the Government's 100,000 Genomes Project, a new, world-leading research programme to understand the role that genome sequencing can play in screening new-borns. The **£138m initiative over 5 years** would keep the UK at the forefront of genomic research and coincide with the pending publication of the National Genomics Healthcare Strategy.
- Increasing Government science funding, including in health, is a priority for my Department. The NIHR already contributes significantly to GDP and directly attracts an estimated £1.87 for every £1 spent from the industry and charity sectors. However, it will need to continue to grow if NIHR is to play its part in meeting the ambition for the UK to be the world's most innovative economy and to raise total R&D investment to 2.4% of GDP by 2027. The Department's priorities for an immediate announcement on R&D funding are prevention, infrastructure and capacity, and medical technology research, totalling £605m over the next five years. My officials will set out more detail on what this would buy.
- On national security grounds, we also have an opportunity to strengthen our pandemic influenza preparedness through incentivising companies to bring on-shore new vaccine technologies. **£200m capital investment over four years from 2021/22** would put us as world leaders in vaccine development. It would allow vaccines – not just the flu - to start being produced in weeks instead of months. At the very least, an HMT signal now that it will consider proposals in this space would facilitate further discussions with industry.

We also need to resolve an outstanding baseline issue. Having complemented the HIP announcements with an additional £1bn to avoid in-year capital cuts, it is crucial this funding is now baselined for future years. Not doing this would mean £1 billion less to

spend compared to this year, unless we allow the NHS to deprioritise the strategic schemes we've recently announced – clearly counter-intuitive and politically damaging. I ask that you work with my officials on this to agree a solution rapidly, preferably in the Budget, but if not at least before the end of November.

Fixing the baseline issue will itself support the provision of capital for digital technology. NHSX is working with the system to support providers to themselves invest more in digitisation, but central funding will need to be part of the picture. However, unless hospitals and systems have the basic levels of digitalisation that captures data in the right way in the first place we simply won't be able to realise our ambitions on the value of health data, research and development and life sciences. I understand the time for a full multi-year capital and revenue settlement for digital technology is the next capital review but it is essential we make a move on this now to support our approach to shoring up economic capital. **An additional £250m next year would allow us to make targeted progress on provider digitisation in 20/21** in support of realising the full economic value of health data and technology as well as improving care for patients and experience for staff. Moreover, an announcement now for **£97m on digital solutions to reducing the burden on clinicians**, such as single sign-on and replacing bleeps in hospitals, would help save considerable amounts of staff time, improve staff morale and retention, and contribute towards our efficiency target in the LTP financial tests.

Budget would also be a timely opportunity for us to respond to Professor Mike Richards's review of National Adult Screening Programmes, published today. **A commitment now for £50m funding, over four years from 20/21, would deliver a new screening platform**, supporting the prevention agenda and improved outcomes, including cancer diagnosis and survival. To meet demand and enable new diagnostic models, the NHS has asked for a further major investment programme of £5.3bn over 10 years.

**Transforming care**

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My officials will share the full breakdown of the proposals above, and also share a longer list of potential revenue and capital announcements should that be of interest, including for mental health ambulances, vaccination catch-up, and HIV services.

I would welcome a discussion on the detail of the Budget proposals here, and I look forward continuing to work with you as we prepare for the capital review.