

2016/17 Planning Update

Board of Directors 20th January 2016



In hospital and in the community

proud to make a difference



Overview

- Comprehensive Spending Review context
- NHS allocations
- Plan Submissions
- Content of plans
- Key issues and work to undertake

Comprehensive Spending Review

- Covers 2016-2020
- £3.8b (3.6%) Real Terms Uplift for NHSE Funding
- Front loading of £8b (£22b of efficiency savings still required)
- £3bn cuts in other areas of DH Funding (Capital, E&T, R&D, Public Health, etc.)
- 1.5% pa Average Real Terms Growth Over 5 Years for NHSE (<1% pa for Overall DH Budget)
- In the middle of the lowest growth decade in the NHS - 3.5-4.0% pa real terms growth since 1948
- Lord Carter Review – Hospital Savings 5-15%

2016/17 Allocation Uplifts

- CCGs Average 3.4% (Sheffield CCG 2.2%)
- Specialised Commissioning 7.0%
- Primary Care 4.2%
- £2.1m “Sustainability & Transformation Fund”

Plan Submissions

- **STH 2016/17 Operational Plan:**
 - Draft 8th February 2016
 - Final 11th April 2016
 - To reflect emerging STP
- **Local Health Economy “Sustainability & Transformation Plan” (to 2020/21)**
 - Confirm Footprint 29th January 2016
 - Submission 30th June 2016
 - Better health, improved quality & sustainable finances

2016/17 National Priorities

- Financial Position
- Targets (A&E, RTT and Cancer 62 Days)
- Service Redesign
- Cancer Task Force Recommendations
- Mental Health
- Prevention
- 7 Day Services

STH 2016/17 Operational Plan Work

- Financial Plan (Tariffs, Cost Pressures/Investments, E&T, CQUIN, Sustainability Funding, etc.)
- Directorate Financial/Efficiency Plans
- Activity Modelling
- Contract Negotiations
- Service Developments/Priorities/Targets
- Capital Programme
- Other Plans (Workforce, IT, Quality, etc.)

Sustainability & Transformation Plan

- Footprint (Sheffield v WTG v Y&H v all)
- Sheffield Transformation Programme
- Acute Trust Configuration (WTG)
- STH Role/Strategy
- Activity Requirements/Delivery
- P&E Requirements/Delivery
- Key Service Priorities/National Challenges
- Infrastructure (Estate, IT, etc.)
- R&D/Teaching/Innovation

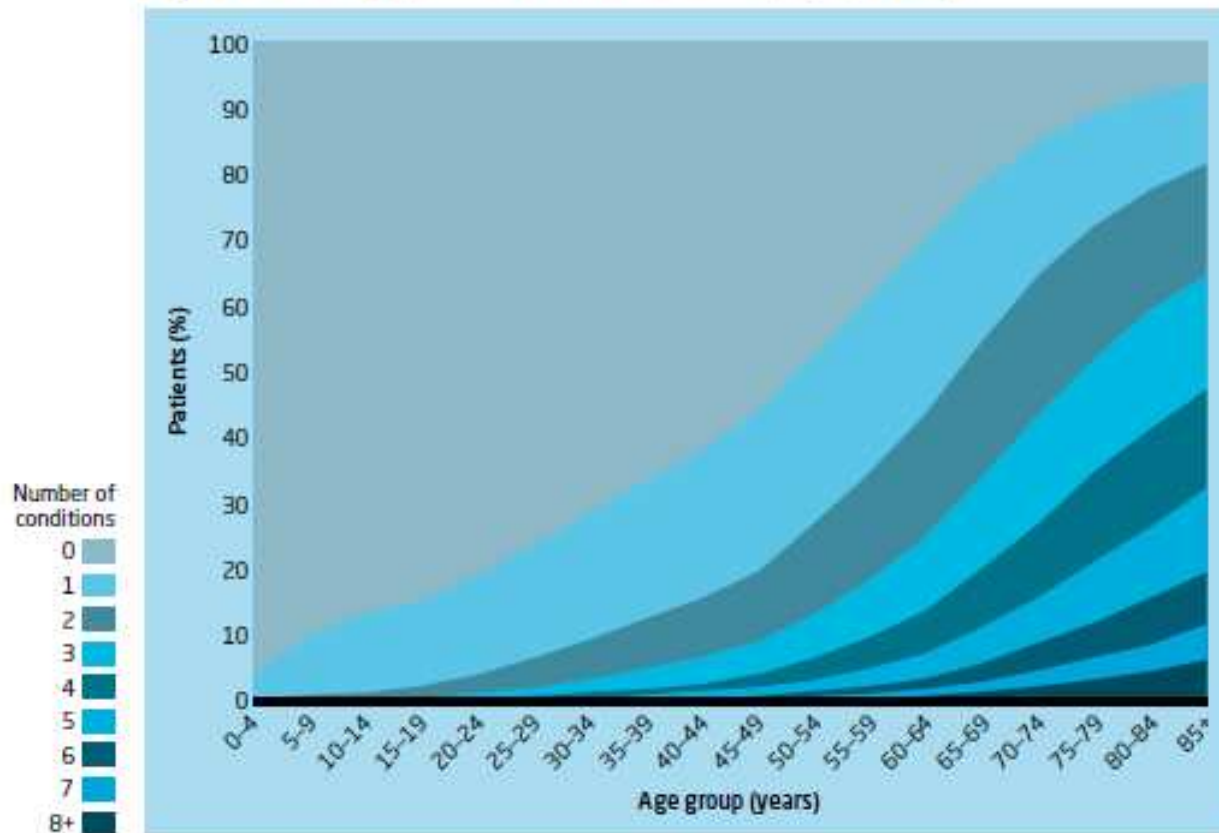
The reality of sustainability...

- 16% real terms reduction in social care for adults from 9/10 to 13/14
- Little evidence that mergers or reconfigurations bring savings or improvements with notable exceptions
- Little evidence of economies of scale or scope
- Impending workforce crisis in primary care
- Return to 2000 % of GDP by end of CSR period of 6.7% – above Estonia, Turkey & Mexico

Sustainable demands...

- 1948 – 48% of the population died before they reached 65 – that figure is now 14%.

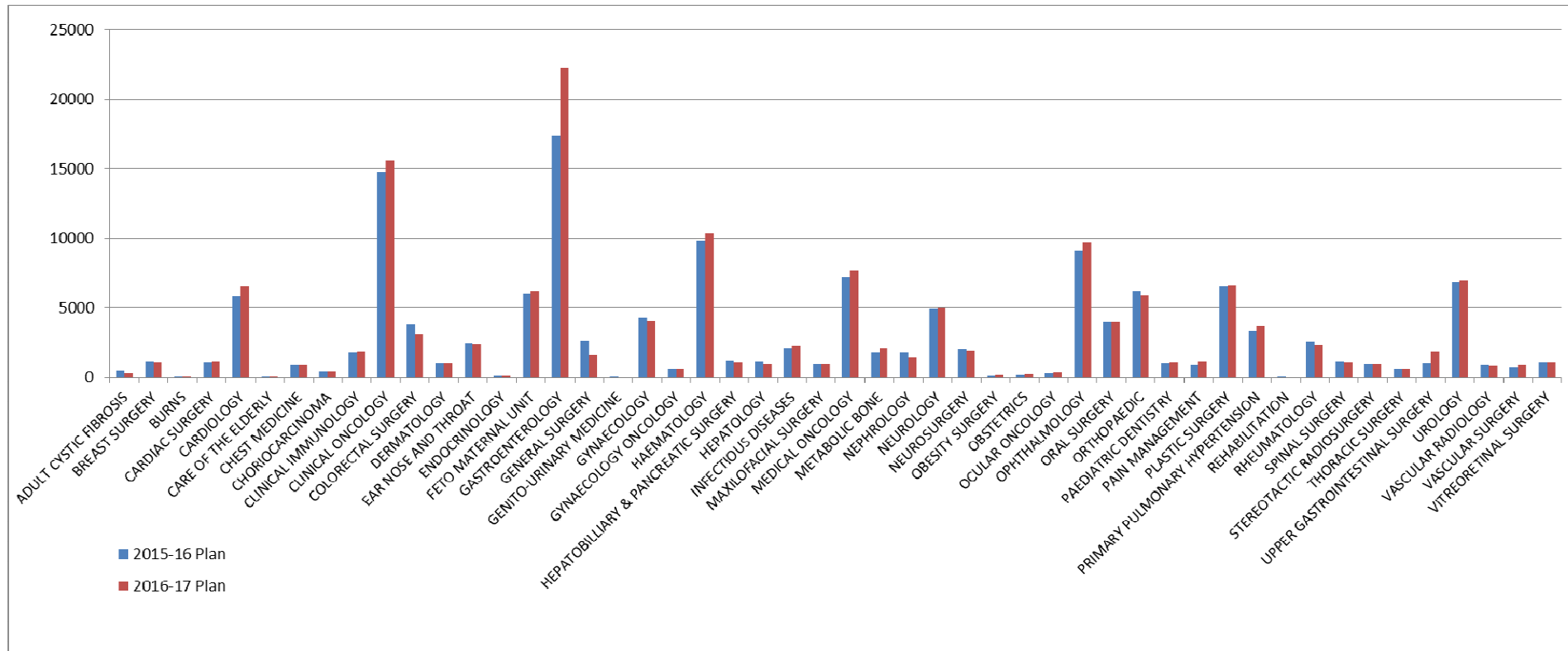
Morbidity (number of chronic conditions) by age group



Source: Barnett et al 2012

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Admitted – +4.65% plan on plan



Operational Planning

- Outcome from CQC inspection
- Activity planning
- Sustainable delivery of targets
- Specialised service reviews and service configuration – e.g. sarcoma, pancreatic cancer
- Planning secondary and tertiary services in South Yorkshire – e.g. gastroenterology, specialised cancer
- The model for Sheffield's health and social care economy – integrated models of care, STH as part of solution or problem

Betting on red AND black...



Financial Planning (1)

- National Efficiency Requirement 2%
- Inflation Uplift 3.06% (Including Pensions/NI)
- Further Sum (£1.8b) to Address Provider Deficits (**Sustainability** & Transformation Fund):
 - General to “Relevant Providers” re Sustainable Emergency Services and Achievement of Control Totals
 - Targeted re “Relevant Providers” to go Further Faster Through Additional Efficiency Gains
 - Linked to “performance against financial, access and transformation eligibility criteria”

Financial Planning (2)

- Stability
- 2015/16 ETO Tariffs
- Marginal Rates:
 - Not for Specialised Services
 - MRET 70%
- Other Business Rules, e.g. CQUIN?
- Significant E&T Funding Cuts (SIFT Tariffs and Student Numbers)
- Flat Cash R&D Funding

Financial Planning (3)

- 1st Tranche Sustainability Funding £19.3m
- “Control Total” £15.7m Surplus
- Control Total Unlikely to be Deliverable:
 - Overstatement of Gain From 2016/17 Tariffs/CQUIN
 - Deterioration in Directorate Underlying Budget Positions
 - Commissioner Financial Challenges
- No Further Clarity on Other Conditions

Capital Programme

- Major Priorities – Theatre Capacity/Refurbishment, Cataract Unit, IT (T3, Infrastructure and Telephony), WPH Wards, Frailty Unit, CCDH Laboratory Refurbishment, GP Collaborative/Helipad, SCBU, CT Scanners, NGH MRI and Infrastructure.
- Challenging Resource Position over next 5 Years

Conclusions

- Detailed planning parameters now available
- Challenging and onerous submissions required
- Sustainability at a health economy level
hugely challenging – the reality as well as the
shared perspectives