

**BOARD PAPER - NHS ENGLAND**

**Title:** 2014/15 Commissioning Round - Update

**From:**

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**Purpose of paper:**

To update the Board on the current state of play on the 2014/15 commissioning cycle and to agree next steps.

**Actions:**

The Board is asked to :

- Note the planning and contracting process underway;
- Note the ongoing assurance process to ensure key commitments can be delivered;  
and
- Note that an update on strategic plans will be brought to a future meeting.

## 2014/15 Commissioning Round - Update

### Introduction

1. On 20 December 2013, NHS England published *Everyone Counts: Planning for Patients 2014/15 to 2018/19*, our planning guidance for NHS commissioners (i.e. CCGs and our Direct Commissioners). This paper summarises the objectives of our approach to planning, the progress we have made so far and asks the Board to support the proposed next steps.
2. *Everyone Counts: Planning for Patients 2014/15 to 2018/19* broke with the traditional annual planning round in three important ways in that it:
  - set out the expectation of five year strategic plans;
  - required two year operational detail (supported by two year allocations); and
  - included a description of the six characteristics needed for high quality and sustainable health and care systems.
3. It also set out the business rules over the five years of the plan. These were:
  - To achieve a 1% cumulative surplus;
  - Hold a minimum 0.5% contingency; and
  - Plan for 2.5% of the 2014/15 allocation to be spent non-recurrently, including 1% for transformation; this requirement will reduce to 1% in 2015/16.
4. In addition, the planning guidance set out the process to draw down, or spend, previous years' surpluses. This would only be permitted on production of an agreed business case and subject to overall availability of drawdown as agreed with HM Treasury. As part of the allocations paper approved by Board in December 2013, it was agreed that the £400m drawdown of prior year surplus would be prioritised for direct commissioning in 2014/15. For 2015/16 the available drawdown would be prioritised for CCGs.
5. CCGs and Area Teams were asked to work together on plans, with first draft operational plans for CCG and NHS England's directly commissioned services submitted on 14 February, and an aim to produce final plans by 4 April.

### Operational plan assurance 2014/15 and 2015/16

6. NHS England is assessing each CCG's operational plan to determine risk using the measures in *Everyone Counts: Planning for Patients 2014/15 to 2018/19* together with judgements on the CCG's current delivery capability. Assessment continues at local level. Area Teams are seeking further assurance on individual CCG plans to ensure that they will deliver all the key commitments. Regional Teams are undertaking the same process with Areas for direct commissioning. We are also working with our

partners, Monitor and the Trust Development Authority (TDA), to ensure that these plans triangulate with provider plans. Whilst many CCGs have been able to produce plans which deliver the full range of commitments within their available resource, a number still have considerable further work to do. NHS England is working with all CCGs to assure these plans and to secure a further iteration of those where there are issues. We have three main areas of continuing discussions. First, there remains a substantial gap in specialist commissioning. Second, we want to ensure CCG plans ensure parity of esteem in mental health investment. Third, greater focus is needed by providers and commissioners on ensuring RTT elective care waiting commitments are met. The revised timetable for submission of specialised commissioning plans and contract signature is 9 May 2014.

7. For the most part where balanced plans have been achieved contracts have been signed with providers.

<b>NHS England Contract Tracker at 8 May 2014</b>					
<b>Region</b>	<b>Total No of contracts</b>	<b>No of contracts signed</b>	<b>Contracts not signed but contract activity &amp; financial value agreed</b>	<b>Contracts not signed and contract activity &amp; financial value NOT agreed</b>	<b>Number of contracts not signed &amp; joint arbitration papers submitted</b>
<b>London CCGs</b>	39	11	17	10	1
<b>South CCGs</b>	86	10	29	46	1
<b>Midlands &amp; East CCGs</b>	104	74	17	10	6
<b>North CCGs</b>	164	73	50	41	0
<b>National position</b>	<b>393</b>	<b>168</b>	<b>113</b>	<b>107</b>	<b>8</b>

8. We are looking closely at activity which has been commissioned in order to ensure that this is adequate to meet Constitutional standards. Aggregate national activity data inevitably masks significant local variation. We are undertaking a comprehensive piece of work at local level, in particular to secure the 18 week standard.
9. Since the 2014/15 financial plans received on the 4 April 2014 did not deliver balance across the commissioning system, even after allowing for the available drawdown, we have agreed a number of actions to address this.
10. The key actions include:
  - The available £400m drawdown has been allocated to specialised services. The ten Area Teams with specialised responsibilities have been informed of their revised allocation and the teams are working with providers to agree contracts. A major programme of coordinated national and local activity has been initiated to ensure that this level of drawdown is not exceeded – despite high levels of

activity growth, the full year effect of convergence and a large volume of other putative recurrent and non-recurrent cost pressures. However, achievement of a balanced plan requires a significant stretch from current trends, and delivery of this plan through the year will inevitably carry a high level of risk which will necessitate very close monitoring and management.

- A review of the other areas of direct commissioning to ensure the robustness of financial balance and to provide financial cover for the costs relating to Primary Care Support Services restructuring deferred from 2013/14 .
- Working with individual CCGs and relevant national bodies to ensure that plans for the CCG sector as a whole show no drawdown in 2014/15, as outlined in the planning guidance.

11. Further financial plans will be submitted in May consistent with the agreed approach. Once agreed, plans for 2014/15 will be subject to tracking through the CCG and direct commissioning assurance frameworks.

### **Strategic Planning**

12. For the five year strategic plans, we needed a footprint greater than the size of most CCGs if we were to identify the necessary scale to secure genuine transformational change. Rather than impose a footprint, we asked CCGs to work together with providers and local authorities and agree the “Unit of Planning” footprint that was the natural planning footprint for the local health economy.
13. We asked for the first draft strategic plans to be submitted on 4 April with a view to them being finalised by 20 June. Each region is currently assessing strategic plans and implicitly how well the unit of planning approach has worked.
14. We are working with Monitor and the TDA on triangulation of plans. An initial exercise was completed to triangulate the operating plan, and a further iteration will be completed once strategic plans are submitted on the 20 June.
15. Monitor, the TDA and NHS England have also created a joint budget in order to provide additional capacity and support for commissioners and providers in 11 challenged local health economies identified as needing intensive support in order to develop aligned 5 year strategic plans by June 2014.
16. The economies being supported are:
  - North East London
  - East Cheshire
  - Northamptonshire
  - South West London
  - Cumbria
  - Cambridge & Peterborough

- East Sussex
- Devon
- Staffordshire
- Mid Essex
- Leicestershire

17. Simon Stevens described to Health Select Committee participants on 29 April the process we will be using between now and the Autumn to establish the NHS 5 year final view on key strategic challenges (see Chief Executive's Report for more detail).

**Barbara Hakin, Chief Operating Officer**  
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**May 2014**