

THE ANDREW MARR SHOW

INTERVIEW:

SIMON STEVENS

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Andrew Marr: Before we get going – I don't normally do this – but I think people should just see a graph which shows the huge amount of red streaking – that's 2013 and there we are, it's a massive, massive deficit appearing very, very fast. Now, Chris Hobson has argued that this is because of two things: it's because of unprecedented levels of demand for the NHS and frankly, the financial squeeze is too tight.

Simon Stevens: Both those things are true. Demand is continuing to rise. The NHS is looking after more patients and looking after them better each year. And we're doing that in the context of a – five years into the deepest slowdown in funding growth that we've had because of the need to dig ourselves out of the effects of the recession for the British economy. Having said that, the figures that you have there, Andrew, are just part of the story and we've got another 600 million offsetting savings that we'll be showing the results of next week. And so the net position for the NHS as a whole is not what's on that chart.

AM: It's bad but it isn't that bad.

SS: That's it, there's absolutely no doubt that 2015-16 has been a year of incredible financial pressure, and that's why we've got for the year ahead a different approach. We argue that we would need a front-loaded funding settlement in the spending review and we've got that, so we will be able to put more funding into hospitals in 16-17, and I'm confident that, as a result, the deficit will come down very substantially this year compared to last.

AM: Have you got enough money?

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SS: We are going to have to cut our cloth according to the funding that we've got. So, over the next five years we will see NHS funding going up from about £100 billion a year in England to £119 billion. So that's an increase. It's not as fast as historically the NHS has enjoyed, but nevertheless it is an increase.

AM: Basically, I'm sorry to bandy figures and they're difficult for people to understand, but there's a £30 billion black hole of which 22 billion is coming from savings by 2020, and eight billion from the government. And there is huge scepticism around, as you know, about whether those savings can actually be delivered at that rate. How's it going?

SS: Well, we have a plan to make the savings. But let's just be clear what we're talking about here. We're not talking about cuts in the level of spending on the NHS; we're talking about the extent to which we can create ourselves more headroom to deal with the extra pressures, the extra treatments that we want to offer over the next five years.

AM: Right. Let me read you Chris Hobson, Chief Executive of NHS Providers, that's the trusts and so forth. He says, 'asking for savings at three times the NHS average was never going to work. No one in the NHS believes that these savings will be enough to cover the large financial gap that is rapidly opening up.'

SS: That's right. So that's why we're not doing that. That's why we've said that rather than asking for four per cent of savings, actually two per cent would be a more efficient, more realistic expectation from NHS hospitals. So that means that for every pound of headroom we want to create, only 40 pence on the pound is going to come from those kinds of savings. There are other things we need to do nationally, and more fundamentally we have a plan to redesign the way care is organised between GPs and hospitals and hospitals and mental health services, social care, and that is a big part of what we've got to get right as well.

AM: If you're not going for all the savings you were going for, and the government's money isn't going up at all, there is now clearly going to be a gap. Don't you have to go back and ask for more from the government? You said at the time, I think, it was absolutely the bottom end of what was needed. Now, things have changed since then, all that red has appeared on the graph since then. Don't you have to go back to George Osborne and say, 'look, do you know what? I'm afraid we have to come back with our cap out once more.'

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SS: For the year that we're now in we have got the funding increases that we need to kick-start the changes that the health service needs to bring about, and we are on the back of that clearly going to be able to make substantial inroads to the hospital deficits.

AM: And going forward?

SS: Well, over time of course the NHS will need to be able to share the fruits of economic growth in this country. And that's why it's critically important for the NHS that the British economy continues to do well. I've worked in the NHS on and off for 28 years. The moments when the NHS has been under the most pressure have been moments when the British economy has stalled. So the connection between those two points is absolutely essential to the future of the NHS.

AM: And we'll come to that in a moment, but just before we do, to be absolutely clear, if the British economy carries on growing do you think the government needs to put more than the eight billion pounds in to get the seven day working, to get everything it wants?

SS: We said that we need that as a minimum in order to deliver the kinds of improvements in the NHS that we want to create. Over time, of course that will be a question for governments to consider alongside other priorities. There is an argument, Andrew, that says if there were more money available any time soon, then actually social care might be priority.

AM: I understand that.

SS: Given that we're currently spending probably in the zone of a billion pounds a year on patients who are stuck in hospital who could be looked after outside of hospital.

AM: I should ask you, since David Laws was sitting in that chair not long ago, and he told us that you had asked for a lot more than eight billion pounds originally in your conversation with David Cameron and George Osborne, but they had rather sat on you and that was the most you felt you could get, realistically, before the election. Is that true?

SS: There's no secret at all about what we asked for. It's all on the NHS England website, the

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recap briefing. We said in the five year sort of view that the NHS would need at least eight billion but that, in turn, we had to make significant efficiencies. And the workings of that, our assessment of the spending review, are all there publicly for everybody to see.

AM: Okay. Very, very simply, do you want more than eight billion now?

SS: Over time of course the NHS will benefit from extra investment. But in order for that to happen, we understand that the economy as a whole has got to be beginning to grow.

AM: Now, two predecessors of yours say that the NHS would suffer if we left the EU. But we just heard Penny Mordaunt and lots of other people saying that if we leave the EU we get a £10 billion bonus, as it were, and most of that goes straight to the NHS – it could solve all your problems.

SS: So I take very seriously the conversation you had with the Governor of the Bank of England who was sitting in this chair last week. And when Mark Carney says that the risk of a slowdown in economic growth, possibly a recession if we end up exiting the EU – if Mark Carney is right, then that is a severe concern for the National Health Service, because it would be very dangerous if at precisely the moment the NHS is going to need extra funding actually the economy goes into a tailspin and that funding is not there.

AM: What would that mean in real terms for the NHS?

SS: Well, we can see that we are able to – we've got a clear plan to improve cancer services, saving 30,000 lives over the next five years. We need to upgrade our mental health services and we need to strengthen primary care. In order to put the fuel in the tank we will need the proceeds of economic growth. The truth, Andrew –

AM: And an economic shock would actually put lives at risk? You wouldn't get the cancer care and so forth that you would otherwise be able to invest in?

SS: It's been true for the 68 years of the NHS's history that when the British economy sneezes the NHS catches a cold. And this would be a terrible moment for that to happen; at precisely the time the NHS is going to need that extra investment.

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AM: So as the man in charge of the NHS you are saying to voters now, vote to stay inside the EU to protect the NHS?

SS: It's not my job to do that at all. I'm simply setting the – I'm simply looking at the – speaking for the NHS and talking about what the NHS will require. And I think any nurse, any doctor, any patient will tell you that over time the NHS is going to need more investment. So the reality is that anything that puts that at risk is of deep concern.

AM: Let me put to you the other side of the argument then which is in Mark Carney's comments and in all the other comments, there's lots of perhapses, ifs, ors, maybes, mayhapses as it were. Mayhaps is an old word which I've just reintroduced to the English language. Whereas on the other side, the Brexit side, they're saying here is the absolute concrete ten billion pound bonus that we get from leaving the EU and it goes to you guys. You are swapping something, a concrete, serious upfront and relatively quick offer of money for the worry of what might happen in the distant future.

SS: Unfortunately the UK Statistics Authority has shown that that isn't actually money that would be available to the NHS because when you net off what we give with what we receive it's a rather lower figure than that, and that lower figure, Andrew, even if all of it were deployed to the NHS, is enough to fund the NHS for 19 days each year. So for the other –

AM: 80 billion would help –

SS: That will fund us for 19 days a year. So for the other 11 and a half months of the year it's the performance of the economy that is what will count.

AM: So you reject that argument. What about the argument about migration, because Theresa May admitted we could very well see an extra 3 million people coming in from across the EU if we stay and then there's the arguments about Turkey and so forth. And one of the big questions on the NHS right now in A&E departments is the sheer number of extra people coming through the doors. More migration means more people coming through those doors, puts more pressure on the NHS and makes the crisis worse, not better.

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SS: Well, the NHS actually has benefitted enormously from EU nurses and doctors who we successfully recruit and who help staff our hospitals and our nursing homes. And so take an example, Penny Mordaunt's local hospital. I was looking at the figures as she was talking. In her local hospital 80 of the doctors are from the rest of the European Union. 350 nurses in her local hospital from the European Union. If only a proportion of those chose to up sticks and off on the 24th of June that will create real problems in hospitals across the country.

AM: But in a sense, why would they? There's a Strasbourg Agreement, they don't have to go, they can stay if they want to stay, that wouldn't necessarily – and overall the number of EU people –

SS: If there's uncertainty about work permits, about migration regimes, passports and all the rest of it, my point is that actually the NHS has benefitted greatly from the ability to have European Union nurses alongside the increases we need in British trained nurses, doctors which we're putting in place.

AM: Sorry in proportional terms and in raw terms there are far more from India, Pakistan, Bangladesh and so forth and from the rest of the EU. I think across the whole of the NHS EU employees are only around 5% so it's not Armageddon.

SS: Well, we've got about 130,000 European Union nurses, doctors, care workers in the NHS and in care homes and we would surely miss the effect, the impact, the benefit they would bring were some of them to choose to leave. But you ask a related question which is about the impact of migration, the pressure on services that places, and look, this is not black and white. It clearly is the case that where those migrants are paying taxes that is contributing to the revenues that can fund an expanding NHS. When the NHS was set up in 1948, we had a population of 50 million in this country, we're at what, 65 million now, so the NHS has perfectly successfully coped with a 15 million expansion in our population, provided it is properly resourced from the proceeds of economic growth it can do that. So yes, there's a perfectly legitimate argument to be had on these topics, but from the NHS's perspective it is pretty clear that the balance of the advantage is such that the risks would be greater were we to find ourselves in economic downturn, were we to find a number of our nurses and doctors contemplating leaving, and indeed if the pound were affected because a lot of the drug

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treatments that we buy are prices in Euros and dollars. So that could make it more difficult for us to get the treatments that we need at an affordable price.

AM: That's pretty clear. It's a big moment for somebody in your position to enter this political debate so forthrightly. Did you have a long look in the shaving mirror before you did?

SS: The NHS – everybody else has got an opinion about the NHS and therefore I think it's perfectly reasonable for the NHS itself, when asked, to lay out the balance of the advantage in an objective, non-sensationalist way. These are just the practical realities that the NHS would be facing and as one of the nation's most important social institutions it seems reasonable that

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AM: Perhaps *the* most important.

SS: - as we take one of these big important national decisions this goes into the balance.

AM: One other question, this week we had a big government U-turn over the so called TTIP issue, the Trade Agreement between the US and the EU and a lot of people felt the NHS would have been threatened by that because it would have opened the NHS up to private American pharmaceutical and health care companies coming in and effectively grabbing bits of the NHS. Were you ever worried about TTIP and are you relieved that U-turn has happened?

SS: Well, the European Commission has been completely straight that nothing in any trade agreement would undermine our ability to run a publicly funded, publicly provided service and to the extent that the government has also given assurances on that point today I think that is a concern that has now abated.

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