

EXECUTIVE SUMMARY

REPORT TO THE BOARD OF DIRECTORS

21 FEBRUARY 2018

Subject:	NHS Planning Guidance 2018-19
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PURPOSE OF THE REPORT:

This paper summarises some of the key points arising from the joint NHS England and NHS Improvement Planning Guidance¹ issued on 2 February 2018.

KEY POINTS:**Context**

The joint planning guidance sets out the requirement to refresh operating plans for 2018-19 to reflect this latest guidance. Appendix 1 contains a summary of the key headlines from the guidance.

As clearly stated in the guidance, operating plans must be:

- stretching and realistic, and show a bottom line position consistent with the control totals set by NHS England and NHS Improvement;
- the product of partnership working across STPs, with clear triangulation between commissioner and provider plans and related contracts to ensure alignment in activity, workforce and income and expenditure assumptions; and
- include appropriate phasing profiles to reflect seasonal changes in demand, especially related to winter, and ensuring efficiency savings are not back-loaded into the later part of the financial year.

Considerations & Next Steps

- The financial framework will always be critical to the sustainability of providing NHS services. The additional funding allocated via three key routes; commissioner allocations, Provider Sustainability Fund and Commissioner Sustainability Fund will go towards this but this does fall short of previous estimates (circa £4bn) of what would be needed for the sector. In this context the Trust will need to ensure that it signs up to the required control total or, if this is not agreed due to the inability to meet it, negotiate a control total that it can.
- The intent to move towards greater integration at a system level and closer collaboration with CCGs is clear. As one of the eight Accountable Care Systems (now referred to as Integrated Care Systems – ICS) all organisations within it will be expected to play a significant role in developing the new system wide approach. The focus for these areas will be on the assurance of the system plan rather than the organisational plan.
- The process to refresh the current 2017-19 operational plan narrative has already commenced. Ongoing work will now take place to revisit the financial template and other templates in readiness to submit a draft by 8 March 2018. The Trust Executive Group and the Board will be appraised of the development of the operational plan(s) over the coming weeks.

¹ Refreshing NHS Plans for 2018/19; NHS England and NHS Improvement; February 2018

IMPLICATIONS²:

AIM OF THE STHFT CORPORATE STRATEGY 2017-2020		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	✓
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	

RECOMMENDATION(S):

The Board is asked to debate the joint NHS Planning Guidance 2018-19.

APPROVAL PROCESS:

Meeting	Date	Approved Y/N
Trust Executive Group	7 February 2018	Y
Finance & Performance Committee	12 February 2018	Y
Board of Directors	21 February 2018	

Appendix 1 – Summary of NHS Planning Guidance

1. Financial Framework

a) CCGs

Resources available to CCGs will be increased by £1.4 billion, reflecting realistic levels of emergency activity, additional elective activity to tackle waiting lists, universal adherence to the Mental Health Investment Standard and a commitment to reaching standards set for cancer services and primary care. Additional investment will be made through:

- removing the requirement for CCGs to underspend 0.5 per cent of their allocations for 2018/19, releasing £370m, and removal of the requirement for a further 0.5 per cent to be spent non-recurrently
- an additional £600m for CCG allocations in 2018/19, distributed in proportion to target allocations
- creation of a new £400m Commissioner Sustainability Fund to enable CCGs to return to in-year financial balance.

Where a CCG is unable to operate within its allocation it must commit to a credible plan to deliver a deficit control total. It will then qualify to access the Commissioner Sustainability Fund.

b) Providers

A further £650m will be added to the Sustainability and Transformation Fund, to create a £2.45bn Provider Sustainability Fund. This additional investment will be reflected in 2018/19 provider control totals. 30% of the fund will be linked to A&E performance, which will require providers to achieve A&E performance in 2018/19 that is the better of either 90% or the equivalent quarter for 2017/18 in order to access the performance element.

Providers will be expected to plan on the basis of their 2018/19 control totals, with Boards confirming acceptance of its control total. If the control total has not been accepted, this is likely to trigger action under the Single Oversight Framework. However, the expected impact of contractual sanctions are not to be included in commissioner and provider plans.

Providers who accept their control totals will continue to be exempt from the application of certain agreed performance sanctions. NHS England will be consulting on changes to the Standard Contract to extend this exemption to all national performance sanctions, except mixed sex accommodation, cancelled operations, healthcare associated infections and duty of candour.

The two-year National Tariff Payment System which came into effect from 1 April 2017 remains in place for next year. Local systems are encouraged to consider local payment reform, in particular to complement the introduction of 'advice and guidance' services and local tariffs for emergency ambulatory care.

2. Capital and Estates

The approval of additional STP capital will be contingent on the STP having a compelling estates and capital plan. The STP plan must be fully aligned with the overarching strategy for service transformation and financial sustainability. This plan must set out how the individual organisations in the STP will work together to deploy capital funding to support integrated service models, maximise the sharing of assets and dispose of unused or underutilised estate. In addition, plans will need to demonstrate both value for money and savings to the STP over a reasonable payback period, taking full account of the life cycle costs associated with any new asset.

3. Specialised Commissioning

The contracting approach for specialised services continues into 2018/19, aligned to implementation of the Carter review. Specialised commissioners and providers will need to review the 2018/19 activity plans and agree any contract variations required in accordance with the contractual process and to the national timetable.

4. Planning Assumptions

a) Emergency Care

Clarity on control totals, as well as additional sustainability funding for providers and commissioners, are intended to enable health systems to plan for activity in a way that enables improved A&E performance. Allocations also allow for a 2.3 per cent growth in non-elective admissions and a 1.1 per cent growth in A&E attendances.

It is expected that government will roll forward the goal of ensuring aggregate performance against the four-hour target of 90 per cent for September 2018, with the majority of providers achieving 95 per cent for March 2019 and a return to overall adherence to the 95 per cent standard during 2019.

Plans should demonstrate how commissioners and providers will complete the implementation of the integrated urgent care strategy. All providers and commissioners will be required to work together to reduce length of stay.

A £210 million CCG Quality Premium incentive funding will be contingent on performance on moderating demand for emergency care.

b) Referral to Treatment Times

Allocations now allow for improvements in the volume of elective surgery and improvements in waits over 52 weeks.

Commissioners and providers are asked to plan on the basis that their RTT waiting list will be no higher in March 2019 than March 2018, and should aim to reduce it. The key national planning assumptions include:

- 4.9% growth in total outpatient attendances (4.0% per working day)
- 3.6% growth in elective admissions (2.7% per working day)
- GP referrals by 0.8% (no change per working day)

National numbers of patients waiting over 52 weeks should be halved by March 2019.

Provider plans will need to consider the capacity required to deliver growth in elective and non-elective activity.

5. Integrated Care Systems

All STPs are expected to take an increasingly prominent role in planning and managing system-wide improvement efforts. This should include: ensuring a system-wide approach to operating plans; implementing service improvements that require system-wide effort; identifying system-wide efficiency opportunities; undertaking a system-wide review of estates; and further steps to enhance the capability of the system including stronger governance and aligned decision making and greater engagement with communities and partners.

There will be a further, non-recurrent, allocation within each STP to support its leadership. Integrated care systems (previously known as accountable care systems) will continue to be rolled out voluntarily. The existing ICS areas should prepare a single system operating plan narrative, rather than individual organisational narratives, and NHS England and NHS Improvement will focus their assurance on these system plans, not organisational ones.

All ICSs will work within a system control total, with flexibility to vary individual control totals. All ICSs will be required to operate under system control total incentive structures by 2019/20, but there will be some flexibility on this in 2018/19. Systems adopting this structure will have a more autonomous regulatory relationship with NHS England and NHSI.

STPs that wish to join the ICS programme should confirm expressions of interest with their regional team. NHS England will aim for applications to be reviewed by March 2018. All systems are expected to engage with patients, the public, their democratic representatives and other community partners

6. Contract Variations

Where the 2018/19 plans have changed and these changes need to be reflected in the finance, activity or other schedules for the second year of two-year contracts, a contract variation should be agreed to this effect, and signed no later than 23 March 2018. Where commissioners and providers fail to reach timely agreement the dispute resolution process in the contract should be followed. Starting with escalated negotiation, the process then moves into mediation. NHS England and NHS Improvement will view use of mediation, and in particular determination, as a failure of local system relationships and leadership.

7. CQUIN and Quality Premium

An update to the 2017/19 CQUIN guidance will clarify the requirements around flu vaccination, anti-microbial resistance and sepsis indicators and the introduction of a National Early Warning Score (NEWS) by March 2019. There is the suspension of the 'proactive and safe discharge' indicator for acute providers. The 0.5% risk reserve CQUIN will be withdrawn in 2018/19 and will be added to the engagement CQUIN, which will increase as a result to 1%. The Quality Premium scheme will be restructured to include an incentive on non-elective demand management.

8. Winter Demand & Capacity Plans

There will be no additional winter funding in 2018/19. Systems will need to demonstrate that winter plans are embedded in both system and individual organisation operating plans. There is a requirement for each system to produce a separate winter demand and capacity plan.

9. Timetable

Item	Date
ICS system control total changes and assurance statement submitted	By 1 March 2018
Local decision to enter into mediation for 2018/19 contract variations	2 March 2018
Draft 2018/19 Organisational Operating Plans submitted	8 March 2018
Draft 2018/19 STP Contract and Plan Alignment template submitted	8 March 2018
National deadline for signing 2018/19 contract variations and contracts	23 March 2018
2018/19 Expert Determination paperwork completed and shared by all parties	27 April 2018
Final Board or Governing Body approved Organisation Operating Plans submitted	30 April 2018
2018/19 Winter Demand & Capacity Plans submitted	30 April 2018
Final 2018/19 STP Contract and Plan Alignment template submitted	30 April 2018
Final date for experts to notify outcome of determinations for 2018/19 update	8 June 2018