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Raid on health department funds to pay for frontline NHS services

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As negotiations continued this week over the settlement for health, government insiders argued that the “ring fence”, which ensures spending on the health service rises at least at the rate of inflation, applied to the NHS but not to other areas of health department spending.

The move raises the prospect of cuts to areas of expenditure such as public health, nurses’ and doctors’ education and capital for maintaining and expanding NHS infrastructure. However, it would allow George Osborne to argue that he was putting money into frontline services as he implements a promise to give the service an additional £8bn a year by 2020. Total department of health spending in England in 2014-15 stood at £113bn, compared with the NHS England budget of £98bn.

That leaves £15bn outside the ring fence: £11bn of revenue funding, with public health and clinical training consuming the lion’s share; and £4bn of capital.

This unprotected expenditure could be put into frontline services run by NHS England.

Discussions are also continuing over whether social care spending could be ringfenced within the overall budgetary settlement. Two individuals close to the discussions told the Financial Times that one idea involved the £2bn a year public health budget, which goes directly to local authorities, being set aside for social care, although the plan is understood to have been resisted by council leaders.

The difficult backdrop to the negotiations was underlined on Friday when official figures showed hospitals had already overspent by £1.6bn halfway through the financial year. The Nuffield Trust said hospitals were having to free up cash to pay staff by cutting back on building repairs and new equipment. Sally Gainsbury, a senior policy analyst, said that ahead of [Wednesday’s spending review](#) announcement, the figures “strengthen the argument that this is the toughest financial challenge ever faced by the NHS”.

In the past, ministers had been able to imply that hospitals experiencing financial difficulties were badly run. “This argument is harder to make when all but seven acute NHS hospital trusts are in financial deficit”, she said.

Anita Charlesworth, chief economist at the Health Foundation, added that funding for hospitals “must not come from raiding broader areas of frontline health spending such as public health and training. This would be hugely counterproductive.”

Public health and health education budgets covered vital NHS services such as health visiting and junior doctor costs, she added.