Managing the NHS

Many MPs raised issues with Ministers about how they will ensure that the extra money voted by Parliament in principle this week to bring down waiting lists will be spent to achieve this end. I myself asked the Minister proposing the NIC rise followed by a new levy what reduction in waiting lists could be secured for the sum in question. Like the Health Ministers themselves he would give no commitment to specific reductions.

The quest for this extra money seems to have come from the new Secretary of State for Health following briefings from the senior management of his department and the NHS. They conjured forecasts of large increases in waiting lists from current levels unless a major new funding package was put in place. I understand the difficulty of making these forecasts, but surely barring a major outbreak of a new virus variant that defeats the vaccinations the waiting lists should be falling as the NHS returns to a more normal working pattern, with the number of serious covid cases well down on the peak before mass vaccination.

Government forecasters seem to specialise in gloom, and have put out some very pessimistic estimates of the spread of the virus which did not come true. This issue of waiting lists should be easier to predict as much of it is in their control.

It is also important to understand why managers and officials think there could be a further surge in waiting list cases if we rely on the £230bn agreed health spend, and then to probe how an extra 4% would make all the difference. If there was more visibility of exactly what the new money would be spent on there could also be a better debate about budget priorities within the existing large agreed totals. We could for example examine the big budget for test and trace and see how that could be reduced as we move to a world where most people are vaccinated and where compliance with it is now low. We could examine the profusion of managers and policy people, of structures and offices that hang heavily above the work of the surgeries and hospitals.

This new team of Health Ministers needs to go through a thorough review of costs and priorities to ensure more money goes to the good medical teams doing the work, and more is spent on acquiring in house additional capacity. The current dependence on locums and temporary medical staff is very expensive.

The NHS also needs to clarify what future use of the private sector it intends to make. Mr Blair started the idea that the NHS would buy capacity in areas like cataract removal from specialist units in the private sector that could achieve good results at affordable prices, leaving NHS main hospitals for more complex tasks. During lockdown the NHS paid to block book a lot of the private capacity to keep some non COVID activities going. How did that work out? Are reports of underuse true?

Questions about health spending

I am asking the Health Secretary to share more of the detail of how extra money could be used to reduce waiting lists. I am also asking why some senior NHS managers think there is going to be a further bulge in waiting times, given the much lower level of covid cases in hospital now, the progress of vaccinations, and the extra cash allocated to health budgets.

He needs to know how many senior managers and Chief Executives there are now across the public health sector. How is their remuneration aligned with the public interest in high quality care and low waiting lists? Is there a continuing danger of overlap and blurred responsibilities within what is a complex structure?

As the state embarks on recruiting a large number of new Chief Executives for the Integrated Care Boards and for the Integrated Care Partnerships, what reductions if any will there be in the old management architecture this replaces? What arrangements are there to transfer appropriate staff to these new bodies to cut the costs of recruitment and to avoid redundancy costs and disruption to staff?

How will these new Care bodies arrange their purchasing of medical and care services from the NHS Trusts and other health providers? Are the current procurement organisations now withdrawing from contracts with private hospitals, or will they be needing and using more private sector capacity to help reduce waiting lists?

Presumably much of the answer to workload, stress on staff and high waiting lists lies in recruiting additional nurses and doctors to undertake the necessary procedures and treatments. What is the latest view on how many people can pass successfully through training? What action is being taken to encourage the return of already qualified people? How can new technology assist in raising quality and productivity?

The use of temporary and contract staff is expensive and too common. the NHS needs to have more permanent staff members.

Growth slows badly

The Treasury needs to concentrate on the recovery. Its wish to raise taxes and cut spending is damaging confidence and helping slow down what was a strong recovery.

There is now an urgent need to rescue the recovery. This needs a complete change of attitude and approach, and a new forecasting model to stop the crazily pessimistic forecasts of the OBR.
The Treasury should

1.Set out a new framework for policy based on the current 2% inflation target and debt interest as a percentage of revenue target, dropping the EU state debt targets. The government should add a growth target.

2. Cancel the National Insurance tax hike. We need more jobs not a further tax on jobs.

3. Cut Stamp duty on homes again to add stimulus to a slowing homes market.

4. Stop the further attack on self employment through IR 35

5. Buy more UK goods and services into the public sector instead of so many imports by tweaking procurement rules

6. Commission substantial extra electricity capacity to cut out imports and allow extra power for the electric revolution

7. Speed haulage drivers tests and training

8. Use farming subsidies and rules to promote more food growing – too much is being directed to wilding

9 Do more to make it easy for people to work for themselves, to set up and expand small businesses.

10 State sector to make contract opportunities available to smaller companies.

What does healthcare and social care cost?

The danger of associating one tax with one item of spending is people might believe that item of tax paid for that item of spending. This will not be true with the NHS or with social care and the new levy by a very large margin.

According to the Treasury Budget document issued in March they plan to spend £230 billion on health this year, and another £40 bn on social care. The new proposed levy is a bit over 4% of those totals. People ask me if the Council Tax precept for social care will go when the Care Levy comes in. Of course it will not as the Care Levy is only 23% of current social care spending plus the extra from the levy. This assumes they will remove all the Care Levy

money from the NHS as currently proposed. The Levy otherwise will pay a smaller percentage of the care budget if some is still needed for waiting lists.

If we wished to have hypothecated taxes to cover the cost of health then it would take all of Income Tax (£198 bn), all of Capital Gains Tax ,all Inheritance Tax, all Stamp Duty and all the Property transaction tax to reach the £230bn figure. Maybe we should rename all these taxes as the Health taxes to show people how income and wealth is currently taxed extensively to pay for healthcare.

If we wanted a tax to hypothecate for social care why not choose the Council Tax which this year is forecast to be that same £40bn figure as the costs of social care.

The debate about waiting lists and about social care needs to start with the current budget figures. The health budget has risen from £166bn for 2019-20 (Treasury forecast in Budget 2018) to £230bn (Budget forecast 2021). It is true the pandemic imposed additional costs and needs on the system, but as these decline we still have much larger budgets than before the pandemic struck. I will look in a future blog at the management issues posed with such large sums of money. I will also return to the issues around social care which I have discussed before.

The vote on a tax rise

I voted against for a variety of reasons which I will set out in future blogs. It has been a busy few days trying to expose the spending issues over the NHS, the underlying problems with social care and the true state of the national finances. The media once again did not want to talk about the actual numbers. I was the only MP to start by reminding people how large the current NHS budget is and how big recent increases have been relative to the proposed tax rise.