

SAVING THE NHS WITHOUT NEW CASH?

LABOUR MUST LEARN FROM THE PAST

The government must match the financial commitments to the NHS shown when Labour last took over the reins of government, and control of a broken NHS. Hundreds of billions of additional spending is needed to match New Labour's investment in the NHS, recover from austerity, and bring health spending on a par with comparable countries in Europe.

“Labour created the NHS...We want to save and modernise the NHS. But if the Conservatives are elected again there may well not be an NHS in five years' time.”

Labour Party General Election Manifesto, 1997.

“But as we look at the NHS now, it is clearly broken – and the Conservatives broke it... This is a situation Labour is familiar with: we have saved the NHS before, and the next Labour Government will do so again.”

Labour Party General Election Manifesto, 2024.

There are clear parallels between the state of the NHS in 1997 when the Labour Party last took power after over a decade of Conservative governments, and the state of the health service today. The echoes ring loudly in the rhetoric and policy commitments set out in the Labour Party's manifestos: both pledge to bring down waiting lists; both promise to tackle delays in cancer care; both target improvements in public health; both pledge to innovate and pursue reforms that improve the efficiency of the NHS.

There is one glaring difference however. In 1997 Labour were pledging to finance this transformation in the National Health Service with real terms increases in the NHS budget every year. Keir Starmer and Wes Streeting have promised no such thing. Indeed, the 2024 version doesn't pledge increased funding for the NHS at all, outside of a table at the back of the document noting the resources needed to deliver on some of its headline commitments on increased staff and appointments.

The last Labour government got a lot wrong - including reforms that accelerated privatisation of services, saddled the health service with unsustainable debts from bad PFI deals, and sowed the seeds of the chaos patients are witnessing in the NHS every day. But they did dramatically increase the funding the NHS received because they recognised that investment was essential to turning around the health service, so that everyone can trust it will be there to help them when they need it most.

Considering the shocking scale of the NHS crisis set out in the recent government commissioned independent review of the NHS by Lord Darzi, it just does not seem credible that Labour could possibly fix the mess the NHS is in without a dramatic increase in funding.

Unless significant more funding is committed, the government risks repeating the mistakes of the Conservatives, highlighted by Lord Darzi as the root causes of the dangerous levels of poor care the NHS is currently delivering. This is particularly pertinent when Keir Starmer is promising “the biggest reimagining of the NHS” since its creation. If true, that will mean the new government’s reforms are more extensive than Andrew Lansley’s 2012 NHS reorganisation that was so big “it could be seen from space”. Those reforms, which took place amidst a flatlining austerity budget, were damned by Darzi as a central cause of the decline of the NHS. Many NHS bodies are already trying to deliver 11% efficiency savings in their budgets without further undermining patient safety.¹

For Labour to embark on even more extensive reforms without an increase in resources to pay for them, and a restoration of the funding lost over the last 15 years, holds deep dangers for the health service and could condemn thousands, if not millions of patients to more avoidable tragedy.

There are wider concerns with the new government’s plans for the health service, particularly a seemingly blind faith in private healthcare corporations to clear backlogs, big tech firms to cut costs through data and AI, and big pharma to improve outcomes with new medical tools, without any serious consideration given to the serious risks this will pose to the NHS and patient outcomes. There are improvements to be won in patient care and outcomes from genuine innovation, but much of the government’s pronouncements on this has been techno-utopian wishful thinking and ideologically blinkered. It poses a credible threat to our most important public service.

Not everything in Labour’s plans are bad, particularly a shift in focus to prevention and public health. But if this doesn’t happen with proper resourcing they risk failing to fix the mess, and even risk making things worse. With evidence showing the strong link between failing NHS services, and the rise of the far right,² failure to fix the NHS carries severe dangers for society, threatens Labour’s future electoral success, and endangers the lives of patients.

¹ <https://www.nhsconfed.org/publications/state-nhs-finances-202425>

² <https://www.theguardian.com/commentisfree/article/2024/aug/02/europe-far-right-labour-nhs-nigel-farage>

5 KEY FACTS

This short paper therefore highlights 5 key facts about NHS funding that show Labour's current funding free plans for the NHS are not credible, responsible, or safe.

1 Annual NHS England funding under the last Labour government increased 5.5% in real terms between 1997 and 2010.³ In 2002 Gordon Brown announced five years of 7.4% above inflation increases in funding for the NHS, taking total UK healthcare spending from £65.4bn to £105.6bn in 2007-8.⁴ If the new Labour government match spending increases on the NHS seen in the Blair and Brown years, the NHS in England will have received an extra £477bn investment by the end of this parliament - even before increases to factor in inflation are calculated.

2 The BMA has calculated that the years of austerity under the coalition and Conservative governments resulted in the NHS losing out on £362 billion pounds of spending it would have received if investment had kept pace with the historical average.⁵ Instead, when NHS spend per capita is adjusted for demographic changes, the NHS budget flatlined from 2010-21, before a modest 2% increase from 2021. This compares to 5.67% average annual increases in NHS spending per capita under the last Labour government.

3 The NHS coped with being starved of funds in this way by dramatically cutting investment in the maintenance of its estate - the hospital buildings and equipment essential to delivering its services. This has resulted in the bill to clear the backlog of maintenance work soaring to over £11bn.

The longer the NHS goes without increased investment, the more damaged and dangerous its estate becomes, and the more expensive it is going to be to catch up, with the cost of eradicating the high-risk backlog alone increasing by nearly £560m to £2.4bn in a year.⁶

4 The last ten years have seen UK health outcome indicators drop down international comparison tables, as a result of underfunding and mismanagement by central government. If we were to keep pace with the healthcare spending in comparable economies like France and Germany we would need to commit to a significant increase in investment.

The most accurate way to compare healthcare spending across countries is to look at spending per capita. The UK spends around the OECD average per capita on health care, but significantly less than places like France and Germany.⁷ If we were to match the investment in health made in France we'd be spending an extra £57bn a year. Matching Germany would take an additional £126bn.⁸ The NHS is much more efficient than these healthcare systems, but we do need to increase investment because NHS patients need and deserve the same level of healthcare as our near neighbours.

³ <https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/nhs-budget-nutshell>

⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1122992/>

⁵ <https://www.bma.org.uk/advice-and-support/nhs-delivery-and-workforce/funding/health-funding-data-analysis>

⁶ <https://www.hfma.org.uk/articles/backlog-maintenance-increase-sparks-call-capital-boost>

⁷ <https://www.oecd.org/en/data/indicators/health-spending.html>

⁸ See Annex for calculations

5 Most respected authorities on the NHS agree that significant increased investment is essential if we are to save the lives of people currently dying avoidable deaths, save the NHS, and transform the health of the nation. The Health Foundation estimates that delivering improvement in patient outcomes will require an additional £38bn per year by 2030.⁹ The NHS Confederation - the body representing NHS trusts and other NHS bodies - has already said that existing government pledges to increase appointments will not clear the waiting list backlog and that more needs to be done¹⁰ - including an extra £6.4bn per year increase in the capital budget (spent on NHS infrastructure) alone.¹¹

These groups are not radical extremists. Indeed, two former Chancellors, George Osborne and Ed Balls, have agreed that Labour's ambitions to fix the NHS will require a significant increase in resources.¹²

It is clear that the government's high flying rhetoric for the impact they will have on the NHS seems detached from reality without increased resources. Achieving their stated goals without a dramatic increase in the NHS budget would be without historical precedent, and it is made even more unlikely after a decade and a half where the NHS has been deeply eroded by mis-management and cuts.

Research and analysis done by a number of other groups show how it is possible to deliver significant increases in public spending through implementation of progressive tax reforms that target the wealth and profits of the richest people and corporations in the country^{13,14}, alongside adjustments in the government's self-imposed rules on spending that fail to recognise the importance of infrastructure investment^{15,16}. Failing to act on these proposals is a political choice, not an economic necessity.

It is essential the government prioritise the health of UK citizens, over arbitrary economic rules, and the bank balances of the very richest in the country. We need a dramatic increase in investment so that we can once again trust that when we need it most the NHS will be there for all of us.

⁸ <https://www.nhsconfed.org/publications/state-nhs-finances-202425>

⁹ <https://www.theguardian.com/commentisfree/article/2024/aug/02/europe-far-right-labour-nhs-nigel-farage>

¹⁰ <https://www.nhsconfed.org/publications/state-nhs-finances-202425>

¹¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1122992/>

¹² <https://podcasts.apple.com/gb/podcast/can-starmer-really-fix-the-nhs/id1706536336?i=1000669328645>

¹³ <https://www.resolutionfoundation.org/publications/revenue-and-reform/>

¹⁴ <https://taxjustice.uk/blog/ten-tax-reforms-to-raise-60-billion-for-public-services-and-a-fairer-economy/>

¹⁵ <https://www.resolutionfoundation.org/publications/revenue-and-reform/>

¹⁶ <https://neweconomics.org/2024/01/arbitrary-fiscal-rules-pit-the-public-sector-against-the-environment>

ANNEX

PER CAPITA HEALTH SPENDING USD IN 2022

Country	Amount	Population	Current
UK	\$5,492	67,100,000	\$368,513,200,000
France	\$6,629	65,000,000	\$430,885,000,000
Germany	\$8,010	83,100,000	\$665,631,000,000

INCREASES IN SPENDING IF UK MATCHED FRANCE & GERMANY

Country comparison	UK equivalent spending	Increase in \$	Increase in £
France	\$444805900000	\$76,292,700,000.00	£56,914,354,200
Germany	\$537471000000	\$168,957,800,000.00	£126,042,518,800.00