

REPORT TO THE BOARD OF DIRECTORS
PRIVATE SESSION
HELD ON 21 JANUARY 2015

Subject	The 2015/16 Annual Planning Process/Guidance
Supporting TEG Member	Kirsten Major, Director of Strategy & Operations Neil Priestley, Director of Finance
Author	Paul Buckley, Deputy Director, Strategy & Planning
Status¹	D & A

PURPOSE OF THE REPORT:

To set out the annual planning requirements for 2015/16 and the process in place to meet them.

KEY POINTS:

A number of documents were issued in late December including "The Forward View Into Action: Planning For 2015/16", which identifies the key service and other priorities for 2015/16, and Monitor's "Guidance on the 2015/16 annual planning review for NHS Foundation Trusts".

For 2015/16 Monitor requires a one year Operational Plan in line with the following milestones:

- A draft Operational Plan submitted by midday on 27 February 2015; and
- A final Operational Plan submitted by midday on 10 April 2015.

The submission of a five year strategic plan is not required for 2015/16. However, Monitor has stated that a new strategic plan may be requested later in 2015, with 2016/17 being 'year one'.

There is a significant emphasis on ensuring the principles contained within the NHS Five Year Forward View are reflected throughout Operational Plans and that planning takes place across the health economy.

To ensure the required engagement with Governors there will be a briefing in the spring edition of Good Health along with a link to a survey to obtain views on current and future priorities. These views will be discussed in detail at the Council of Governors' meeting on 10 March 2015.

A Planning Task and Finish Group will be established to progress the delivery of both plan submissions in line with an agreed timetable.

IMPLICATIONS:

AIM OF THE STHFT CORPORATE STRATEGY 2012-2017		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:

- a) Review the 2015/16 planning requirements and agree to the proposed approach for the completion of the Operational Plan; and
- a) Consider the national service and other priorities for reflection in STH's Plans.

APPROVAL PROCESS:

Meeting	Date	Approved Y/N
Board of Directors	21 January 2015	

The 2015/16 Annual Planning Process

1 Introduction

This paper sets out a summary of the 2015/16 annual planning requirements for Sheffield Teaching Hospitals NHS Foundation Trust (STH). It is based on Monitor's guidance on the 2015/16 annual planning review¹ and the common priorities and assumptions agreed by NHS England, the NHS Trust Development Authority, the Care Quality Commission, Public Health England and Health Education England as presented in The Forward View Into Action: Planning for 2015/16².

2 Context

Monitor has two main expectations of foundation trusts for the 2015/16 planning round:

- a) To develop their strategic position, engaging with health system partners in the process, to address issues of poor performance; meeting the operational and financial requirements set out in the Monitor provider licence and NHS mandate; and to have the flexibility and capacity to overcome unexpected short-term difficulties along the way - referred to as '**resilience**'.
- b) To put together, deliver and evolve a credible strategy for achieving the required levels of performance into the long term - referred to as '**sustainability**'.

Contained within The Forward View Into Action document is the framework for health community planning and the detailed expectations for 2015/16. Along with the continued emphasis and focus on the requirement for joint planning, a summary of the stated priorities for operational delivery in 2015/16 is included in **Appendix 1**.

3 Submission Requirements

Whilst both strategic and operational plans form a core part of Monitor's planning cycle for foundation trusts, for 2015/16 Monitor requires a one year Operational Plan only, which should sit within the context of the Trust's overarching strategy. There is significant emphasis being given by Monitor on ensuring the principles contained within the NHS Five Year Forward View are reflected throughout Operational Plans. There are two submission milestones.

3.1 Draft Operational Plan

A draft operational plan for 2015/16 should be submitted to Monitor by midday on 27 February 2015. This includes:

- A summarised financial template: this is in less detail than the full template, but is consistent with it in terms of both inputs and outputs. It will provide high-level financial projections, with relevant underlying assumptions, for 2015/16.
- A brief narrative, not expected to exceed three pages, setting out what the key assumptions are, as well as the basis and degree of confidence in these. As part of this foundation trusts should explain the key drivers of financial performance and the resulting impact. This narrative should also set out the extent or otherwise of alignment with main commissioners and reasons for material variances.

This requirement is in response to the current level of risk associated with financial and operational performance in the foundation trust sector, and the need for Monitor to have early foresight of the potential risks and challenges associated with trust plans for 2015/16.

¹ Guidance on the 2015/16 annual planning review; Monitor: December 19 2014.

² The Forward View Into Action: Planning for 2015/16. December 19 2014.

3.2 Final operational plan

Final operational plans for 2015/16 should be submitted to Monitor by midday on 10 April 2015. The final operational plan should contain:

- An operational plan narrative (a suggested content is included in **Appendix 2**)
- A redacted summary of the operational plan narrative, for external publication
- The full, final financial template, which requires the completion of one year of detailed financial forecasts.

3.3 Financial Template

Monitor has provided each foundation trust with a bespoke template for the draft and final submission. Both templates include a summary of the income and expenditure information submitted in the strategic plan in July 2014.

3.4 Board Declaration

Each year as part of the annual plan submission, the Board is required to sign a declaration that the trust will be financially, operationally and clinically sustainable.

Contained within the financial template, the declaration (**Appendix 3**) will require detailed debate and consideration at TEG and the Board in light of the anticipated significant challenges for 2015/16. To support this debate, a risk assessment on delivering healthcare targets and indicators for 2015/16; an analysis of the financial outlook; and detail of the assumptions underpinning the plan submission for 2015/16 will be presented to the Board in February.

4 Other Requirements

4.1 Weekly contract tracker

Beginning 29 January 2015, Monitor will collect weekly updates (every Thursday) on the status of contracts, in order to track their progress and highlight risks of misalignment with commissioner plans.

4.2 Involvement in dispute resolution process

Where contract disputes are not resolved by local discussions Monitor now encourages foundation trusts to take part in the contract dispute resolution process run by NHS England and the TDA. This is to help ensure that all commissioners and providers have in place mutually agreed contracts prior to the start of the financial year. The Trust will need to consider this proposal carefully.

4.3 Financially distressed foundation trusts

In response to changes to the DH statutory funding framework, there are additional reporting requirements for those foundation trusts which currently, or expect to, require DH funding. It is not expected that STH will be considered to be a financially distressed foundation trust in 2015/16, despite the material changes envisaged in some income streams.

5 Review and Feedback

Monitor will conduct a high-level desktop review of foundation trusts' draft operational plans following submission in February, to identify key issues and/or concerns that should be addressed or explained in final submissions. The focus will be on three areas:

- The key assumptions underpinning the financial projections – at the draft plan stage Monitor will seek to identify where these seem to be outside expected parameters.
- The cohesion, plausibility and risk of the draft financial projections in their entirety.

- The degree of alignment to main commissioners - a triangulation exercise alongside NHS England and TDA will aim to identify risk and misaligned plans. Where assumptions are outside expected parameters, or where there is material misalignment with commissioner plans, Monitor will either seek immediate further clarification or feed back in mid-March for explanation or revision in the final submission.

6 Strategic Plan

The submission of a new five year strategic plan is not required for 2015/16. However, Monitor has stated that a new strategic plan may be requested later in 2015, with 2016/17 being 'year one'. Monitor has also reminded foundation trusts that strategic planning represents a core component of Monitor's governance framework. For the 2015/16 planning round, STH will be required to demonstrate that it has developed and evolved the strategies articulated in the June 2014 strategic plans based on the Board's analysis of the Trust's 2014/15 performance.

In October 2014 Monitor launched the Strategy Development Toolkit³ and published further guidance to assist foundation trust Boards in planning strategically⁴. As part of the development of the 2015/16 Operational Plan, an assessment of this guidance will be provided to the Board for consideration and to support the future development of the Trust's strategic outlook.

7 Governance Arrangements

A Planning Task and Finish Group will again be established to progress the delivery of the Operational Plan submission, and again if a revised strategic plan is required later in 2015. In context of the current operational pressures this group will meet fortnightly and for 1 hour only. **Appendix 4** sets out the proposed arrangements.

8 Engagement with Governors

For the 2014/15 planning round there was detailed engagement with Governors and Members on the five year strategic plan. For 2015/16 there is no strategic plan required. Therefore, to engage with Governors appropriately in the forward plan there will be a short briefing in the spring edition of Good Health along with a link to a short survey to obtain views on the current and future priorities.

The outcome of this survey will be considered at the Council of Governors' meeting on 10 March 2015, which it is intended to extend slightly in order to debate the forward planning priorities and the views of members in more detail.

9 Timetable

The following is a summary of the key milestones for delivering the Operational Plans.

Action	Timeline	Lead(s)
Commencement of weekly contract tracker submissions	29 January	CM
Draft of operational plan to TEG	11 February	PB
Presentation to Board of planning assumptions & draft Operational Plan	18 February	KM/NP
Presentation to CMB of planning guidance & assumptions	20 February	KM/NP
Draft Operational Plan submitted to Monitor	27 February	PB
Debate of planning priorities with Council of Governors	10 March	TEG
Presentation to Board of draft final Operational Plan (delegated authority to TEG to finalise for submission)	18 March	KM/NP
Final Operational Plan to TEG	25 March	PB
Submission of final Operational Plan to Monitor	10 April	PB/RW
Final version Operational Plan to Board	15 April	PB

³ Strategy development: a toolkit for NHS providers. Monitor: 22 October 2014.

⁴ Strategy development: a guide for NHS foundation trust boards: 31 October 2014.

10 Conclusion

STH is required to provide Monitor with key forward planning information. The challenges ahead are significant. This paper sets out how STH intends meet Monitor's requirements for 2015/16 in the form of an Operational Plan.

11 Recommendations

The Board is asked to:

- a) Review the 2015/16 planning requirements and agree to the proposed approach for the completion of the Operational Plan; and
- b) Consider the national service and other priorities for reflection in STH's Plans.

Appendix 1- Summary 'The Forward View Into Action' and the Priorities for Operational Delivery in 2015/16

Summary of The Forward View Into Action

- Continued emphasis on joint planning between the six national statutory bodies to enable a more joined-up approach to working with local health economies and organisations.
 - For challenged health economies NHS England, Monitor and the NHS Trust Development Authority (TDA) will apply a new "success regime" which will focus on addressing current performance challenges, while creating the conditions for future transformation, including stronger relationships between local bodies and more effective and aligned medium-term plans.
 - The Mandate from the government to the NHS is broadly stable, apart from the introduction of new and important access standards for mental health.
 - Expectation of aligned, realistic activity and financial assumptions between NHS commissioners and providers, which includes working with LETBs to ensure that they can secure the right staff to meet future service needs and local strategies for transformation. Requirement to continue with local units of planning and evidence greater consistency between the activity and financial trajectories.
 - Development of the prevention agenda with smoking, alcohol and obesity as a focus and an invitation to local areas that have made greatest strides in developing preventative diabetes programmes to register at england.fiveyearview@nhs.net by the end of January 2015.
 - NHS England will develop proposals for helping individuals stay in work, or return to employment and publish findings on the potential to extend incentives for employers in England who provide effective NICE recommended workplace health programmes for employees.
 - All NHS employers should take significant additional actions in 2015/16 to improve the physical and mental health and wellbeing of their staff and requirement of providers to develop and maintain a food and drink strategy.
 - Providers are required in the NHS Standard Contract to show demonstrable progress towards achieving fully interoperable digital health records from 2018.
 - CCGs to lead a major expansion in the offer and delivery of personal health budgets to people, where evidence indicates they could benefit.
 - Commissioners will review the choices that are locally available for women accessing maternity services and, working together with service users and the public, consider what more can be done to offer meaningful choice.
 - CCGs to engage with local authorities, voluntary and community sectors to ensure meaningful engagement in the decisions for future healthcare service provision
 - All NHS employers and their Boards must examine themselves against the first NHS workforce race equality standard (a requirement of the NHS contract).
 - Working with a small initial cohort of sites to prototype the four different types of care models outlined in the Forward View:
 - Multispecialty community providers (MCPs); integrated Primary and Acute Care Systems (PACS); additional approaches to creating viable smaller hospitals and new organisational forms advocated by the Dalton Review; and models of enhanced health in care homes.
- Local organisations or areas wishing to become first cohort sites are asked to express their interest by Monday 2 February 2015 to www.england.fiveyearview@nhs.net.
- Commissioners and providers to prioritise the major strategic and operational task of how they will be implementing the urgent and emergency care review; NHS England will complete a maternity services review by autumn 2015; there will be improvements in prevention, diagnosis and treatment of cancer; and NHS England will initiate a first round of specialised service reviews in working towards consolidated centres of excellence.
 - Commissioners will, under the Contract, be able to withhold funding from providers unless the NHS number is used as the primary identifier in all settings.
 - Coded discharge summaries will be a legally binding requirement by October 2015.
 - The expectation that at least 80% of elective referrals to be made electronically by March 2016. Providers will be required to publish all relevant services and appointment slots as part of standard contract obligation.
 - A new Workforce Advisory Board will be established, to develop a health and care workforce with the skills to support the implementation of new models of care.
 - Commissioners and providers must prepare for the introduction of nursing and midwifery revalidation from the end of December 2015.
 - Following the NHS Genomic Medicine Centres project, the wider transformation of diagnostics, pathology and functional genomics will commence with the commissioning of pathology services from Genomics Local Laboratory Hubs that are being re-procured by NHSE.

Priorities for 2015/16

Improving quality and outcomes

- Delivering improvement against the indicators in the NHS Outcomes Framework.
- The National Quality Board will build a single framework for consistently measuring quality across providers, commissioners and regulators. Providers are to continue to use CQC's inspection reports and ratings, as the NQB roll these out during 2015 and 2016.
- To embed the practice of clear clinical accountability, with a named doctor responsible for a patient's care, within and across different care settings.
- Outcome data for thirteen medical and surgical specialities, down to the level of individual consultant surgeons will be published.

Improving patient safety

- To drive and embed improvements in response to the Francis Report, the failings at Winterbourne View and the Berwick Review.
- To take an active part in their local Patient Safety Collaborative and encouraged to join the 'Sign up to Safety' campaign.
- Tackle sepsis and acute kidney injury as two specific clinical priorities for inclusion in the CQUIN incentive framework.
- To develop plans to improve antibiotic prescribing in primary and secondary care with providers required to validate their antibiotic prescribing data following the Public Health England (PHE) validation protocol.
- To agree service delivery and improvement plans (SDIPs) with commissioners, to make further progress in 2015/16 to implement at least five of the ten clinical standards for seven day services, within the resources available.

Meeting NHS Constitution standards

- Focus on achieving minimum performance standards for timely access to care.
- To make realistic and aligned assumptions about the likely activity levels for both elective and emergency care, including diagnostics, necessary to meet demand and delivering waiting times standards. (NB This includes having realistic ambitions for activity diversion initiatives, using past and current performance as a relevant guide alongside future plans. Unless and until it is clear that demand has reduced, regulators advise system resilience groups not to switch off additional winter capacity for urgent and emergency care.)

Achieving parity for mental health

- Commissioners will need to deliver against pre-existing Mandate objectives.
- Introduction of access and waiting time standards in mental health services.
- Commissioners are expected to agree SDIPs with appropriate providers, to ensure there are adequate and effective levels of liaison psychiatry services in acute settings.
- The Crisis Care Concordat describes the actions required of commissioners and providers to ensure that those experiencing a mental health crisis are properly supported.

Appendix 2 – Final Operation Plan Requirements

Heading	Description & Sub Headings	TEG	Lead
Executive summary	Not required unless the paper exceeds the 20 page suggested limit.	KM	Paul Buckley
Establishing strategic context	<ul style="list-style-type: none"> • Boards are required to have considered if, and how, the strategy needs to evolve as part of this operational plan • To include a review of the performance (financial, operational and quality) in 2014/15 and consideration of the Trust's external environment <ul style="list-style-type: none"> ○ Significant variations in performance on strategic goals or in the progress of strategic initiatives ○ Changes in the overall performance of the foundation trust, such as a deterioration in financial or quality performance or significant missed access targets. ○ Significant changes in the external environment ○ Local commissioning assumptions and affordability restraints ○ Significant changes in government or regulatory policy • Explain how the Board has, or intends to recommit, refresh or recreate the strategy 	KM	Paul Buckley
Progress against delivery of the strategy	<ul style="list-style-type: none"> • A summary of how STH and its LHE partners intend to respond to the 'Five Year Forward View', particularly in the context of the joint planning guidance • Translation of the strategic initiatives into goals, targets and KPIs by year • Clear actions to address any poor performance identified, • A summary of productivity, efficiency and CIP programmes including key themes and the extent to which these are tactical or transformational schemes • A description of the capital programme, with particular reference to how it supports the strategic agenda. • How resources have been reallocated over the period to reflect strategic priorities. 	KM	Paul Buckley
Plan for short term resilience <ul style="list-style-type: none"> • Quality plans 	<p>STH is required to outline quality priorities for the next year, which connect to the needs of the local population and to the NHS mandate. It should do this by considering:</p> <ul style="list-style-type: none"> • national and local commissioning priorities • quality goals, as defined by its quality strategy and quality account • existing quality concerns (CQC or other parties) and plans to address them • key quality risks inherent in the plan and how these will be managed 	HC / DT	Sandi Carman
Operational requirements	<p>STH is required to assess operational requirements over the next year, based on robust activity and capacity modelling, and building on lessons from this year's winter and system resilience planning.</p> <ul style="list-style-type: none"> • an assessment of the inputs needed (such as physical capacity, workforce, workforce development, IT and beds), based on the foundation trust's understanding of its expected activity levels • an analysis of the key risks, and how the foundation trust will be able to adjust its inputs to match different levels of demand. 	KM / NP	Rob Wilson / Karen Barnard / Annette Peck

Heading	Description & Sub Headings	TEG	Lead
Financial forecasts	<p>Financial forecasts should be supported by a clear financial commentary narrative and articulate the impact of:</p> <ul style="list-style-type: none"> • financial pressure, being the local reflection of the planning assumptions set out in the joint planning guidance preceding this document • activity, relating to underlying demand movements and the impact of commissioning intentions • other key movements, such as investment in quality or non-recurrent income or expenditure • strategic initiatives, such as, but not limited to, CIPs, service developments and transactions. <p>The narrative financial commentary should address:</p> <ul style="list-style-type: none"> • assumptions underpinning these drivers. • impact of these drivers on the overall financial forecasts, and in particular on forecast risk ratings and liquidity • consideration of any sensitivity analysis • material variances between the financial projections for 2015/16 in last year's five year plan, and forecasts for the same one-year period in this year's operational plan 	NP	Rob Wilson
Board declarations	<ul style="list-style-type: none"> • Boards are to make a number of declarations alongside operational plans. The narrative should clearly support the declarations and trusts may wish to explicitly reference this: <ul style="list-style-type: none"> ○ Sustainability. Boards are to refresh the declaration of sustainability made in the 2014/15 strategic plans based on the 2015/16 strategic context and expected progress against the strategic agenda over the next two years. ○ Resilience. Based on the analysis undertaken boards are expected to be able make a judgement on quality, operational and financial resilience over the next two years, as asserted in the 'Continuity of Services condition 7: Availability of Resources' and 'Interim/planned term support requirements' declarations. <p>See Appendix 3 below.</p>		
Financial return (Separate document)	<p>Supporting financial projections are required to support the operational plan. Worksheets include:</p> <ul style="list-style-type: none"> • a self-certification • detailed income, expenditure, capital plans, CIPs • activity, workforce, targets and indicators • membership and elections • interim support requirements from the DH, charity and distressed finance worksheet 	NP	Rob Wilson

Appendix 3 – Board Declaration

1	<p>Declaration of sustainability</p> <p>The board declares that, on the basis of the plans as set out in this document, the Trust will be financially, operationally and clinically sustainable according to current regulatory standards in <u>one, three and five years time</u>.</p>
2	<p>Continuity of services condition 7 - Availability of Resources</p> <p style="text-align: center;">EITHER:</p> <p>2a After making enquiries the Directors of the Licensee have a reasonable expectation that the Licensee will have the Required Resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate.</p> <p style="text-align: center;">OR</p> <p>2b After making enquiries the Directors of the Licensee have a reasonable expectation, subject to what is explained below, that the Licensee will have the Required Resources available to it after taking into account in particular (but without limitation) any distribution which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate. However, they would like to draw attention to the following factors (as described in the text box in section 4, below) which may cast doubt on the ability of the Licensee to provide Commissioner Requested Services.</p> <p style="text-align: center;">OR</p> <p>2c In the opinion of the Directors of the Licensee, the Licensee will not have the Required Resources available to it for the period of 12 months referred to in this certificate.</p>
3	<p>Declaration of interim and/or planned term support requirements</p> <p>The trust forecasts a requirement for Department of Health (DH) interim support or planned term support for the year ending 31 March 2016</p> <p>Note: If interim support is forecast in the plan period, but was not required in the preceding year, the trust should contact its relationship team by 31 January 2015, and before including any amounts in their plan (unless the DH has already approved the interim support funding). Further information regarding the requirements for trusts forecasting a need for DH funding support can be found in the planning guidance and template guidance.</p>
4	<p>Statement of main factors taken into account in making the above declaration</p> <p>In making the above declaration, the main factors which have been taken into account, as stated in section 2b above, by the Board of Directors are as follows:</p> <div style="background-color: yellow; height: 40px; margin: 10px 0;"></div> <p>In signing below, the board is confirming that:</p> <p>To the best of its knowledge, using its own processes and having assessed against Monitor’s Risk Assessment Framework, the financial projections and other supporting material included in the completed Annual Plan Review Financial Template represent a true and fair view, are internally consistent with the operational and, where relevant, strategic commentaries, and are based on assumptions which the board believe to be credible.</p> <p>Signed on behalf of the board of directors, and having regard to the views of the governors</p>

Appendix 4 –Terms of Reference

STH Planning Task and Finish Group

TERMS OF REFERENCE

1. Purpose

The purpose of the STH Planning Task and Finish Group is to ensure the production of high quality plans, in accordance with relevant guidance.

2. Reporting arrangements

The Task and Finish Group is required by the TEG to deliver completed Plans within the timescales indicated by Monitor. A timetable will be compiled and presented to TEG for approval.

The group will provide update reports as required to TEG and Operational Management Board as required.

The group will ensure that regard is given to the views of the Council of Governors in the production of the plan.

3. Meetings

The Group will meet fortnightly for 1 hour and a summarised record of the actions will be compiled and circulated to the group.

4. Membership

The group is led by Paul Buckley, Deputy Director of Strategy & Planning. Members include;

- Rob Wilson, Deputy Director of Finance
- Caroline Mabbott, Contracts Director
- Annette Peck, Head of Information
- Sandi Carman, Head of Patient and Healthcare Governance
- Karen Barnard, Deputy Director of Human Resources and OD
- Andy Challands, Assurance Manager
- Michael Harper, Chief Operating Officer
- Claire Scott, Strategy & Planning Manager

The membership will be reviewed as required. Nominated deputies will attend as required as will other key individuals from time to time.

January 2015