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BOARD PAPER - NHS ENGLAND

Title: The 2015/16 Planning and Contracting Round
From: Barbara Hakin, National Director: Commissioning Operations
Purpose of Paper: • To inform the Board of progress on the 2015/16 planning and contracting round
The Board is invited to: • Receive assurance that planning for 2015/16 is robust and that key planning commitments can be delivered.

Introduction

1. This paper summarises the progress that has been made by commissioners, working closely with providers, to develop detailed operational plans for 2015/16 which meet the requirements of *The Forward View into Action* and the supporting *Supplementary Information for Commissioner Planning, 2015/16*.

2. The planning guidance emphasised that local NHS organisations must work together to address the priorities for operational delivery in 2015/16, which included particular commitments on:

    i. improving quality and outcomes;
    ii. improving patient safety;
    iii. ensuring patients receive the standards guaranteed by the NHS Constitution;
    iv. achieving parity for mental health; and
    v. transforming the care of people with learning disabilities.

3. For 2015/16, NHS England, Monitor and the NHS Trust Development Authority (TDA) set a clear expectation that there should be closer alignment between commissioner and provider plans than had previously been the case, including greater consistency between the activity and financial trajectories. This was facilitated by NHS England requesting that plans used a common currency and that activity financial planning data was provided through a single template.

4. The original planning timetable was re-framed following a delay regarding the National Tariff, to provide commissioners and providers with additional time to reflect these changes in their planning processes. A revised timetable for planning, contracting and dispute resolution was therefore agreed, requiring:

    i. draft plans to be submitted on 7 April;
    ii. contracts to be signed by 31 March;
    iii. arbitration on contract disputes to be completed by 29 April; and
    iv. final plans to be submitted by 14 May.

5. Activity plans and related operational performance have required further revision and CCGs will therefore be asked to make a further submission on 27 May, following which plans will be regarded as final. Plans will then be published at local level by CCGs with NHS England reporting on the final aggregated position.

6. Our joint approach to the review and triangulation of plans has focused on ensuring that operational plans demonstrate:

    i. the finances to secure delivery of the objectives and compliance with the requirements outlined in the planning guidance;
    ii. that the finance and activity projections are supported by reasonable and deliverable planning assumptions including level of assumed service redesign and underlying activity growth; and
    iii. triangulation of finance and activity.

Development and Assurance of CCG Activity Plans

7. The primary focus of plans has been credible delivery in 2015/16 of operational and financial requirements. Regional assurance has checked that submissions are consistent with the strategic ambitions of Clinical Commissioning Groups (CCGs) and that drawdown proposals are supported by clear investment plans.

8. NHS England has carried out a detailed assurance exercise of every CCG plan, particularly focusing on commissioned activity in 2015/16. It has been a priority to ensure that all local health economies have clear, credible plans which represent the most likely scenario for the levels of activity required.

9. Working with CCGs, we identified activity and growth trends to create a baseline assumption. For elective activity, there was then an adjustment made for the backlog position on the waiting list. A further adjustment was made using reasonable assumptions about the success of schemes to prevent unnecessary hospital referrals. For non-elective activity, considerable attention was given to the many initiatives, predominantly Better Care Fund (BCF) schemes, which help to keep patients well and provide services at home or in the community across both health and social care, avoiding hospital admission unless it is really necessary. Every health economy already had in place a BCF plan which identified their ambition for 2015/16 based on closer integration of health and social care. It is clearly important for these BCF plans and CCG operational plans to align, but it is recognised that BCF plans represent an ambition, but operational plans need more cautious assumptions.

10. We have been able to undertake a much more detailed approach for 2015/16 planning, as this year we have robust information by CCG on 2014/15 activity levels on which to base plans for 2015/16. This was not possible in 2014/15 because of the preceding organisational change from Primary Care Trusts (PCTs) to CCGs. As such, in 2014/15, commissioners' plans for activity levels were significantly exceeded. CCGs have been asked to ensure that this year's plans to enable providers to put in place the appropriate capacity to deliver the standards in the NHS Constitution. Delivering these standards in 2015/16 will again be challenging.

11. In some areas where capacity constraints exist, commissioners and providers are working together to secure good alternative local provision from the full range of available providers.

12. Close local working between CCGs and provider trusts, supported by the regional tripartite, should ensure good alignment between provider and commissioner plans as they are developed.

13. Regions will continue to carry out intensive in-year assurance of CCG commissioning. Should activity levels materialise which exceed plan, CCGs will be expected to take remedial action, including consideration of commissioning additional activity through a contract variation.

Other Priorities for Delivery in CCG Plans

14. CCG plans, and our assurance of them, also focus on how cancer standards will be achieved, of which availability of diagnostics is key. Delivering the diagnostic standard largely rests with providers since most diagnostic activity is not commissioned separately.

15. The assurance process has also considered how CCGs will achieve the dementia, IAPT (Improving Access to Psychological Therapies) (access and recovery), mental health access and early intervention in psychosis (EIP) standards, and increased investment in mental health services.

16. An additional focus is operational resilience for the winter. The funding associated with this is included in baselines for 2015/16, and we have therefore expected current CCG plans to include information on operational resilience schemes. In addition, we anticipate that these plans will be refined over the summer, with a particular focus on the eight 'high impact interventions' that we expect every System Resilience Group (SRG) to address.

Oversight of Direct Commissioning Plans

17. NHS England, working in partnership with Monitor and the TDA, has applied the same principles and approach to the development and assurance of plans for the services which it commissions directly, including specialised services and secondary dental care services. Our focus has been on ensuring that adequate activity had been commissioned to deal with demographic growth and the increases we see year on year in elective specialised activity, adjusted for current waiting list position and initiatives to reduce unnecessary activity.

18. All NHS Trust contract negotiations for specialised activity have been completed without recourse to arbitration. The majority of Foundation Trust and Independent Sector negotiations are expected to complete by their scheduled deadline of 31 May 2015.

Finance

19. Across the commissioning system in aggregate we have achieved a balanced plan for the year based on 14 May submissions, with the benefit of £579m of 2014/15 and earlier year surpluses applied in the form of drawdown, and a further £150m of support to commissioners to fund the 15/16 enhanced tariff option agreed with the vast majority of NHS providers. In 2015/16, emergency resilience monies of £400m have been allocated at the start of the year on a recurrent basis, and schemes are already in place.

20. Direct commissioning is planning a balanced position in 2015/16 as are the majority of CCGs. 22 CCGs are planning to be (cumulatively) in deficit by the end of 2015/16. These plans have been subject to particularly intensive scrutiny to ensure that ambitious but plausible recovery plans are in place to minimise

in-year deficit in 2015/16 and secure the earliest possible return to recurrent balance.

21. Commissioners were required to invest additionally in mental health in line with their increase in allocation. The total planned additional spend is £376m, an increase of 4.5%. This includes £70m of mental health allocation currently held centrally within plans.

22. A number of material risks remain for 2015/16, including the ability of CCGs in deficit to deliver on recovery plans, the delivery of specialised services QIPP plans and a number of specific areas of material risk within specialised commissioning. We are developing further mitigating actions for the management of these risks during the year should they crystallise.

Conclusion

23. NHS England has undertaken detailed work at national and regional activity levels to ensure that CCG and direct commissioning plans are credible, robust and meet the requirements of the planning guidance. The next steps will include working with Monitor and the TDA to ensure that there is clear alignment about activity with providers' plans and further work on financial plans.

24. Although the timetable for this activity has been slower because of the changes to the National Tariff, most commissioners have completed plans and signed contracts in line with the requirements of the revised timetable.

25. All local plans will be closely monitored, and remedial action will be required for any which are not on track to deliver.

Recommendation

26. The Board is requested to receive assurance that planning for 2015/16 is robust and that key planning commitments can be delivered.

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