



Response to the Spending Review – November 2015

Introduction

In his Spending Review and Autumn Statement, the Chancellor of the Exchequer set out the funding that will be available to the public services that many people affected by MND rely on. Some of these, particularly health and social care, apply only in England. The devolved nations were told of their budget allocations today, and will now make their own decisions on how to spend them. The statement also included details of some important policy changes.

Overall, this is a tough settlement: while the Chancellor has given with one hand, he has taken considerably more away with the other. His increase in funding for the NHS, although substantial in its own right, does not meet the demands of the Five Year Forward View, contrary to his claim. The settlement for social care is profoundly ungenerous: we can expect much of the benefit from increased NHS funding to be wiped out by increased demand arising from a failing social care system. People with MND may find it ever-harder to access social care, and will increasingly risk being stuck in hospital because they cannot safely be discharged after an admission.

Although the Chancellor made a welcome U-turn on changes to the tax credit system, the tougher new rules will ultimately come in under the new Universal Credit system when it is introduced. There were hints in the announcement of a general toughening of the system for people who cannot work due to illness or disability, but it is hard to say at this stage what this will mean, if anything – we expect more detail to follow, probably next year. In addition, changes to Housing Benefit risk pushing some of the most vulnerable people, including people with MND, further into financial hardship.

One positive announcement was that research funding is to be increased in real terms, albeit very slightly. The details of this are yet to emerge, and we feel that the Government could be doing more for MND research than it is, but nonetheless this represents a better settlement than in 2010 when research funding was frozen in cash terms.

In respect of housing, the planned programme of house building appears to involve substantial deregulation, which may make it less likely that the new houses will be accessible, or easily adaptable to be made accessible in the future. Overall, the changes are almost certainly not enough to solve the current housing supply problems.

Responding to the Spending Review David Setters, who is living with MND, said: “There is an urgent need to protect the ‘most vulnerable’ in society as the Government itself promised it would do in the run-up to the General Election. There can be no group of people more vulnerable than those living with life limiting and terminal diseases such as motor neurone disease. It’s very important that we hold the Government to those promises.”

Chief Executive of the MND Association, Sally Light, commented: “The Chancellor’s Spending Review has produced rather more for people with motor neurone disease (MND) to worry about than we would have liked. Even in good times it was often a struggle to secure enough support from the NHS, social services and the benefits system to maximise quality of life for people with MND. Fewer and fewer seem likely to achieve that over the next five years. The unexpectedly generous settlement for research funding is the one ray of light in an otherwise bleak picture – we know that people living with and affected by MND take great comfort from the knowledge that research to find a cure is ongoing.

“In the here and now, however, we would have liked Chancellor to build in more protection for people with terminal illnesses: whatever future benefits he might claim will flow from his policies, the cruel reality is that people living with MND today will not live to see them, but will too often experience the short-term consequences.”

The NHS in England

The Government will be awarding the NHS an extra £8.4 billion in the five years to 2020, in addition to nearly £2 billion pledged in the final Budget before the general election. Of the new money, £3.8bn will be ‘front-loaded’ to 2016-17. This will address the immediate cash crisis facing the NHS, which has run up a £2.2 billion deficit, while also allowing for some investment to re-shape services.

The figure of £8 billion has become highly symbolic, because that is what NHS England’s Five Year Forward View said was the minimum necessary to keep the NHS performing at its current level by 2020 in the face of rising demand. By exceeding it slightly, the Chancellor is claiming to have met the Forward View’s demands, but this is not really true: the Forward View arrived at the figure of £8 billion on the assumption that social care and public health would be properly funded, and that the NHS would not be asked to undertake any extra work. As is discussed below, these conditions have not been met.

Overall therefore, the NHS has been given less money than the minimum it said it needed. The immediate crisis may be avoided, but in the years leading up to 2020 the Government may again have to decide either to pump in more money, or see individual NHS services start to close, probably in a haphazard and unpredictable way.

Another way in which the Spending Review is less generous to the NHS than it might first seem is that it has redefined what counts as protected ‘NHS’

spending. Budgets that are not used to commission healthcare services directly are now liable to be cut – this potentially includes public health, the Care Quality Commission and Health Education England. The Spending Review gives a figure of 3.9% cuts for the public health system over the next five years. The Government will also be consulting on devolving responsibility for public health entirely to local authorities as part of its devolution agenda.

The Government has prioritised a shift to seven-day working in the NHS, so that there is not an appreciable difference between services available during the week and at weekends. This may bring benefits for people with MND if it is implemented effectively, but the costs will be taken from the supposedly 'extra' £8.4 billion.

A further controversial reform is the abolition of bursaries for nurses and other health professionals, including therapists who care for people with MND, during their training. These will be replaced with loans. While the impact, if any, of these changes will not be immediate, critics within the health profession argue the result might be growing problems with recruitment of essential healthcare staff.

There is a bold commitment in the Spending Review to improve the use of technology and availability of information within the care system. It states that 80% of clinicians in primary, urgent and emergency care will have digital access to key patient information by September 2018, and that integrated care records will be available to all health and care professionals by 2020. Given the complex nature of MND care and the large numbers of professionals often involved, this is potentially very positive. But the NHS has struggled to introduce this kind of change in the past, so it remains to be seen whether things will be any different this time.

Social care

The Chancellor has failed to come up with a sustainable solution for the current crisis in social care. The Care and Support Alliance estimates that there are 1,625,000 people with unmet social care needs, and the Local Government Association (LGA) estimates that the gap in adult social care funding will be £2.9 billion per annum by 2019-20. The Chancellor today announced two initiatives that will bring some money in, but will not be enough.

Firstly, the Government will give local authorities permission to raise their own funds for social care through making a 2% increase to council tax bills, which it says will raise up to £2 billion by the end of the parliament. Councils are already able to increase council tax by 1.99%. Anything more than that requires a local referendum. The extra 2% will be on top of this, and the money generated can only be spent on social care.

Different councils will be able to raise different amounts based on the values of properties in their area. Councils in less well off areas, where there is usually greater need for social care services, will not be able to generate as

much from a 2% rise as richer councils. This issue will be compounded by the abolition of the grant from central government to local government, which is one way of redistributing money from wealthy councils to poorer ones.

Secondly, the Chancellor announced a further investment of £1.5 billion between 2017/18 and 2019/20 in the Better Care Fund (BCF). This is a fund to help local health and social care services to work together. It seems that the money will come from the Department for Communities and Local Government, rather than the Department of Health, which is good news as otherwise this would reduce the value of the NHS settlement. However, the bad news is that there will be no extra money for next year, even though the system is already in crisis. Because this is a joint fund, and because it is not ringfenced for social care, it will be difficult to make sure that all the money gets spent on social care – cash-strapped local authorities may use some of the money for other things. There is an oblique suggestion that the BCF will be reformed or changed: there is a passing reference to “an improved Better Care Fund”, but it is not yet clear what this will mean in practice.

Taken together, these measures are not enough to meet the growing gap in social care funding. The Government estimates that the maximum £2 billion generated from council tax increases will be enough to fund care for either 50,000 older people in care homes or 200,000 in their own home. This ignores a further major source of cost, however: care workers are often paid the minimum wage, so the introduction of the National Living Wage will push up the bill for social care considerably. The Resolution Foundation estimates this cost at £2.3 million in 2020. The £0.5 billion from council tax rises in that year and further £1.5 billion from the Better Care Fund will fall short of covering even this new cost, let alone addressing the existing crisis.

The Equalities Impact Assessment published alongside the Spending Review claims that, “The Government will prioritise supporting public services which are disproportionately used by those with care needs, such as social care.” It goes on to say that the new funding measures, “will help ensure local authorities have access to the funds they need to increase social care spend in real terms by the end of the Parliament. This will improve care for patients, including older people and those with disabilities.” We do not recognise this picture of a supposedly ‘prioritised’ social care system.

Beyond the issue of funding, the Spending Review states that by 2020 health and social care services will be ‘integrated’. Local plans will be developed by 2017, for implementation by 2020. The Government will not dictate how services must be integrated – each area can decide for itself what will work best. While integration is highly desirable in principle, it is not clear how, if at all, the effectiveness of this integration will be assessed or guaranteed.

Benefits

There are two main announcements on benefits in the Spending Review that might affect people with MND. There will be a number of changes to Universal Credit, a benefit that will bring six benefits into one, including Employment and

Support Allowance (ESA), a benefit for people who cannot work because of ill health or disability. Additionally, the Government plans to cap the amount of housing benefit a person can receive.

The Chancellor announced that he would not be making the previously announced cuts to tax credits, affecting people who work but do not earn enough to live on. However, these changes will come into force when Universal Credit replaces tax credits, which has already happened for some claimants and in some areas. Mr Osborne also stated that there would be an extension of the support and conditionality applied to Job Seekers Allowance (JSA) to 1.3 million additional claimants by 2020. Whether this means that people with MND who receive ESA will face a tougher regime is unclear – the wording in the statement is obscure and could be intended to mean something else. As ESA is one of the benefits that Universal Credit will replace, however, we would be extremely concerned if this were to result in people who have been found unfit for work as a result of a disability or health condition being made subject to a more punitive sanctions regime. This would clearly not be appropriate in a benefit for people who are unable to work, rather than those struggling to find work.

It is crucial that the Government remembers that people with MND cannot work, and must not be expected to move back into work given the progressive nature of the condition. The Equality Impact Assessment justifies the Spending Review's impacts in respect of disability, in part, by saying that it, "announces an increase in real terms spending on disability employment support, and that the government will publish a White Paper in the new year setting out reforms to improve support for people with health conditions and disabilities and further reduce the disability employment gap." This appears to give the impression that the Government exclusively prioritises disabled people who can work – important though that is, recognition must also be given to those who cannot.

Research

Funding for research is being increased in real terms over the next five years. It currently amounts to £4.7 billion, and the increase will be over £500 million (in current values, presumably) by 2020. This amounts to an increase of slightly over 0.1%, but is still a better outcome than the flat cash settlement imposed in 2010. However, relative to our national income and the size of the population, the amount we spend on research will still be falling.

The picture may prove a little more complicated, however. The seven research councils that allocate the spending are to be brought together under an 'umbrella' body called Research UK. They will retain their separate identities, but many academics are viewing this as effectively a merger. The consequences are hard to predict at this stage.

Additionally, the Government will be deploying £1.5 billion of the research budget into a new Global Challenges Fund – this could be helpful, or could amount to the Government having a more direct say in what research gets

prioritised, which could politicise some funding decisions. It remains to be seen whether this will be a problem in practice.

Looking at university funding as a whole, the Spending Review reduced the teaching grant by £120 million over five years, but makes allowances for the funding of high cost subjects (particularly, we presume, the sciences). Within the university ecosystem there is a relationship between teaching and research – the former sometimes effectively subsidises the latter – so this may be a problematic cut, although relatively small compared to research funding overall.

One highly specific announcement is a new £150 million Dementia Research Institute, “to draw together world leading expertise to accelerate the pace of research and tackle the progression of the disease.” We believe this institute’s work must include fronto-temporal dementia, which is increasingly understood to have strong links to MND.

Housing

The Government has committed to building up to 8,000 new homes for older people and people with disabilities, which is welcome news. However, the overall focus on housing reform seems to continue a trajectory of deregulation, which risks the importance of accessibility and affordable adaptability of new homes being increasingly overlooked in new construction.

The Chancellor also renewed funding for the Disabled Facilities Grant, a locally-administered fund for people who need financial support to make adaptations to their homes. This is somewhat ambiguously presented in the Spending Review documents, but it appears that the new allocation will be £500 million per annum by 2019/20, which would suggest a substantial increase from the 2015/16 settlement of £220 million. It is unclear whether this will still be administered through the Better Care Fund, whether it will be a ringfenced amount (it currently isn’t) and whether it is included in, or in addition to, the money committed to the Better Care Fund overall. We will continue to chase down the detail on this issue.

Devolved nations

The devolved nations are also enduring tight spending settlements, although they will be able to make their own decisions about how they spend the money they receive. In Wales, over the spending period the average reduction will be 1.1% per year, and in Northern Ireland 1.3%. However, a ‘floor’ is being introduced for Wales so that in total it must always receive a settlement of at least 115% of what is spent in England, when compared by population size.

In conclusion

This is a far-reaching and bold Spending Review, whose effects will be felt for many years to come. We expect that the detailed implications for people living

with and affected by MND will become clearer as we get more detail on how the changes announced today will work in practice, and as we and other organisations go through the detail at greater length.

We will continue to project the voice of people with MND into every arena where it needs to be heard, through our local, regional and national campaigning. Next year the NICE guideline on MND will be published, and will be the largest and most important of several new statements of what high quality care should look like for people with and affected by MND. We will push those messages into the NHS, social services and other support systems, all the more forcefully in light of the challenges posed by today's announcements.

25 November 2015