



Department
of Health &
Social Care

*From the Rt Hon Wes Streeting MP
Secretary of State for Health and Social Care*

*39 Victoria Street
London
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Layla Moran MP
Chair, Health and Social Care Committee

17 December 2024

Dear Chair,

I am responding to the questions raised in your letter of 14 November regarding the Autumn Budget.

- 1. What analysis or modelling has been conducted by your department and/or the Treasury on the impact of the Employer NIC increase on non-public sector health and social care providers, to support that conclusion. In particular we want to understand the projected impact on the financial position of a) GPs, b) Pharmacies, c) Social Care providers, and d) Hospices, and the impact on the workforce and services they provide.**

We have taken the necessary decisions to fix the foundations in the public finances at Autumn Budget. This enabled the SR settlement of a £22.6 billion increase in resource spending for the Department of Health and Social Care from the 2023-24 outturn to 2025-26.

The Employer National Insurance rise will be implemented in April 2025 and we will set out further details on allocation of funding for next year in due course.

For social care, the Government considered the cost pressures facing adult social care as part of the wider consideration of local government spending during the first phase of the Spending Review process.

This assessment took into account a wide range of factors, including changes to National Insurance Contributions and the National Living Wage.

The Government is providing a real-terms uplift to core local government spending power of around 3.2%, which includes £1.3bn of new grant funding for 2025-26. We will set out further details at the Local Government Finance Settlement.

- 2. Can you update the Committee on the current timelines for new GP contract arrangements to replace the 2019 contract framework?**

Primary care providers – including general practices – are valued independent contractors who provide nearly £20bn worth of NHS services each year. Every year we consult with each sector both about what services they provide, and the funding providers are entitled to in return under their contract. As in previous years, this issue will be dealt with as part of that process. We will shortly begin discussions on the annual GP contract.

Consultation on any changes to the GP contract for 2025-26 will begin once the financial envelope is known, which is subject to the conclusion of the department's budget setting process following the Autumn Budget. The funding and any changes will apply for 2025-26 only. We will consider setting a multi-year contract framework for subsequent years following the outcome of the second phase of the Spending Review and publication of the 10-year Health Plan next year.

3. Will any guidance be issued to the NHS and other service commissioners such as Local Authorities on how the increased costs faced by non-NHS service providers should be reflected in their budgets for commissioned services?

NHS England staff are working with departmental colleagues to publish 2025-26 planning guidance before the start of the next financial year. The guidance will communicate national priorities, performance expectations, and operational planning assumptions to Integrated Care Boards and Providers so they can plan for 2025-26.

Following the Autumn Budget, we are seeking to confirm 2025/26 local authority public health grant allocations as quickly as possible. We will confirm future years' allocations after the conclusion of phase 2 of the Spending Review next year, to support long-term planning with the NHS.

For social care, I am working with my colleague, the Deputy Prime Minister, to agree the details of how funding will be allocated through the provisional Local Government Finance Settlement, which will be published in December.

4. Can you confirm whether Government will be providing additional support to the hospice sector?

As set out above, the Employer National Insurance rise will be implemented in April 2025, and the department will set out further details on the allocation of funding for hospices next year in due course.

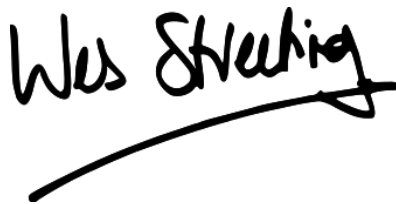
Whilst the majority of palliative and end of life care is provided by NHS staff and services, we recognise and appreciate the vital role that voluntary sector organisations, including hospices, also play in providing support to people at end of life and their loved ones. We understand that, financially, times are difficult for many voluntary and charitable organisations, including hospices, due to a range of cost pressures.

5. Is the Government considering providing additional support for any other nonpublic sector health and social care providers that are also facing cost pressure from Employer NIC and wage increases?

Again, as above, the Employer National Insurance rise will be implemented in April 2025 and the department will set out further details on the allocation of funding for next year in due course.

For social care, the Government is providing a real-terms increase to core local government spending power of around 3.2% for 2025-26, which includes £680 million of additional grant funding for social care pressures particularly those in adult social care.

Yours sincerely,

A handwritten signature in black ink that reads "Wes Streeting". The signature is written in a cursive, slightly slanted style. Below the signature is a long, sweeping horizontal line that starts under the 'W' and ends under the 'g'.

RT HON WES STREETING MP