



**HOUSE OF COMMONS  
LONDON SW1A 0AA**

22 June 2018

**Re: Long term plan for our NHS**

Dear Colleague,

Earlier this week, the Prime Minister announced a new five-year budget settlement for the NHS. This announcement means that in cash terms the budget will have increased by over one quarter in five years' time, with an extra £600m a week by the end of the period. Every part of our country and our health service will feel the benefit as we move closer to ensuring the safest, highest quality healthcare for all.

This historic funding deal will see an average annual growth of 3.4% in real terms over the next five years – significantly higher than the Labour manifesto commitment of 2% increases and faster than the expected growth of the economy. In 2020/21, funding will exceed £8bn per year real increases, delivering the manifesto commitment two years early. By the end of 2023/24 nearly £70 billion pounds extra will have been spent on our NHS in real terms.

This new deal reflects the fact the NHS is the Government's top spending priority. In its 70th year, we are re-affirming our commitment to the NHS as our most loved national institution and this Government's number one priority in public services.

The extra funding will come in part from the fact we will no longer pay EU membership fees after the transition period, in part from economic growth, and the country will also be asked to contribute a bit more towards the NHS in a fair and balanced way.

In return for this extra funding, the NHS will produce a new ten-year plan – led by clinicians – setting out how the money will be used to deliver our vision for the health service and to ensure every penny is well spent. The plan should get the NHS back on the path to delivering agreed core performance standards, and drive the reforms that will deliver a better and more sustainable NHS, all underpinned by a further ambitious programme of digitisation.

This plan provides an unprecedented opportunity for NHS leaders to transform and enhance our health service, backed up with certainty on the revenue funding for the first five years of that plan. Unlike previous programmes, the plan will be developed in parallel with a ten-year health and social care workforce strategy, to ensure we have the right staff numbers and skills to deliver the care of the future.

We expect the plan to deliver new services and improved outcomes for patients. For example, new priorities could include 10 year ambitions to raise cancer survival rates to match the averages of France and Germany, move us towards new clinically defined access standards for mental health that are as ambitious as those in physical health, and ensure maternity safety is amongst the best in Europe.

As Conservatives, we know that public services cannot meet the high expectations of people in our country without ensuring every pound is spent as efficiently as possible. We cannot repeat the mistakes of the past, including the way nearly half of Labour's NHS spending

increases in the 2000s went on higher pay and price inflation. Under this government, the NHS has delivered a record run of successive productivity gains, year on year. At times, these have outstripped the productivity gains in the wider economy. We must redouble our focus here.

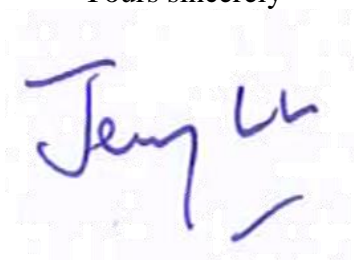
I have therefore been clear that with this new funding, we must ensure the NHS is held accountable for every penny. The 10-year plan will meet the following five financial tests to demonstrate to taxpayers how the service will be put on a more sustainable footing:

- All NHS organisations will return to financial balance and act in a financially responsible way;
- The NHS will improve productivity and efficiency, with all savings reinvested in frontline care;
- The NHS will reduce the growth in demand for care through better integration and prevention;
- The NHS will reduce variation in performance across the health system (financial and operational); and
- The NHS will make better use of capital investment and its existing assets to drive transformation.

We will continue to drive efficiency savings in the NHS with this new funding. That is why we coupled the average 3.4% a year in real terms increase with an efficiency target of at least 1.1% a year. This should ensure the NHS can deliver the world-class care all our constituents want and deserve.

I am always available to discuss in person if you have questions or concerns. In particular I would like to undertake further engagement with colleagues to discuss how these financial tests can be met, and what further ideas and examples you may have identified to increase productivity.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jeremy Hunt', with a horizontal line underneath.

**Rt Hon Jeremy Hunt MP**  
**Secretary of State for Health and Social Care**