

## The NHS at 70

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### ***An institution we trust***

The NHS is recognised across the world as one of the greatest social initiatives to be created, rising out of the ashes of post-World War Two reconstruction. Throughout its history, the NHS has navigated a series of reforms and public health challenges, it hasn't always got things right, but it remains an institution we trust. The NHS is a great national achievement, a source of pride for generations past and present.

In 1948, it cost £437 million per year to run the NHS; that figure has now grown to over £110 billion in England alone.<sup>1</sup> Having launched with a workforce of approximately 145,000 staff, the NHS now has 1.7 million workers on its books across the UK, making it the country's biggest employer and fifth largest in the world.<sup>2</sup> This is all in part because of the fact that the NHS treats more than 1.4 million patients every single day.<sup>3</sup>

There are many positives to celebrate when we think about the NHS, but we cannot avoid some of its biggest challenges, presenting Whitehall, NHS leaders and politicians with difficult choices. There have been countless efforts to find solutions to key challenges and bring in wide-ranging reforms, but successive governments have often fallen foul of being too ambitious with their agendas, putting them at loggerheads with health unions and the public, derailing their plans because of deep resistance.

With the pressure and demand mounting, a new chapter in NHS history is emerging. Here, we explore the history of the NHS, some of the contemporary healthcare challenges and what lies ahead in decades to come.

### ***The NHS is born***

“Medical treatment covering all requirements will be provided for all citizens by a national health service.”<sup>4</sup>

This was the radical landmark provision proposed by Sir William Beveridge in November 1942 as part of his infamous report, paving the way for Britain’s modern welfare state, of which health was just one element. Beveridge was a true visionary, he believed that the government had a

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<sup>1</sup> NHS Facts, NHS70 – accessible at: <https://www.nhs70.nhs.uk/about/nhs-facts/>

<sup>2</sup> Strategic Framework 2014-2029, Health Education England – accessible at: [https://hee.nhs.uk/sites/default/files/documents/HEE%20strategic%20framework%202017\\_1.pdf](https://hee.nhs.uk/sites/default/files/documents/HEE%20strategic%20framework%202017_1.pdf)

<sup>3</sup> Supra at note 1

<sup>4</sup> Social Insurance and Allied Services Report, Sir William Beveridge (November 1942)

moral duty to mount an assault on the ‘five giant evils’ of want, disease, ignorance, squalor and idleness that stood in the way of a post-war rehabilitation.<sup>5</sup>

“This is the biggest single experiment in social service that the world has ever seen undertaken”. Clement Attlee appointed Aneurin Bevan as Minister for Health, a Welshman and son of a coal miner who saw social justice as one of his core missions in politics, who wasted no time taking almost 3,000 hospitals into public ownership. After a further two years of debate, the main political parties committed to ensuring access to free healthcare for all, culminating in the National Health Service Act 1946.

### ***The NHS beds in***

The 1950s was a decade of firsts for the NHS - a vaccinations programme for polio and new prescription charges were introduced; dramatic scientific discoveries were being made like when a group of Cambridge scientists discovered the structure of DNA in 1953; and the Percy Commission established the framework for the care and detention of people with mental ill-health, which led to 1959 Mental Health Act and community care provision. The 1960s saw the separation of the NHS into 3 parts – hospitals, general practice and local health authorities by the then Health Minister Enoch Powell – the foundations our health service is still built on today. The 1970s saw major structural changes with the NHS Reorganisation Act coming into force, aiming to deliver better coordination between the NHS and local authorities with a clearer breakdown of the functions each tier of the health system operated under.<sup>7</sup>

Looking back at this 30-year period, the NHS navigated the storm of political, cultural and economic upheaval across the board. It managed to implement significant reform and moved to further professionalise parts of the health services as it headed into the 1980s.

### ***Thatcher introduces competition***

The Thatcher government attempted to introduce competition in the NHS to tackle waste. Kenneth Clarke, then Health Secretary, introduced a split between purchasers and providers of care, GP fundholders and a state-financed internal market, in order to drive service efficiency.<sup>8</sup> The internal market is now synonymous with Thatcher’s premiership as much as the miners’ strikes and the Falklands War, and the debate still continues as to whether these reforms actually brought about improved efficiency.

<sup>5</sup> How to fix the funding of health and social care, Institute for Government (June 2018) – accessible at: [https://www.instituteforgovernment.org.uk/sites/default/files/publications/IFG\\_Funding\\_health\\_and\\_social\\_care\\_web.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/IFG_Funding_health_and_social_care_web.pdf)

<sup>6</sup> Rejuvenate or retire: Views of the NHS at 60, Aneurin Bevan (7<sup>th</sup> October 1948) - cited in Timmins N ed (2008)

<sup>7</sup> The history of NHS reform, Nuffield Trust – accessible at: <http://nhstimeline.nuffieldtrust.org.uk/>

<sup>8</sup> House of Commons Debate (7<sup>th</sup> November 1989) vol 159, cols 556–9W

### ***The Blair years - record spending***

At the turn of the millennium, Tony Blair committed to increases in NHS funding – the highest rate of spending growth during any Parliament was an average 8.6% between 2000/01 and 2004/05.<sup>9</sup> Although originally launched under the Conservatives, a controversial finance model called the Private Finance Initiative (PFI) was used extensively. Rather than public money financing new infrastructure, high interest loans were used to design, build, operate and maintain hospitals with the prospect of commitments on future revenues.<sup>10</sup> This mechanism has seen a sharp decline in recent years with the National Audit Office highlighting a lack of evidence that such deals offer value for money.<sup>11</sup> They have been described by some as "a catastrophic waste of taxpayers' money".<sup>12</sup>

### ***Government use of Royal Commissions***

Royal commissions, with a 900-year pedigree, are one of the UK's oldest political institutions. They are generally used to look deeply at important or contentious issues of policy, of which health and care is one<sup>13</sup> and there are several examples of when they have tried to tackle it. The issue has always been that successive governments have never seemed to carry through the recommendations proposed to them and many Royal Commissions haven't successfully provided the solutions they were tasked to deliver. Royal Commissions are now seen as a mechanism for 'kicking a problem into the long grass'. Modern day Prime Minister's favour more rapid inquiries to tackle policy issues.

### ***Lansley reforms 2012***

Andrew Lansley introduced the Health and Social Care Act 2012 and was subjected to a sustained campaign of opposition as the reforms navigated Parliament. The reforms abolished NHS Primary Care Trusts and Strategic Health Authorities, handing control of commissioning to Clinical Commissioning Groups (CCGs), led by local GPs. Lansley believed that GPs were in a better position to identify local needs through their patient referrals.<sup>14</sup> His plans were always set to rise passions across the NHS as they were the largest set of reforms in recent memory. Experts remain locked in debate about Lansley's reforms and there are indications that elements of the Act will be repealed as part of the recent NHS funding announcement.

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<sup>9</sup> How did UK NHS spending change over different parliaments?, Health Foundation – accessible at: <https://www.health.org.uk/chart-how-did-uk-nhs-spending-change-over-different-parliaments>

<sup>10</sup> The NHS Plan (July 2000) – accessible at: [http://webarchive.nationalarchives.gov.uk/20130124064356/http://www.dh.gov.uk/prod\\_consum\\_dh/groups/dh\\_digitalassets/@dh/@en/@ps/documents/digitalasset/dh\\_118522.pdf](http://webarchive.nationalarchives.gov.uk/20130124064356/http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_118522.pdf)

<sup>11</sup> PFI and PF2, National Audit Office (January 2018) – accessible at: <https://www.nao.org.uk/report/pfi-and-pf2/>

<sup>12</sup> PFI deals 'costing taxpayers billions', BBC (January 2018) – accessible at: <https://www.bbc.co.uk/news/business-42724939>

<sup>13</sup> Supra at note 5

<sup>14</sup> Equity and Excellence: Liberating the NHS White Paper, Department of Health (July 2010) – accessible at: <https://www.gov.uk/government/publications/liberating-the-nhs-white-paper>

## **Hunt and Stevens years**

After six years in post, Jeremy Hunt has become the longest serving Health Secretary in history. During his tenure, he has majored on overall financial control, oversight of NHS delivery and performance, including patient safety. Simon Stevens implemented the Five Year Forward View plan that was agreed under the Conservative-Liberal Democrat coalition government. Hunt went on to extend his remit to include social care during the last ministerial reshuffle. Whilst trying to implement change, he has also seen a significant increase in the number of Trusts in deficit,<sup>15</sup> records levels of staff vacancies and the highest level of bed occupancies since records began.<sup>16</sup> On the flipside, he has secured an average 3.4% per annum increase in funding for NHS England as part of a five-year settlement. Jeremy Hunt is an ambitious politician and as he looks to establish a legacy, questions still remain about how the latest NHS spending increases will actually be funded.

## **How is the NHS fairing today?**

An ageing population, rising levels of obesity and other public health challenges, winter pressures and an overstretched workforce are placing significant strain on the NHS. Modern day healthcare faces a perfect storm of an unprecedented level of demand on significantly limited resources.

## **Funding**

A balance between delivering efficiency and sufficient funding to meet demand has yet to be achieved in today's NHS. Some of the first warnings of efficiency savings were made back in 2009 with some stating that the NHS "should plan on the assumption that we will need to release unprecedented levels of efficiency savings".<sup>17</sup> There has been continued debate about how the NHS might be funded, with numerous short-term cash injections and a split in Whitehall about how exactly to meet this funding challenge.

The government's multi-year funding boost has been greeted with a mixed reception, but the proposed settlement is significantly lower than the government's own independent economic forecasters projection – a 4.3% annual increase.<sup>18</sup>

How the new funding will be raised is to be announced during the Autumn Statement, although the government has signalled that the public will need to contribute more.<sup>19</sup> A consideration for the Chancellor is that the tax burden is already higher than it was under Gordon Brown in 2009

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<sup>15</sup> In 2010/11, just 5 per cent of these providers overspent their annual budgets. By 2015/16, two-thirds of trusts (66 per cent) were in deficit. Trusts in deficit, The King's Fund (June 2019) – accessible at: <https://www.kingsfund.org.uk/projects/nhs-in-a-nutshell/trusts-deficit>

<sup>16</sup> NHS bed occupancy rates reach worst ever level, Health Service Journal (24<sup>th</sup> May 2018) – accessible at: <https://www.hsj.co.uk/quality-and-performance/nhs-bed-occupancy-rates-reach-worst-ever-level/7022491.article>

<sup>17</sup> The Year 2008/09 Annual Report, Department of Health – accessible at: [http://webarchive.nationalarchives.gov.uk/20130105021801/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_099689](http://webarchive.nationalarchives.gov.uk/20130105021801/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_099689)

<sup>18</sup> Fiscal Sustainability Report, The Office of Budget Responsibility (January 2017) – accessible at: [http://cdn.cbo.gov/FSR\\_Jan17.pdf](http://cdn.cbo.gov/FSR_Jan17.pdf)

<sup>19</sup> Prime Minister Theresa May's NHS Funding Speech (18<sup>th</sup> June 2018) – accessible at: <https://www.gov.uk/government/speeches/pm-speech-on-the-nhs-18-june-2018>

and could reach levels we haven't seen for fifty years.<sup>20</sup> The government has missed what was an opportunity to fund both the NHS and social care provision. As the Care Minister said herself, unless social care is also properly resourced, pouring extra money into the NHS would be "like running a bath with the plug out".<sup>21</sup>

### ***Expert view***

Experts are largely in agreement – the NHS will need at least an extra 4% funding per annum for the next 15 years.<sup>22</sup> They argue that anything below 4% will mean that services will 'stand still' and merely be maintained before effectively being in "managed decline."<sup>23</sup><sup>24</sup>

With a spending review not until next year, the scale of the NHS funding pre-announcement has implications not only for the tax system but across Whitehall as spending in other departments will most likely be reduced – if not, the government risks breaking its own spending rules. Any meaningful increase would need to be sizeable and could create problems for the Treasury as any of these options go against the government's fiscal rules.<sup>25</sup> To be given a five-year budget ahead of a spending review is unprecedented and represents an acknowledgment that things cannot continue as they have done in the past.

How the government manages to fund increased NHS spending could take shape in a number of different ways – the most likely being increases in National Insurance Contributions. Although there will be some opposition to this, there does seem to be evidence that public opinion is shifting in support of paying more tax to fund healthcare.<sup>26</sup> There are other avenues to explore, such as, varying levels of age group contributions, property tax reform and cancelling corporation tax.<sup>27</sup>

### ***Public opinion***

The NHS has consistently retained a position, when public opinion has been polled, as one of the biggest issues facing Britain.<sup>28</sup> Despite the challenges, there is still significant support for the NHS. People are open to paying more tax to increase health spending, and the public believe it

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<sup>20</sup> Taxes as a share of GDP on course to rise to highest since 1969-70 by end of the decade, The Office for Budget Responsibility

<sup>21</sup> May's £20bn for NHS is just sticking plaster, The Times (19<sup>th</sup> June 2018) – accessible at: <https://www.thetimes.co.uk/article/may-s-20bn-for-nhs-is-just-sticking-plaster-g5gladdr7f>

<sup>22</sup> Institute for Fiscal Studies and the Health Foundation - Securing the future: funding health and social care to the 2030s, Institute for Fiscal Studies and the Health Foundation (24<sup>th</sup> May 2018) – accessible at: <https://www.ifs.org.uk/uploads/R143.pdf>

<sup>23</sup> NHS Confederation Chief Executive Niall Dickson at the NHS Confed Annual Conference (June 2018)

<sup>24</sup> Supra at note 22

<sup>25</sup> Supra note at 22

<sup>26</sup> What does the public think about the NHS?, The King's Fund (September 2017) – accessible at: <https://www.kingsfund.org.uk/publications/what-does-public-think-about-nhs>

<sup>27</sup> Healthy Finances? Options for funding an NHS spending increase, The Resolution Foundation (June 2018) – accessible at: <https://www.resolutionfoundation.org/app/uploads/2018/06/Healthy-Finances.pdf>

<sup>28</sup> Issues Index, Ipsos MORI (May 2018) – accessible at: <https://www.ipsos.com/ipsos-mori/en-uk/issues-index-concern-about-crime-reaches-seven-year-high>

is important that the health service is maintained in its current form.<sup>29</sup> Polling also suggests that there is support for an extra penny in the pound being ringfenced specifically for healthcare.<sup>30</sup>

The public is also in favour of the government going beyond just funding as they believe that increased funding is not the only solution. It won't change the fact that our population is simultaneously growing and ageing, whilst developing more long-term and complex conditions (LTCs). The public are also less bothered about who runs hospitals, provided that everyone has access, free at the point of demand. This is a controversial area of policy, but it is a legitimate question that should be open to public debate.

### ***The relationship between the NHS and social care provision***

Although the government has moved to address funding in the NHS, things such as public health, social care, workforce training and much-needed capital investment were left out of the settlement. The Green Paper on Social Care was due to be published this summer but has been delayed until later in the year. The truth is that some of the challenges faced by the NHS - bed-blocking and managing comorbidity in later life - can only be addressed by having better social care provision.

The Royal Commission on Long-Term Care for the Elderly in March 1999 reviewed ongoing funding options and recommended free nursing and personal care for all. A decade later, the Dilnot Commission was tasked with the same problem, proposing a new limited means-tested system with a lifetime cap on care costs. Social care needs a new comprehensive funding package and Jeremy Hunt has reiterated the need to place it on a new sustainable funding model.

A 'National Care Service', offering care free at the point of need - was a Labour Party manifesto commitment at the last General Election. They planned to inject £3 billion into such a service in the first few years, but it was unclear how it would be funded in the long-term.

Current approximations in terms of the current funding gap, amounts to £3 billion by 2023/24<sup>31</sup> as a result of real term cuts of 7-8% in spend by local authorities over the past decade.<sup>32</sup> Facing the very imaginable reality of not being able to cover the rising costs of care going forward<sup>33</sup> as the number of over 75s increases to unprecedented levels<sup>34</sup>, this issue is not going to go away. The pressure is building on the government to announce an interim funding package for social care in the Autumn Budget before provision collapses in parts of the country.

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<sup>29</sup> Supra note at 26

<sup>30</sup> Political Polling, Opinium (6<sup>th</sup> February 2018) – accessible at: <http://opinium.co.uk/political-polling-14th-november-2017-2-2-2/>

<sup>31</sup> Supra at note 22

<sup>32</sup> Adult social care spending, The King's Fund (March 2017) – accessible at: <https://www.kingsfund.org.uk/projects/nhs-in-a-nutshell/adult-social-care-spending>

<sup>33</sup> Government policy on councils' finances risks inconsistent and insufficient adult social care funding, Institute for Fiscal Studies (22<sup>nd</sup> March 2018) – accessible at: <https://www.ifs.org.uk/publications/12859>

<sup>34</sup> Ibid

If we do not tackle adult social care provision and it falls off a cliff edge, the knock-on impact will be that the NHS will be left to pick up the pieces. The growth in the number of older people developing long-term conditions, issues associated with loneliness and social isolation, and the fragmentation of care provision is impacting some of the most vulnerable people in our society. Without decisive action, the gap between those in need of care and the provision of appropriate services will only widen further.

### ***Looking forward – what can we expect from the NHS?***

The tone of the general debate and media coverage around the NHS can often be gloomy, which is no surprise given recent pressures and years of public spending restraint. All too often, commentators get sucked into a circular debate and fail to look forward with optimism about what the future has in store.

There is great potential for the NHS to play a leading national and international role in spearheading technological innovation to deliver better outcomes for patients and drive productivity in the wider economy.<sup>35</sup> The way we access healthcare is going to change too - senior health leaders are of the view that the outpatients model is now obsolete in terms of long-term specialist support which ties in with the integration and community care agenda.<sup>36</sup>

### ***Reform***

The Prime Minister dropped a heavy hint that she is considering changes to existing legislation. It is rumoured that some elements of the Health and Social Care Act will be consigned to history as simply not workable given current NHS pressures. Depending on what these “key” aspects are, this could be a huge turning point.

### ***Innovation – AI, tech, data***

The NHS first grasped the potential use of data in the 1980s,<sup>37</sup> and established NHS Direct in 1998. These were both modernising cornerstones in the development of the health service.

Innovation is not without its own set of challenges to overcome. The use of patient data has faced some recent setbacks. The most high-profile case was the agreement between Google’s DeepMind and the Royal Free London NHS Foundation Trust, in which the hospital was found by the ICO to have breached UK data protection law in handing over 1.6 million patient records to the AI company. There were also issues with the Government-backed Care.data, a patient information sharing scheme, which failed in part because of questions about some of the most

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<sup>35</sup> NHS productivity: the Institute for Fiscal Studies contained within NHS England Board Paper: NHS planning for 2018/19 (30<sup>th</sup> November 2017) – accessible at: <https://www.england.nhs.uk/wp-content/uploads/2017/11/04-pb-30-11-2017-nhs-planning-for-2018-19.pdf>

<sup>36</sup> Reducing Emergency Admissions report, UK Parliament (June 2018) – accessible at: [https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/795/79505.htm#\\_idTextAnchor004](https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/795/79505.htm#_idTextAnchor004), NHS Improvement Chief Executive Ian Dalton and NHS England Chief Executive Simon Stevens at the NHS Confederation Annual Conference (June 2018)

<sup>37</sup> Kornberg group urges changes in NHS statistics (27<sup>th</sup> November 1982), British Medical Journal, Vol 285, Pg 1591 – accessible at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1500526/pdf/bmjcared00634-0075a.pdf>

controversial aspects of the project – sharing patient data with private companies. It wasn't cancelled because of its technical abilities, it was largely due to governance and accountability.

Automation will have a significant role to play in the future as technology rapidly improves and becomes a mainstream tool in health and social care. Technology could complement human skills and talents, by reducing the burden of repetitive and administrative tasks, freeing up medical staff to spend more time on direct clinical care. Lord Darzi recently claimed in a report that a third of GPs time could be freed up by automation.<sup>38</sup> A further £6 billion productivity gain could be realised by automation within social care alone, where 30% of current tasks could be carried out by adopting new supportive technology. Widespread adoption and embracing "full automation" could free up as much as £12.5 billion a year worth of NHS staff time, allowing them to interact more with patients.<sup>39</sup> The recent Topol Review, looking at how the NHS workforce can prepare for a digital future, claims that artificial intelligence can be applied to predict patient flow through hospitals and monitor public health trends. There are exciting developments in robotics on the way because "rehabilitation and assisted living robots which can help patients recover from stroke or support people with dementia are also being developed."<sup>40</sup>

Since its inception, the NHS has been able to utilise some of the most extraordinary advances in technology and medical science. These breakthroughs have become vital tools to save lives on a daily basis. The NHS is at its best when it embraces innovation and associated research delivering outcomes that have worldwide reach. There is no doubt that the NHS will continue to be a trailblazer when it comes to delivering better health outcomes through advances in technology.

### **New opportunities**

The NHS is now facing an important crossroads in its history - it has a new multi-year funding settlement, plans to deliver a new 10-year organisational plan, and a joint health and social care workforce strategy. The NHS should use this opportunity to think about the long-term challenges it faces.

Our population has grown significantly since the 1940s and the number of older people living longer with multiple conditions is placing unprecedented demand on services.

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<sup>38</sup> Third of GP time could be freed up by 'automation', says former health minister, GP Online (June 2018) – accessible at: <https://www.gponline.com/third-gp-time-freed-automation-says-former-health-minister/article/1485452>

<sup>39</sup> The Future of the NHS and Social Care: The Lord Darzi Independent Review (June 2018) – accessible at: <https://www.ippr.org/news-and-media/press-releases/embracing-full-automation-to-release-time-to-care-in-the-nhs-and-social-care-says-top-surgeon-lord-darzi>

<sup>40</sup> The Topol Review: Preparing the healthcare workforce to deliver the digital future, Dr Eric Topol, NHS Health Education England (June 2018) – accessible at: <https://hee.nhs.uk/our-work/topol-review>

The NHS has in some respects become a “victim of its own success” as the pressures of an ageing population, more expensive treatments and even tighter budgets continue to bite. We urgently need to increase investment in and focus upon healthy ageing measures.

The looming uncertainty of Brexit is likely to affect all areas of public policy, and have implications for health spending, medical research and the workforce too, although the visa cap for foreign doctors and nurses has been lifted.

Beveridge set out the principles for a unique and socially progressive welfare system. His plans became a reality at a time when the whole nation was focused on rebuilding the country.

Modern Britain is in a radically different position and healthcare has become ever more complex to administer. The NHS has over the decades shifted focus and overseen many reorganisations and been the first to pioneer new treatments to deliver better outcomes for patients. It is also important to recognise the generations of doctors, nurses, porters and administrative staff who day in, day out for decades have made sure the NHS keeps putting patients first.

Now, more than ever before, the NHS must use the lessons it has learnt throughout its 70-year history to embrace the new opportunities presented by the decades that lie ahead.

Happy 70<sup>th</sup> Birthday and many happy returns!