

# The NHS and the General Election: An Insider's Guide



# Going into the General Election: What you need to know about health policy

Given the quasi-religious status that the National Health Service (NHS) holds in the hearts of Britons, the NHS will always be the one issue that continually stirs the electorate. Around £95 billion is spent per year on the NHS, just over nine per cent of the national income, but it is widely acknowledged that this will not be enough as an aging population with greater healthcare requirements places an increasing demand on the system.

This paper provides a background to how health policy has been shaped during the current Parliament and the options on the table for the future. The NHS is struggling to cope with rising costs – from more expensive treatments, inflation, higher expectations and a rising population. Following demands set out in NHS England's vision for the future of the health service (the Five Year Forward View), policy-makers know they need to increase funding for the service and make efficiency savings, but all the while ensuring high quality care.

The landscape in health policy will be dominated by the proposals set out in the Forward View and the man charged with achieving this vision, NHS England Chief Executive Simon Stevens. Each of the three main political parties agreed with NHS England on the need for more funding and new models of care to cope with extra demand in the health service, with Stevens seemingly convincing them into following the NHS's vision. What is needed over the coming years is for Stevens to harness this position and ensure that politicians push ahead with tough decisions if the NHS is to maintain a high-quality service, free at the point of use, for another 60 years.





## Health policy background – post 2010 election reforms

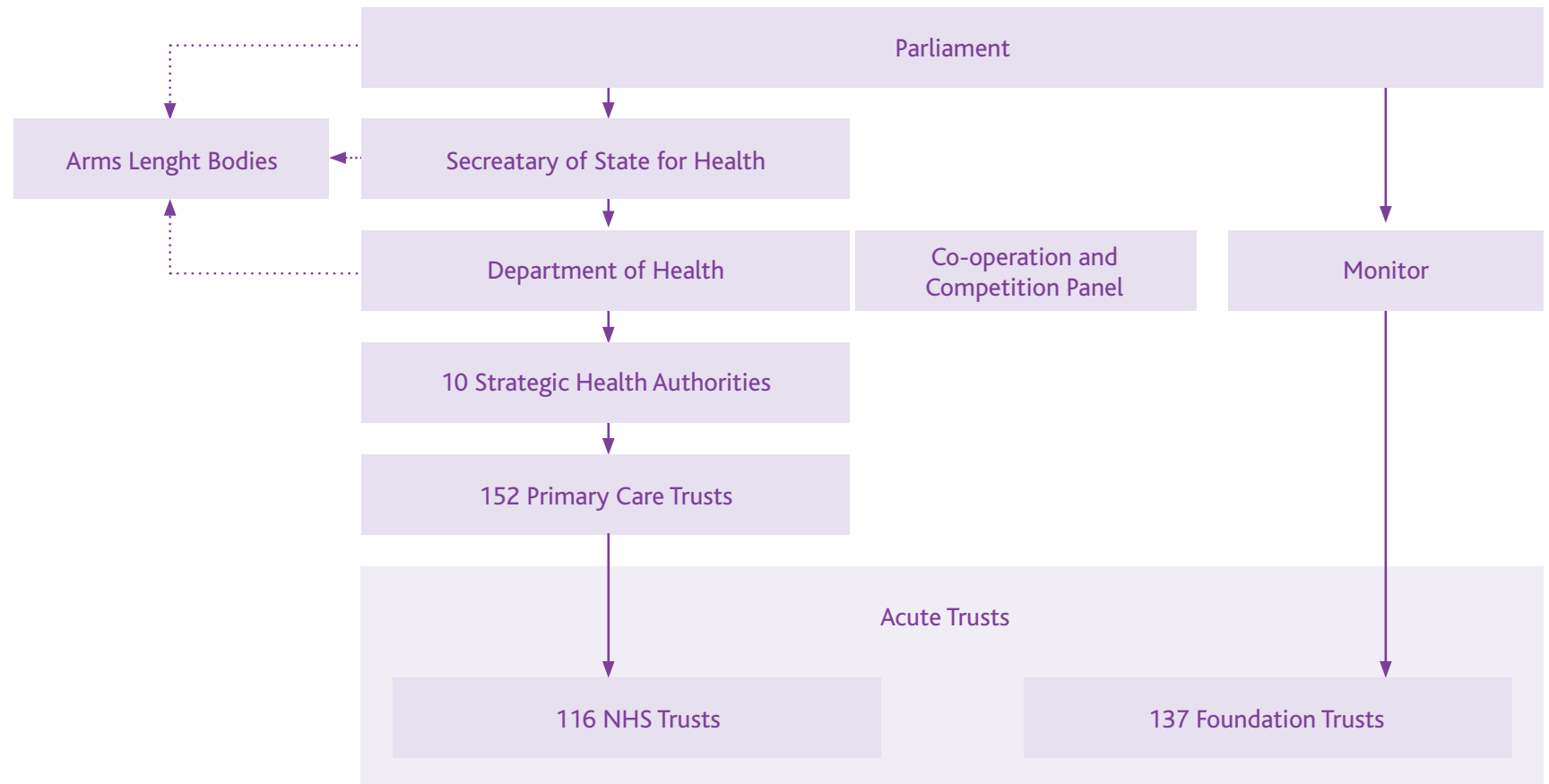
The Conservative Party, in its 2010 election manifesto, promised to “strengthen the power of GPs as patients’ expert guides through the health system” by “giving them the power to hold patients’ budgets and commission care on their behalf” and also “putting them in charge of commissioning local health services”. Meanwhile, the Liberal Democrats promised “elected Local Health Boards” would “take over the role of Primary Care Trust boards in commissioning care for local people, working in co-operation with local councils.”

When the Conservatives failed to win a majority at the 2010 General Election and formed a Coalition with the Liberal Democrats, their ambitions for the health service coalesced into this Government’s arguably both most controversial and transformational policy.

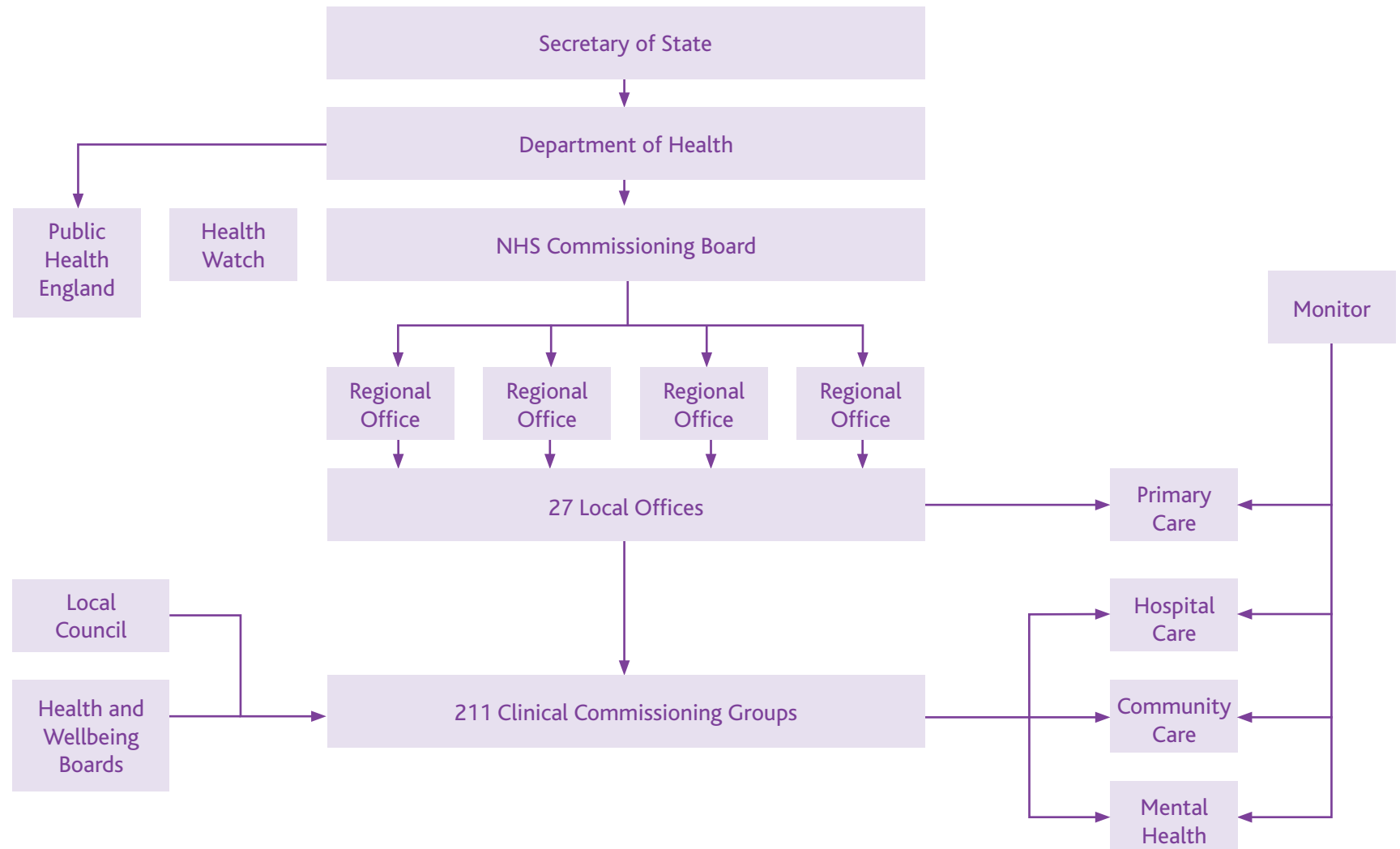
Shortly after the formation of the Coalition, the Department of Health published the Equity & Excellence White Paper. The proposed reforms, driven by the then Health Secretary, Andrew Lansley, were to be a step change in the application of market-based principles in the health system and a radical reform of commissioning.

Measures in the White Paper sought to give consortia of General Practitioners responsibility for commissioning the majority of health services. It would abolish Primary Care Trusts and Strategic Health Authorities (SHAs) and transfer commissioning power to consortia of GPs – later called Clinical Commissioning Groups (CCGs) – providing they met accreditation standards overseen by the independent NHS board. Crucially, the Government also sought to make the NHS immune from day-to-day political considerations by establishing the independent NHS Commissioning Board – which became NHS England. These reforms became the Health and Social Care Act 2012 (HSCA).

The former structure of the health system:



The current structure of the health system:



## The new health landscape

The key result of the HSCA is that procurement is principally a matter for local CCGs. The only services not commissioned by CCGs are specialised services, primary care services, offender healthcare and services for members of the Armed Forces. All of these are commissioned by NHS England through its 27 nationwide Area Teams, but there is an ongoing programme of work being undertaken by NHS England to move to co-commissioning of specialised services and primary care services. This is due to be completed in 2015.

CCGs are held to account by NHS England's 27 local area teams. These report to NHS England's regional offices and NHS England nationally. NHS England forms a buffer between the Secretary of State and Department of Health. The Secretary of State now merely has the power to set out the Government's ambitions for the health

service in a "Mandate" every year to NHS England, as well as the outcomes and corresponding indicators used to hold NHS England to account through NHS Outcomes Frameworks.

### The NHS budget

---

In 2013/14, the NHS was allocated a budget of £95.6 billion. Of that, £65.6 billion was allocated to local health economy commissioners, and £63.4 billion of that sum alone was allocated to CCGs. There are 211 CCGs in England (two CCGs merged since the above map was developed), which broadly have the same boundaries as local authorities. CCGs organise the delivery of the majority of NHS services in England including urgent and emergency care, elective hospital care and most community health services.

The remainder of community health services are commissioned by local authorities, which were allocated £0.9 billion of the NHS budget to commission services, while £25.4 billion has been allocated for NHS England's commissioning of specialised healthcare, primary care and military and offender services. This is in order to give GPs

the chance to influence these services in their local area. So far, this has not been allowed, given the inherent conflict of interest associated with GPs commissioning their own services.

### The effect of the reforms

---

These changes mean that most NHS decisions can no longer be controlled directly by Whitehall policy makers. Rather, local providers and commissioners must take decisions led by 'local needs' that also meet top-down targets. To influence commissioning decisions in the NHS, it is still crucial to align a service or product with a wider top-down policy agenda, but even more vital to engage with the local commissioners and develop a bottom-up engagement strategy. The modern NHS is a system with 211 separate commissioning strategies. To sell across the NHS, the key is to align a national hook with regional and local priorities.

## Current debate – what will the future of the NHS look like?



NHS England's priorities for the NHS were set out in Five Year Forward View (FYFV) published in October 2014, which has also set the agenda in health policy since and is likely to continue doing so for the coming years.

Overall, the FYFV expects that a combination of demand, funding increases and efficiencies would be necessary to avoid a projected £30 billion shortfall by 2020, adding that annual uplifts of £8 billion are needed alongside efficiencies of two to three per cent to alleviate the shortfall.

The FYFV also proposes establishing new primary care provision models that would see GPs partnering with nurses, mental health specialists and other healthcare professionals to provide "integrated out-of-hospital care, while potentially taking over the running of community hospitals that would further increase the range of services they offer (e.g. chemotherapy, dialysis). These are called *Multispeciality Community Providers (MCPs)*.

The Forward View additionally proposes another new care model, entitled Primary and Acute Care Systems. This would involve vertically integrated care systems

organising care in a locality, most likely headed up by a Foundation or NHS Trust. Under this model, hospitals could also be allowed to open GP surgeries, offering an integrated, seamless service that is tailored to dealing with the complex health needs of an ageing population, which seems to be the main focus of the FYFV. A similar integration is expected to take place for urgent and emergency care services, through a redesign of A&E, GP out-of-hours, NHS 111 and ambulance services (see more below).

The FYFV also has a hefty focus on public health, as it acknowledges that lifestyle-related diseases are the next big challenge to be addressed, suggesting a series of measures to tackle obesity, smoking and alcohol and to also promote employee health. Finally, the FYFV welcomes the use of technology, calls for the fostering of innovation in the NHS, and suggests measures on staff training, workforce numbers and the empowerment of patients.





The proposals were warmly welcomed by all the major political parties. This is vital as in order for the NHS to radically overhaul the way in which care is delivered in England, there must be a broad political and public support for such a change. This will not be possible unless such reforms are effectively communicated by politicians and commissioners to the wider public, convincing them that whilst their local hospital may lose out, in the long run large-scale reorganisation will be advantageous to the local area.

Most importantly Simon Stevens has established himself as a leader above politics with incredible influence over politicians. What Simon says really does go in terms of the NHS at the moment, and he must ensure that he uses this political capital to full effect if the NHS is to truly see the benefits of the changes espoused in the Five Year Forward View.

### Can the urgent and emergency care system cope with demand?

---

There has been much debate about the pressures on the urgent and emergency care system following a winter in which NHS trusts have reported the worst record against waiting time targets in ten years. A number of reasons have been cited for the unprecedented demand on the emergency care system, including:

- Cuts to social care services meaning that elderly patients cannot be sent home due to a lack of care options in the community, further hindered by a growing elderly population
- Difficulty for patients accessing GP appointments at convenient times
- Reduced out of hours primary care services leading to patients not knowing where they should head at evenings and weekends
- NHS111 operators consistently referring patients to A&E regardless of their condition
- Staffing issues with high turnover a huge problem due to the inherent pressures within A&E

These pressures were not new in 2014/15, and had previously led to NHS England's Medical Director, Sir Bruce Keogh, being asked to lead a review of urgent and emergency care with recommendations for the future. Keogh's subsequent vision consists of top tier Major Emergency Centres coordinating localised Emergency Care Networks to ensure a range of urgent care provision across a locality, including walk-in centres, minor injury units and smaller emergency centres, which would be capable of assessing and initiating treatment for all patients and safely transferring them where necessary. Within this, Keogh also called for greater integration of primary and community care into the urgent care system, through better coordination of patient information and ensuring that community services are provided outside of the acute setting.

Simon Stevens has also backed approaches for more care to be delivered within the community, closer to people's homes, and more specifically in community hospital settings. Stevens agreed with Keogh that the current system of care outside hospitals is "too complex", adding that "if you were starting from scratch, you would not design community services like that."



Policy makers also continually espouse the benefits of integrated health and social care budgets. This is in order to get the most out of the funding and reduce the growing pressure on hospitals, with the aim to keep looking after people closer to their own homes. With this in mind, the Department of Health created the Better Care Fund to integrate NHS and social care budgets and encourage care to be commissioned across traditional boundaries. This has been funded by £3.8 billion set aside in last summer's Spending Round, £2.1 billion of which is intended to come from hospital budgets. Jeremy Hunt believes that joint planning of services will see them delivered closer to people's homes, stating that "our plan is to change the basic NHS model from one centred on hospital care to one that helps people stay healthy and happy at home".

The need for a shift in care settings has been discussed for a number of years, but will never take place without effort being made to shift funding away from acute settings. While initiatives such as the Better Care Fund may help in this regard, there has been little to suggest that the Department of Health or commissioners are willing to take the steps needed to address this funding

gap and really push on with moves to provide more care in the community. Simon Stevens and the NHS England leadership will need to make sure that incentives are in place for commissioners and providers to be bold and lead from the front in driving service change as set out in the Five Year Forward View.

### Competition

---

One of the most contentious reforms introduced as part of the Health and Social Care Act was the introduction of the 'Section 75 regulations'. These committed commissioners to putting all health services out to tender, unless they could prove beyond doubt that the current provider was the only one that could carry out the service. This led to many opponents of independent sector provision in the NHS to argue that the reforms were actively encouraging "privatisation" of the health service, as it was difficult for CCGs to prove that services shouldn't be put out to tender.

There has also been criticism of the burden this has placed on CCGs, many of whom have had to seek legal advice as to the decisions they should take when tendering. Simon Stevens has described his approach to independent providers

as one of "pragmatism". He has said that they are intended to support the NHS in delivery of health services and are not the only solution, noting that NHS providers account for around 94 per cent of all care delivered to NHS patients.

While the Labour Party has been keen to demand changes to the competition landscape, the reality is that the reforms did not deliver significant change to competition policy, which is broadly as it must be to align with EU Directives. The view of NHS England, in public at least, is that the independent sector should continue to provide a supportive role to the NHS, rather than there being any moves for all care to be provided by the independent sector.

In reality, patients do not seem too concerned about who delivers their care, be it from the independent, voluntary or social enterprise sector, as long as care remains free at the point of use. Recent polling by Conservative peer Lord Ashcroft found that 79 per cent of those surveyed agreed with the statement "it is fine for the NHS to provide private companies to patients as long as they meet NHS standards, the cost to the NHS is the same or lower, and services remain free at the point of use."

Whilst the Labour Party believes that its own legal advice proves that competition law can be amended as it would like it to be, it is unlikely that the party will be able to go as far as wiping out independent sector interest in the NHS altogether. But promoting state run NHS services so vehemently over other strands of provision could force out specialist voluntary and community sector organisations, which is not the Party's intention.

In all likelihood Labour will find it is restricted in how it intervenes as a result of competition law, given that it broadly sits in line with EU law. But there may be some room for manoeuvre over the wording of the current regulations in order to simplify the process, making it easier for commissioners to make decisions on whether or not to tender for different contracts.

While some commissioners have undoubtedly been put on the back foot by the Section 75 regulations, the signs are that there are still a number of services that will be tendered over the coming months. According to a recent investigation by the Health Service Journal, 24 per cent of CCGs intend to tender for contracts worth around £1 billion before 2017 to provide community services, with a further 25 per cent undecided. This gives both NHS Trusts and independent sector providers plenty of chances to successfully bid for, and run, a number of services.



## What do the parties have planned post-election?



Polling throughout the winter of 2014/15 has consistently placed the NHS in the most important two or three issues for voters in the UK. This is unsurprising given that the HSCA has been one of the most contentious issues of the current parliament and also the amount of media coverage given to A&E demand pressures over the Christmas period.

Whether voters like it or not, there is no doubt the service has already become a 'political football' with both the Conservatives and Labour looking to pin current problems on the other party. Much of the arguments in the House of Commons and on voters' television sets are around historical issues as opposed to looking forward at options for future reform. What is more, arguments centre on language and tone taken on the NHS with David Cameron looking to neutralise Labour's lead on the issue by accusing opposition leader Ed Miliband of trying to 'weaponise' the NHS.

A more important question for party strategists is: who do the voters trust to put in charge of this service that they hold so dear? The answer to that question is categorically the Labour Party. When asked as part of Lord Ashcroft's poll in January 2014 how important voters think

the NHS is to both parties on a scale of zero to 10, voters had Labour at 6.69 and the Conservatives at 5.30. David Cameron can take heart from the results showing that he was the only leader of the three major Westminster parties to outscore his own party, coming in at 5.34.

Each party has looked to outbid the others over recent months with promises of funding increases for the service and promises to patients. David Cameron announced that the Conservatives would continue to ring-fence the NHS budget, with real terms increases in line with inflation, and link health spending to balancing the budget, a point echoed by Health Secretary Jeremy Hunt. The Conservatives have continually pointed out that any increases to the NHS budget will be dependent on a "strong economy" but have noted that they would be prepared to meet the asks in the Forward View should the economy recover sufficiently.



The Government also used the 2014 Autumn Statement as an opportunity to provide a pre-election funding boost for the service, with around £3 billion to be spent on upgrading GP infrastructure and helping providers along the way to meeting the new care models set out in the Five Year Forward View. The money was described as a “downpayment” on the Forward View vision by Chancellor George Osborne.

The Conservatives have also pledged to increase access for patients, one of the main issues cited by the public when polled on their priorities for the NHS, with a commitment that all patients would have access to seven day GP services by 2020.

The Conservative Party has not set out an extensive vision for the future of the NHS, aside from hoping recent reforms to beef up patient safety and inspections regimes drive up standards across the NHS. This focus came as a response to Sir Robert Francis’s review into care failings at Mid Staffordshire NHS Trust, where it was identified that regulatory and oversight systems had failed to address the Trust’s many problems in providing the highest possible quality care to patients.

The Party has also been quick to challenge NHS providers on their ability to provide high quality patient care, through a more stringent inspections regime and heightened enforcement powers for the Care Quality Commission (CQC). Meanwhile, it has introduced measures to increase accountability among individuals involved in the health service. This includes a new Fit and Proper Persons Test for members of boards of health providers, the introduction of Fundamental Standards of Care, which providers must adhere to or face prosecution, and legislating for a new ‘Duty of Candour’ which states that health providers must always report on incidents where patients have suffered moderate harm in their care. The Government also plans to introduce a new law that will see “deliberate or reckless behaviour” towards patients punishable by up to five years in jail.

### Priorities for 2015

---

The Coalition Government and current Health Secretary, Jeremy Hunt, will continue to attempt to cool all talk of the health reforms and focus on friendly issues, such as improving how patients are cared for, not the structure in which care takes place. The Conservatives will also point towards recent funding injections as proof that they are committed to improving the NHS, despite objections to this assertion from the Opposition.

By concentrating on patient safety initiatives, the Conservatives are looking to champion themselves as sticking up for patients, although they risk aggravating NHS staff by suggesting that tougher enforcement is needed to ensure quality care. The Prime Minister has also championed a return to old-fashioned nursing, including the return of matrons on hospital wards, while Jeremy Hunt has made patient dignity a key part of his agenda as Health Secretary.

The Conservatives will also continue attack the Labour Party’s record in Wales, where the party is responsible for the NHS, and have attacked Labour’s record on waiting times and care failures.

## Labour Party

Looking to capitalise on its lead in the polls on the NHS, the Labour Party has sought to make the Government's record on the NHS personal for the Prime Minister, launching its election campaign by publishing a dossier entitled "The NHS as you know it cannot survive another five years of David Cameron". Led by Ed Miliband and Andy Burnham, Labour is looking to position itself as the 'saviour of the NHS' by claiming it is standing up for staff and also for the NHS against the private sector.

Labour has set out its stall ahead of the General Election with the release of its 10 year vision for the NHS. In the document the Party lays out the how it will integrate the health and social care systems with a single pooled commissioning budget. Under the system the party has said it will place full commissioning responsibility at the local level, which will likely lead to Health and Wellbeing Boards assuming control of both health and social care budgets.

A key pledge made in the 10 year plan is the repealing of parts of the HSCA, including the Section 75 regulations, and legislating to make the NHS the

preferred provider of NHS services. Labour has consistently argued that commissioners are not able to do their job effectively as they are too preoccupied with how best to adhere to competition regulations. Burnham has subsequently noted that, in practice, this is most likely to mean that a failing NHS service is given more time to turn itself around before the service is put out to tender to evaluate whether alternative provision would see an improvement in delivery.

At Labour's party conference in October, Ed Miliband announced a number of measures to help stimulate extra funding for the NHS should the Party win the next election. The introduction of a £2.5 billion Time to Care fund would be funded by a 'mansion tax' on properties worth more than £2 million, the closing of tax loopholes and tackling tax avoidance (focused on City hedge funds) and by levying a windfall tax on tobacco companies.

Building on Ed Miliband's announcement that a Labour Government would increase NHS funding by £2.5 billion, Andy Burnham added that this would be repeated for every year of the next Parliament.

### Priorities in 2015

- Ed Miliband has signalled his intention to attack the Government's record on the NHS, in order to shore up the Labour Party's lead on the issue in the polls. The Party will claim that the recent reforms have led to the NHS being fixated on competition law rather than service to the patient.
- More specifically, Labour has pledged to repeal parts of the Health and Social Care Act should it win this year's election, scrapping the Section 75 regulations and other market orientated NHS reforms brought in under the Act.
- The Labour Party has looked to take on a distinctly pro-NHS agenda, portraying the Party as the "defender of the NHS" against what it sees as policies introduced by the coalition Government, which have led to the "privatisation and fragmentation" of the health service.
- The Party is also likely to push its own integration agenda and "whole person care" mantra as the debate intensifies over how the NHS will cope with an aging population.
- Increased focus on public health, including plain packaging for tobacco and legislating against high levels of fat, salt and sugar in children's food.

## Liberal Democrats

The HSCA was another moment in this Government when the Lib Dems had to just hold their noses and hope the smell would go away. With many Lib Dem supporters natural allies of Labour, rather than the Conservatives, some believed that the HSCA went too far in encouraging a plurality of providers.

At the Autumn Party Conference in October 2014, Deputy Prime Minister Nick Clegg announced a focus on mental health for the Lib Dems, including encouraging a "parity of esteem for mental health with physical health", and the introduction of waiting time targets for mental health patients. It has been further reported that the focus on mental health is likely to become a core part of the Lib Dems manifesto for 2014.

On funding, Clegg has pledged to meet the full £8 billion requested annually by NHS England from 2020, with the Lib Dems plan based on the economy recovering in line with current projections

made by the independent Office for Budget Responsibility.

Seemingly agreeing with Labour's proposals, Health Minister Norman Lamb has also pledged support for legislation that would make it a legal obligation for health and social care commissioners to pool their entire budgets. He has stated that "it doesn't make sense to have two separate budgets in a local area". However, in looking to distance himself from Burnham's stance, he cautioned his comments by stating that Burnham is talking about a national health and care service, whereas he favours a more "permissive approach". Lamb commented that: "I would envisage that one may want to set a date when you would say by this date we will pool the whole budget ... set an end point but then allow different models to develop locally."

### Priorities in 2015

---

The Lib Dems are unlikely to offer much in the way of radical health proposals in the run up to the 2015 election, and will be keen to keep their involvement in the HSCA shielded as much as possible. However, given that Norman Lamb is considered one of the brightest and most effective Ministers currently serving in Government, it would be a disservice if they did not build on some of his achievements, particularly in promoting mental health issues. As such, the party's focus on mental health at October's Party Conference was not too much of a surprise.

## Get in touch

If you would like to discuss how we can help with your policy engagement in the health sector, please contact:

Peter Shand  
Political Consultant

T: +44 (0)20 7061 6355

E: [peter.shand@whitehouseconsulting.co.uk](mailto:peter.shand@whitehouseconsulting.co.uk)