

The Capped Expenditure Process



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14 health economies have been placed into the CEP (Capped Expenditure Process), a new regulatory intervention designed to radically and rapidly cut spending in geographical areas with the largest budget deficits. The areas in the CEP are under intense pressure to reduce their spending and have been told to 'think the unthinkable' with regards to cuts.

The CEP has not been announced publicly and only limited details have been made available, typically by individual trusts and CCGs, or through leaks to the press. However, this briefing provides an explanation of what we currently know about the process and its potential implications for doctors, patients, and the NHS.

The CEP

The CEP was launched by NHS England (NHSE) and NHS Improvement (NHSI) in April 2017, with the aim of ensuring rapid improvement in the financial performance of those health economies with the largest overspend against their collective control total.

This is in line with the position NHSE established in the *Next Steps on the NHS Five Year Forward View*, that some health economies were effectively 'living off bailouts' and had historically overspent their share of NHS funding.¹

The process has so far been imposed on health economies that are currently operating a significant overspend against their overall financial control total for the area, **and** have been unable to produce deliverable plans for services that fit within that allocation. These control totals are an aggregate of CCG and NHS trust budgets, as well as STF (sustainability and transformation fund) funding.

By introducing a cap on overall spending and promoting a wide range of suggested cost-cutting measures, the CEP is intended to support each health economy to deliver workable plans within their funding allocation. NHS bodies within the selected health economies are required to collaborate in the development of a new area-wide plan that will ensure that they meet their allocated control total for 2017/18. While deadlines for these plans appear to vary across the 14 areas, most are expected to have been developed by the end of June 2017.

Health economies have been instructed to think beyond typical savings measures and there is a strong possibility that severe action is taken in order to make the mandated savings, including significant reorganisation of services and redundancies. In some cases, outside consultancies have also been engaged by NHSE and NHSI to carry out rapid reviews of the finances in an area, with the aim of identifying additional opportunities for spending reductions.

NHSE and NHSI have stated that the process will allow trusts to limit their spending, while achieving the best possible care for patients. However, the primary focus of the CEP is the short-term financial position of each health economy.

Who is involved?

The 14 health economies selected for the CEP are:

- Bristol, South Gloucestershire and North Somerset
- Cambridgeshire and Peterborough
- Cheshire (Eastern, Vale Royal and South)
- Cornwall
- Devon
- Morecambe Bay
- Northumberland
- North Central London
- North Lincolnshire
- North West London
- South East London
- Staffordshire
- Surrey and Sussex
- Vale of York and Scarborough and Ryedale.

Details are currently limited regarding exactly which bodies are subject to the CEP within each area, though NHS trusts and CCGs are the principal actors affected. Some of the health economies selected by NHSE and NHSI align with existing STP (sustainability and transformation plan) footprints, though others do cover smaller areas. In both cases it is currently unclear how the CEP will interact with the relevant STP(s).

Several of these health economies also include trusts and CCGs that are already subject to regulatory intervention, including both financial special measures and special measures. In these cases, the CEP is intended to align with the measures already being taken.

Regional staff from NHSE and NHSI, specifically the local Director of Commissioning Operations and Director of Improvement and Delivery, will also be involved in the process in each health economy. Their role is to provide oversight and support to those bodies developing savings plans, as well as additional details of the CEP as it develops.²

Potential implications

Although the finalised plans for the 14 health economies are not yet publically available, it is clear from the measures that have been suggested so far that their implications for doctors, patients and the NHS are likely to be significant.

Various NHS trusts and CCGs, as well as the *HSJ*, have reported some of the possible measures being considered as part of the process, including:³

- the closure or downgrading of hospitals, wards and services – including maternity and A&E units
- redundancies and cuts to staff numbers – while also attempting to maintain sufficient capacity in emergency care to cope with winter pressures
- further reductions in agency spending
- limiting or blocking outsourcing and patient choice – with the aim of retaining resources within the NHS
- rationing services and systematically extending waiting times for planned care
- abandoning planned funding increases – including to mental health services
- reductions in referrals to hospital
- restricting or removing NHS funding for certain treatments, including:
 - tighter limits on IVF treatments
 - designating additional treatments as ‘low value’
 - delaying funding for certain treatments newly approved by NICE
 - cuts to endoscopies – a reduction of 25% has been suggested in Cheshire⁴
- the sale of estates and property assets
- restrictions on prescribing
- reduced contributions to the Better Care Fund – a programme designed to support the integration of health and social care, and thereby reduce unnecessary admissions and DTOCs (delayed transfers of care)
- cuts to continuing healthcare funding, which funds ongoing care for patients with serious permanent or long-term conditions or disabilities

NHS Providers has strongly criticised the plans that have been highlighted so far, and has called for full and proper debate on the CEP. The Royal College of Surgeons has also shared its concerns regarding the potential cuts, which it argues will cost the NHS more in the long-term.⁵

The details of these proposals has not been published and neither have the final plans for each area, and so there is a possibility that they may not be carried forward. However, those steps suggested thus far show a clear drive towards radical and severe cuts, which could have drastic implications for patients, staff, and the NHS.

The suggestion of redundancies and service closures presents a potential risk to the **NHS workforce**, with the possibility of roles being cut in order to reduce costs. Further cuts to agency spending have also been suggested, which may have an additional impact on locum doctors.

In respect of **quality of care**, the CEP could have a negative impact on the standard of care that patients receive, as well as the speed in which they receive it. Documents leaked to *The Guardian* newspaper also show that the North Central London health economy plans include explicit reference to its cost cutting measures having a negative impact on quality of care.⁶

Possible **service reconfiguration** could also see the downgrading or closure of hospitals, maternity units, A&E departments and wards. This would present an enormous challenge for those working in services under threat, and also risks the loss of valued local services.

There has been a severe lack of **transparency** in both the introduction of the CEP and the development of plans for each health economy. Therefore, clinicians and the public have not had the opportunity to respond to and scrutinise the process in their area.

Cuts to **preventive care** measures, such as continuing healthcare and the Better Care Fund, may reduce spending in the short term, but could potentially increase future costs by failing to adequately address ongoing issues with social care, DTOCs and their impact on winter pressures.

It is also highly likely that any cuts facing individual providers or commissioners will alter the ongoing development of **STPs** in the selected areas, a point which has not been addressed by NHSE or NHSI so far. This could lead to further changes in long-term planning within each health economy.

Key questions

There are a number of key questions that the BMA believes need to be answered. These include:

- what impact will the proposed cuts have on long-term quality of care?
- have impact assessments been carried out to assess how the CEP might affect patients in each area?
- how many patients will be affected by the CEP in each area, and in total?
- what assessments have been made by NHSE, NHSI and the individual health economies of the impact of the CEP on clinicians, their working patterns and jobs?
- will the plans produced by each health economy be subject to a full consultation process with staff and patients?
- how will the process impact on the ongoing development of STPs in the affected areas?
- what consideration has been made of the ability of health economies to sustain any reductions in spending they make in 2017/18 in future years?

BMA policy

The BMA is deeply concerned by the CEP, the secretive manner in which it has been introduced, the risk the proposed cuts could present to patients and NHS staff, and by the implication that deeper cuts will be made to already stretched services.

NHS staff and their patients need a long term and credible plan in order to overcome the current crises facing the NHS, which requires proper investment. Short-term savings, achieved through rationing and cuts, will only deny patients treatment, exacerbate already unacceptable waits, and lead to poorer care.

BMA policy strongly opposes rationing and the existence of a post-code lottery in access to treatment, both of which appear to be facilitated by the CEP. We also support the integration of health and social care and proper investment in preventative care, which may both be held back by the consequences of the CEP.

The BMA's principles for service reconfiguration are also relevant here and state that there should be a thorough impact assessment of any proposals, including an examination of safety issues. The process should involve consultation with all sectors and patient groups. It should be led by clinicians and based on good clinical evidence that care will be improved or at least not compromised.

Endnotes

- 1 NHS England. [Next steps on the Five Year Forward View](http://www.england.nhs.uk). March 2017. Available at: www.england.nhs.uk
- 2 Eastern Cheshire Clinical Commissioning Group. [Chief Officer Report – Appendix A](http://www.easterncheshireccg.nhs.uk). April 2017. Available at: www.easterncheshireccg.nhs.uk
- 3 Health Service Journal. [Exclusive: New national savings drive will 'challenge the values' of NHS leaders](http://www.hsj.co.uk). June 2017. Available at: www.hsj.co.uk
- 4 The Guardian. [Cheshire cancer patients 'could die' if NHS cuts are forced through](http://www.theguardian.com). June 2017. Available at: www.theguardian.com
- 5 The Guardian. [Leak shows 'devastating' impact of planned NHS cuts in London](http://www.theguardian.com). June 2017. Available at: www.theguardian.com
- 6 The Guardian. [Leak shows 'devastating' impact of planned NHS cuts in London](http://www.theguardian.com). June 2017. Available at: www.theguardian.com

Appendix – Population of areas involved

Capped expenditure area		Population	Trusts involved	CCGs involved	Options being considered
Bristol, South Gloucestershire & North Somerset	Bristol, South Gloucestershire & North Somerset STP	900,000	North Bristol NHS Trust South Western Ambulance Service NHSFT University Hospitals Bristol NHSFT Weston Area Health NHS Trust	Bristol CCG North Somerset CCG South Gloucestershire CCG	
Cambridgeshire & Peterborough	Cambridgeshire & Peterborough STP	930,000	Cambridge University Hosps NHS Foundation Trust Cambridgeshire and Peterborough NHSFT Cambridgeshire Community Services NHS Trust Hinchingbrooke Health Care NHS Trust Papworth Hospital NHS Foundation Trust Peterborough & Stamford Hosps NHS Foundation Trust	Cambridgeshire & Peterborough CCG	
Cheshire (Eastern, Vale Royal & South)	1 CCG		East Cheshire Trust Cheshire & Wirral Partnership Trust	Eastern Cheshire CCG	Cut the amount of endoscopies by 25%. Cut the planned £900,000 boost to mental health funding.
Cornwall	Cornwall & Isles of Scilly STP	500,000	Cornwall Partnership NHS Foundation Trust Northern Devon Healthcare NHS Trust Plymouth Hospitals NHS Trust Royal Cornwall Hospitals NHS Trust South Western Ambulance Service NHSFT	Kernow CCG	
Devon	Devon STP	1,200,000	Devon Partnership NHS Trust Northern Devon Healthcare NHS Trust Plymouth Hospitals NHS Trust Royal Devon & Exeter NHS Foundation Trust South Western Ambulance Service NHSFT Torbay and South Devon NHS Foundation Trust	NHS North, East, West Devon CCG NHS South Devon and Torbay CCG	
Morecambe Bay	1 CCG		University Hospitals of Morecambe Bay FT	Morecambe Bay CCG	
Northumberland	1 CCG	323,118		Northumberland CCG	
North Central London	North Central STP	1,400,000	Barnet, Enfield and Haringey Mental Health NHST Camden and Islington NHS Foundation Trust Great Ormond Street Hospital for Children NHSFT Moorfields Eye Hospital NHS Foundation Trust Royal Free London NHS Foundation Trust Royal National Orthopaedic Hospital NHS Trust University College London Hospitals NHSFT Whittington Health	NHS Barnet CCG NHS Camden CCG NHS Enfield CCG NHS Haringey CCG NHS Islington CCG	Extending referral to treatment waiting times. Rationing of "procedures of low clinical effectiveness". Hospital units being downgraded or shut (North Middlesex). £2m cut to financial support for patients with serious long
North Lincolnshire	1 CCG	172,471	Northern Lincolnshire and Goole NHSFT	North Lincolnshire CCG	
North West London	North West London STP	2,000,000			

South East London	South East London STP	1,700,000	Dartford & Gravesham NHS Trust Guy's and St Thomas' NHS Foundation Trust King's College Hospital NHS Foundation Trust Lewisham and Greenwich NHS Trust London Ambulance Service NHS Trust Oxleas NHS Foundation Trust South London & Maudsley NHS Foundation Trust St George's University Hospitals NHSFT	NHS Bexley CCG NHS Bromley CCG NHS Greenwich CCG NHS Lambeth CCG NHS Lewisham CCG NHS Southwark CCG	
Staffordshire	Staffordshire and Stoke on Trent STP	1,100,000	Burton Hospitals NHS Foundation Trust North Staffordshire Combined Healthcare NHS Trust South Staffordshire and Shropshire HC NHSFT Staffordshire & Stoke on Trent P'ship NHS Trust University Hospitals of North Midlands NHS Trust	NHS Cannock Chase CCG NHS East Staffordshire CCG NHS South East Staffs and Seisdon Peninsula CCG NHS Stafford and Surrounds CCG NHS Stoke on Trent CCG	
Surrey and Sussex	East Sussex and Surrey STP	1,800,000	Brighton and Sussex University Hospitals NHS Trust East Sussex Healthcare NHS Trust Maidstone and Tunbridge Wells NHS Trust South East Coast Ambulance Service NHSFT Surrey & Sussex Healthcare NHS Trust Sussex Community NHS Foundation Trust Sussex Partnership NHS Foundation Trust The Queen Victoria Hospital NHS Foundation Trust Western Sussex Hospitals NHS Foundation Trust	NHS Brighton & Hove CCG NHS Coastal West Sussex CCG NHS Crawley CCG NHS East Surrey CCG NHS Eastbourne, Hailsham and Seaford CCG NHS Hastings & Rother CCG NHS High Weald Lewes Havens CCG NHS Horsham and Mid Sussex CCG	
Vale of York and Scarborough and Ryedale	2 CCGs	473,579		Vale of York CCG Scarborough & Ryedale CCG	

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