



Summary of *Build back better: our plan for health and social care*



Introduction

On 7 September 2021, the Prime Minister announced a new plan for health and care, with an additional £36bn to be spent over the next three years. *Build back better: our plan for health and social care*¹ (the plan) set out intentions for healthcare and adult social care, supported by a new health and social care levy to raise the necessary funds through taxation.

The plan will be supplemented by a white paper due later in 2021, setting out proposals for system reform of adult social care. A national plan will also be developed to support and enable further integration between health and social care.

This briefing sets out the key points announced by the Prime Minister. *Build back better: our plan for health and social care* should be referred to for the further details that are available at this stage.

¹ UK Government, *Build back better: our plan for health and social care*, September 2021

Plan for healthcare

The plan for healthcare focuses on three main aspects: tackling the electives backlog, putting the NHS on a sustainable footing, and focusing on prevention.

Tackling the electives backlog

The 2020 spending review² allocated £1bn to measures to address the elective backlog. The plan highlights that a further £1bn will be spent in 2021/22, with an additional £8bn over the next three years. It is expected that, by 2024/25, the NHS in England will be delivering 30% more elective activity than it was prior to the pandemic.

To support the increase in elective activity, a £250m elective recovery technology fund will be established. A further £250m will be invested in increasing theatre capacity and improving hospital productivity. As part of this investment, the plan states that *'NHS England and NHS Improvement will publicly state how it will embrace efficiency and reform to seek to maximise funding for elective activity within the funding envelope.'*

While this aspect of the plan focuses on the NHS in England, it is expected that a programme of joint working will be established with the devolved nations to share information and best practice to support recovery. As part of this, a new £50m research, innovation and collaboration fund will be established to improve health outcomes across the whole of the UK.

A delivery plan for elective recovery, and the final funding settlement for the NHS in England, is expected to be published later this year.

Putting the NHS on a sustainable footing

The plan lists a number of announcements by the government since 2020 that allocated funding to the NHS.

In addition to previously announced funding, the plan states that an additional average £12bn per year will be made available to health and social care over the next three years, raised through the health and social care levy. A proportion of this funding will go to the devolved nations, in accordance with the Barnett formula.

Focusing on prevention

The plan highlights two new bodies to support health improvement and protect against future health threats: the Office for Health Improvement and Disparities³, and the UK Health Security Agency⁴.

In order to better understand the costs and predicted outcomes of major preventable diseases, such as diabetes, NHS England and NHS Improvement will be required to introduce yearly spend, outcome and trajectory reporting criteria including an assessment of the 10-year spend and outcome trajectories.

Plan for adult social care in England

The high-level announcements in the plan will be supplemented by a white paper which will *'commence a once in a generation transformation to adult social care.'* Consultation is expected to begin in October 2021, with publication later in the year.

While the plan states that local authorities will have access to sustainable funding for core budgets, as part of the forthcoming spending review; demographic and cost pressures in adult social care will continue to need to be met through council tax, the social care precept, and long-term efficiencies.

² HM Treasury, *Spending Review 2020*, December 2020

³ DHSC, *New body to tackle health disparities will launch 1 October, co-headed by new Deputy Chief Medical Officer*, September 2021

⁴ UK Health Security Agency

Capping adult social care costs

£5.4bn will be invested in adult social care over the next three years to fund social care payment reforms. From October 2023, a new £86,000 cap will be introduced to limit the amount that anyone in England will need to pay for personal care⁵ over their lifetime.

The plan also sets the expectation that self-funders should pay the same amount for care as those funded through the local authority.

Financial assistance to people without substantial assets

The state will meet all care costs for those with assets of less than £20,000. People with assets of between £20,000 and £100,000 will contribute to the cost of their care, though this will be means-tested. The current upper asset limit is £23,250.

People with assets over £100,000 will pay the full costs of their care until they reach the £86,000 cap.

Wider support for the social care system

The plan states that the forthcoming adult social care white paper will provide a path to long-term financial sustainability for the sector.

In recognition of the importance of the social care workforce and the need to improve recruitment and retention, the plan sets out investment of at least £500m to support workforce measures.

Improving the integration of health and social care

The plan sets out the intention to develop integration further than that set out in the *Health and care bill*⁶ currently progressing through Parliament. A national plan will be developed to support and enable integration between health and social care, to ensure that people experience well-coordinated care.

The new national plan is expected to focus on areas such as a single set of health and care outcomes for a system; more joint leadership roles across the NHS and local authorities; and workforce planning across health and social care.

Plan for new funding

Build back better: our plan for health and social care represents a permanent increase in spending for health and social care. In order to fund this, the government are introducing a health and social care levy (the levy) and increasing dividend tax rates.

Health and social care levy

The levy will be introduced from April 2022 as a 1.25 percentage point increase on national insurance contributions. From April 2023, the levy will be separated from national insurance contributions and will show as a separate deduction line on employee payslips. The levy is a hypothecated tax, which means that the funds raised from it will be ring fenced for use in health and social care.

The levy will apply to employees, employers and self-employed workers. From April 2023, it will also apply to those above state pension age who are still working. It will apply across the whole of the UK.

In 2022/23, receipts from the levy will be added to the existing NHS allocation. From 2023, receipts will be split across health and social care.

⁵ The daily living costs in a care home - those associated with food, energy bills and the accommodation - will not count towards the cap. (BBC, *Will the cap really fix the social care system?*, 8 September 2021)

⁶ Department of Health and Social Care, *Health and Care Bill 2021-22*, July 2021

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For over 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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