

No to an NHS tax

I do not think there is a simple extra tax we can invent that will meet the future financial needs of the NHS. The UK government has usually avoided hypothecation of revenues for the perfectly good reason that there is no likelihood that a particular tax will always yield exactly the right amount that any particular service might need for its costs. We will need to spend more in future on the NHS, and that will come out of general taxation. The increased spending may exceed the increased yield of a nominated tax. The settlement will be unstable, with the NHS complaining if the hypothecated revenue falls short of what it thinks it needs.

Nor do I think there is a way to have a ten year financial settlement for the NHS. A ten year settlement will span three Parliaments which will have different governments whether of the same party or different parties, with MPs elected on different programmes and spending priorities. It is difficult to know how much health care will be needed in ten years time and what the technology and service delivery will be like. It may look very different from today given the pace of technical change. We could make what we think is a generous settlement today, only for the NHS to discover it has a good need of more money than settled on it at some future date. I doubt the fact of a ten year settlement would act as an constraint on the request for more cash, which might well be justified. There is a lot to be said for making a firm offer of cash for the immediate year ahead, with indicative budgets for the following few years. It is difficult to know today how much we will need to spend in 2028 and on what.

It is likely many people will want to spend more on their healthcare as they earn better real incomes. This will happen automatically as the tax take increases with rising incomes, and more money will be voted for the NHS. Some of this will also be possible from the increasing take up of private healthcare which many opt for. There is a lot of self treatment with the help of the local pharmacy, where over the counter medicines are bought on a large scale. Some of it takes the form of people taking out subscriptions to Health clubs, and paying for a diet and exercise regime they think will keep them healthier. Some people take out private insurance or have employers that provide it. Some pay for private treatment when they need it to get round long waiting times for non urgent NHS treatment or to benefit from the greater flexibility over timing of treatments and standards of supporting care, including private rooms in hospitals.

There will nonetheless remain a major requirement for the state to vote more money for more and better quality healthcare free at the point of use in NHS surgeries and hospitals. Much of the care and cost will be for the elderly as they live longer and develop more conditions related to old age that need treatment. It will require better integration with social care to cater for this growing group of patients.