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Resources and priorities for the NHS
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Secretary of State for Health

With permission, Mr Speaker, I wish to make a statement about the resources being made available to local health services in all parts of England and the priorities for reform in the NHS.

Mr Speaker in the last three years the NHS has treated 2.3 million more patients. It now employs 10,000 more nurses and over 5,000 more doctors. Waiting lists for in-patient treatment have fallen by 126,000. For the first time since records began last year saw the number of patients waiting for outpatient appointments and inpatient treatments falling simultaneously. Every A&E that needs it and 1000 GPs surgeries are being modernised. The biggest hospital building programme in the history of the NHS is underway.

After decades of neglect the NHS is now expanding its services to patients. For two decades or more the NHS budget rose by an average of just 3% a year. In the last Parliament it rose by less than that - just 2.6%. In this Government's first two years in office spending on the NHS did not rise as quickly as many had hoped. But the tough choices that we took then are paying off for the NHS now. Interest rates and inflation are at historic lows. Unemployment is down, employment is up. The public finances are back in balance. A strong and growing economy is now providing the foundation for strong and growing public services.

Over the five years from 1999 the NHS budget will grow by one half in cash terms and by one third in real terms. This year and for the next three years the real terms annual increase in NHS funding will be 6.3% - twice the trend growth of the last few decades.

Today I can inform the House of the funding allocations for each health authority in England. The cash is for revenue purposes. I will be making announcements in due course about capital resources. Details of today's allocations for the local health authorities in Honourable and Right Honourable Members constituencies are available in the Vote Office. I have also written today to all members of this House with details.

For the first time in the history of the NHS, I am today making outline revenue allocations for the next three years rather than just for a single year ahead. This will allow every local health service to plan with confidence for the medium term rather

than just for the short term. As Hon and Rt Hon members are aware there has been too much boom and bust in NHS funding in the past. Today we bring that to an end.

From April next year Health Authorities will receive an average cash increase of 8.5%. No health authority will receive less than 7.8%. The average rise in cash terms for a health authority next year will be £29 million.

I can also announce today that every Health Authority will benefit from a further rise of at least 6% in 2002/2003 and a further increase of at least 6% in 2003/2004. These increases are the minimum which all health authorities can expect to receive with final allocations to be made in the autumn of next year and the year after.

I know Mr. Speaker, the House will want to compare the increase in investment for next year and the following years with previous years allocations. For the benefit of Hon. and Rt. Hon. Members - on both sides of the House - let me tell the House that in the last year of the last Parliament the NHS budget actually fell in real terms.

I am pleased to tell the House that after years of under investment, the NHS is now growing again. Different parts of the country of course have different health needs. The Government is currently reviewing the formula by which we distribute NHS cash to ensure that it is better focussed on addressing those needs properly and fairly. In the meantime for next year I have a number of important changes.

Firstly, I am more than doubling to £130 million the resources available within health authority allocations to help address some of the appalling health inequalities that scar our nation. Life expectancy for a baby boy born in Manchester is 6.5 years less than that for a baby born in East Surrey. The existing funding formula does not take full account of the excess morbidity and mortality from cancer, coronary heart disease and other causes in these areas expressed through rates of years of lost life. The extra funding will help places in the North and Midlands such as Bury and Rochdale, Calderdale and Kirklees, Dudley, Leeds, Leicestershire, Manchester, Newcastle, North West Lancashire, Nottingham, Sandwell, Tees and Wakefield as well as areas in the South such as Bedfordshire, Brent, Cornwall, East Kent, Herefordshire, Lambeth and South & West Devon. These extra resources will help narrow the health gap between the better off and the worst off.

Secondly, I am making available a further £65 million to pay a new cost of living supplement for 100,000 qualified nurses, midwives, health visitors and professions allied to medicine such as physiotherapists and radiographers working in the highest cost parts of England. From next April there will be a minimum of £600 extra for every one of these staff working in London, over and above current London weighting, and up to £1,000 for ward sisters and senior nurses in the capital. Staff in these groups working in the highest cost areas outside the capital such as Avon, Berkshire, Bucks, Cambridgeshire, Hertfordshire, Oxfordshire, Surrey and Wiltshire will also receive between £400 and £600 each. These extra resources will help in our efforts to recruit an extra 20,000 nurses and 6,500 therapists to the NHS over the next 4 years.

There is a one further major change I am making to the way the local health service is

funded. In the past there have been too few means to drive up performance and to tackle unacceptable variations between local health services. If the NHS is to make progress it has to move from a culture where it bails out failure to one where it rewards success. The best NHS organisations should have more freedom and more resources to expand their services to more patients. The worst should have more help to enable them to improve. For next year then I am making available a new £100 million performance fund to provide a clear financial incentive on all parts of the NHS to improve local services. The fund will rise to £500 million by 2003/4. The best local services will be free to spend their share of the fund on equipment, facilities or cash bonuses for staff. The worst will still get a fair share of the Fund but it will be held by the new Modernisation Agency to use for targetted external assistance to help turn round performance. We will no longer tolerate second rate services in any part of the NHS. The lottery in patient care must come to an end.

The extra investment we are making will bring about the major reforms the NHS needs. At present services are too slow, standards are too variable, staff are too often run off their feet. In July the Government published the NHS Plan written in consultation with NHS staff and with NHS patients. The Plan describes the radical reforms that are necessary to redesign the service around the needs of its patients.

The money I am allocating today will up the pace of implementation. Next month I will publish a detailed NHS Plan implementation programme for the health service and for social services. It will detail the investment and the progress that will need to be made over the next year - for example in improvements in hospital standards, in services for elderly people, children in care and patients with mental illness.

The next year will see a major expansion in staff, beds and services. Improved co-operation between health and social services for example will deliver more packages of intermediate care support benefitting 60,000 elderly people so that in every council area more older people can live independently at home. The result will be lower rates of delayed discharges from hospitals in all parts of the country.

Crucially the level of resources now available to the health service allows a proper focus on how we can bring about improvements in health, not just an increase in the scale of investment in health services.

So these allocations to health authorities will fund a further £450 million to help tackle our country's biggest killers - cancer and coronary heart disease. Our rates of both diseases are too high. Both diseases are largely preventable. The extra resources will mean more drugs to combat cancer and heart disease, more help for people to give up smoking a major cause of cancer and heart disease and more operations provided more quickly for more people with cancer and heart disease. By December next year for example there will be a new maximum one month wait from urgent GP referral to treatment for men with testicular cancer, for children with cancer and for patients of all ages with acute leukaemia. Similarly, by March 2002 three in four eligible patients will receive life-saving clot busting drugs - thrombolysis - within 30 minutes. At present many people wait twice as long.

Waiting is the public's number one concern about the health service. That's why the Government has placed such a strong emphasis on winning the war on waiting in the NHS. The NHS Plan set out how by 2005 waiting times for seeing a GP will have fallen to 48 hours, to be seen in A&E to an average of 75 minutes, for an outpatients appointment to a maximum 3 months and for inpatient treatment to a maximum 6 months. By 2008 there will be waits for hospital treatment of weeks not months.

In the next year the investment we are making will deliver real progress towards these shorter waiting times. At present, for example, 126,000 patients are waiting over 26 weeks for an outpatient appointment. By March 2002 no one should be waiting that long and the number of people waiting for 13 weeks will have been reduced too. Similarly, the maximum waiting time for inpatient treatment is currently eighteen months. We estimate that about 50,000 people wait between 12 and 18 months. By Spring 2002 the NHS will have reduced the numbers waiting over 12 months and the maximum waiting time will have been reduced from 18 to 15 months for all patients. Of course I recognise that these new maximum waiting times are still too long but they represent the first instalment of real progress towards the NHS Plan objectives. Step by step over the next few years the NHS will become faster and more convenient for patients.

The NHS is in a position to deliver substantial improvements for patients because of the commitments the Government has made to it. Mr Speaker while some in this House say they have philosophically moved on from the NHS this Government is committed to the NHS, to its survival and to its modernisation. We have made our choice. Our choice is for an NHS providing care according to need not ability to pay. Our choice is for a tax-funded health service available to all not a privatised system of care available only to a few. Our choice is for long term investment in our key public services not for cuts in those public services. It is for record levels of investment alongside a radical programme of reform.

The step change in the resources we have made available to the NHS must nowproduce a step change in results. None of it will be easy. Much of it will take time. But the NHS now has the best opportunity it has ever had to bring about the radical changes needed to give patients better and faster services. The resources I have committed today will bring about improvements in health and health care in all parts of the country. I commend them to the House.