



The voice of NHS leadership

Chancellor of the Exchequer's 2017 spring budget – on the day briefing

8 March 2017

Key health and care announcements

- £2bn over three years for local authorities to fund social care
- A green paper setting out the options for the future of the funding of social care
- £325m in capital funding over three years for STPs that are ready to go, with a further capital funding announcement for the remaining STPs in the 2017 autumn budget
- £100m capital funding for A&E departments

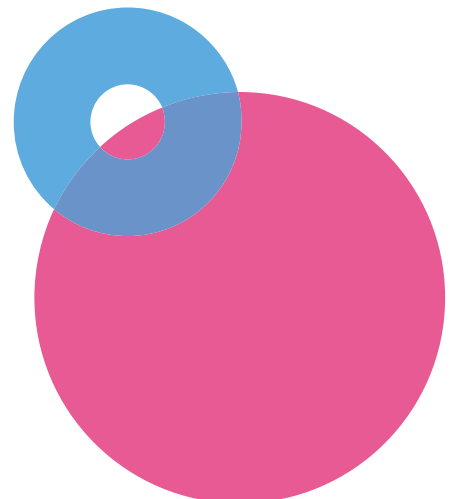
The Chancellor of the Exchequer, Rt Hon Phillip Hammond, confirmed today this would be his last spring budget. From now on, we can expect an autumn budget, which will allow a longer period for any changes to be implemented before the beginning of the next financial year. The chancellor will still make a spring statement – he is statutorily required to – but it will include no policy announcements.

An annual budget should mean more stability, coupled with less opportunity for influencing. Whether the government will be able to resist the chance to announce policies during the spring statement we will have to see.

The spring budget – what was announced?

Social care

- An extra £2bn over three years for local authorities to fund social care, with £1bn available for 2017/18. The budget states: “councils will need to work with their NHS colleagues to consider how the funding can be best spent, and to ensure that best practice is implemented more consistently across the country.” We predict that local government can expect some strings attached to the extra funding.
- Non-financial measures to identify and support areas that are struggling with high levels of delayed transfers of care.
- A green paper setting out the options for the future of the funding of social care will be published in the autumn – Hammond confirmed that a tax on estates after death (or a “death tax”) will not be included as an option.



Capital funding

- £325m in capital funding over three years for the small number of STPs that are already in a position to implement their plans, with a promise of a multi-year capital funding announcement for the remaining STPs in the 2017 autumn budget.
- £100m in capital funding for A&E departments to invest in measures to help reduce demand – including increased GP provision in A&E. There was no mention of future revenue to maintain the funding of these services.
- The extra capital funding announced has not increased the total NHS budget – so we're unsure from the formal budget documents how this is being financed. HM Treasury have confirmed it is new money.

Economic growth

- The forecast for economic growth in 2017 has been raised from 1.4 percent to 2 percent with an estimated £16.4bn less public sector borrowing during 2018/19 than was estimated in the 2016 autumn statement.

Business rate relief

- £300million of business rate transitional relief will be given to local authorities to discretionally distribute to organisations that are hit by increases in business rates due to the revaluation – which will undoubtedly include some NHS organisations.

Litigation payments

- £5.9bn to protect the NHS from changes to the discount in personal injury payments. Personal injury payments now have to calculate future costs at a higher level, which will impact on litigation payments paid by the NHS, so this money will help reduce the impact on the health service.

Sugar tax

- Due to soft drink manufacturers reformulating products to include less sugar, the government expects to see lower than expected revenue from the soft-drink levy. However the £4bn in funding promised from the levy for sport in schools will be honoured by the government.

Self-employed national insurance rates

- An increase in National Insurance paid by many self-employed workers to bring them in line with PAYE workers. This will not have a large impact on the NHS due to the low level of self-employed workers, however it is something that all employers should be aware of.