

NHS ENGLAND – BOARD PAPER

Title:

NHS England Funding and Resource 2018/19: Supporting 'Next Steps for the NHS Five Year Forward View'

Lead Director:

Paul Baumann, Chief Financial Officer

Purpose of Paper:

For the Board to review the draft paper, NHS England Funding and Resource 2018/19: Supporting 'Next Steps for Five Year Forward View' noting the 2018/19 refresh of previously set two year allocations for NHS England central programme, administration and transformation funding. The full document is set out in Appendix A.

The Board invited to:

1. The Board is asked to
 - approve the document for publication, noting the 2018/19 refresh of previously set two-year allocations for NHS England central programme, administration and transformation funding; and
 - delegate to the Chief Executive and Chief Financial Officer any further updates that may be required before final NHS England budgets are communicated for 2018/19.

NHS England Funding and Resource 2018/19: Supporting the 'Next Steps for the NHS Five Year Forward View'

Purpose

2. Each year the Board must publish its business plan. This paper sets out the NHS England's funding and resource for 2018/19 that will support 'Next Steps on the Five Year Forward View' (Next Steps) and seeks approval from the Board to publish it on NHS England's website from 1 April 2018.

Background

3. For 2017/18 we published the 'Next Steps for the NHS Five Year Forward View' document setting out what will be achieved within the NHS over the years 2017-19 and how those goals will be implemented. To complement this and cover certain obligations as to the content of the business plan, NHS England also published an annex document focusing on our funding and people entitled NHS England Funding and Resource 2017-19: Supporting 'Next Steps for the NHS Five Year Forward View'. To maintain the good practice established last year, this annex document has now been refreshed.
4. The sections below explain the reasoning for the content and request approval and further publication of the final document.

Content and rationale of annex document

5. The document includes the following sections and content:
 - i. **Introduction** – Outlines the purpose of the document and includes a clear statement that signposts to the current 'Next Steps on the NHS Five Year Forward View' and references the mandate – i.e. How NHS England proposes to achieve its objectives, and comply with the requirements, specified in the mandate for the 2018/19.
 - ii. **Involving and consulting our patients & the public, Promoting equality and reducing health inequalities, Quality of services** –These sections include links to relevant pages on our website.
 - iii. **Our funding** – How NHS England spends its financial resource. Two year allocations for our transformation fund and other central programmes were agreed for 2017-19 ahead of budget setting for 2017/18. This section includes a summary of NHS England budget allocations, split across admin, programme and transformation funding, along with distribution across the commissioning system.
 - iv. **Our people** – How NHS England continues to develop and support its staff. This includes changes on supporting local integration of care and changes that we are making as part of Transforming NHS England including our developing joint working with NHS Improvement.
6. The approach within each section has been to reflect on progress in the first of two years and then look forward to the second year. Subject to approval, this paper will be published to meet a target of end of March 2018.

Recommendations

7. The Board is asked to
- approve for publication the NHS England Funding and Resource 2018/19 – Supporting the Five Year Forward View document as set out in Appendix A, noting the 2018/19 refresh of previously set two-year allocations for NHS England central programme, administration and transformation funding; and
 - delegate to the Chief Executive and Chief Financial Officer any further updates that may be required before final NHS England budgets are communicated for 2018/19.

Author: Katherine Ibbotson, Director of Governance

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NHS England Funding and Resource 2018/19: Supporting ‘Next Steps for the NHS Five Year Forward View’

**NHS England Funding and Resource 2018-19:
Supporting 'Next Steps on the NHS Five Year Forward View'**

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This information can be made available in alternative formats, such as easy read or large print, and may be available in alternative languages, upon request.

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1 Introduction

The Government publishes a Mandate for NHS England before the start of each financial year. The Mandate sets out the Government's objectives and requirements for NHS England and also its budget. The Government's 2018/19 Mandate for NHS England was published on 20 March 2018.

In turn, NHS England produces a business plan before the start of each financial year. This sets out how NHS England will deliver the objectives set out in the Mandate.

In 2017/18 -2018/19, our business plan took the form of the ['Next Steps on the NHS Five Year Forward View'](#) ('Next Steps'). This was developed in partnership with the other national NHS leadership bodies and set out our plans for a two-year period in line with our shared 2017-19 planning guidance for the NHS. We also published an annex containing information about NHS England's funding in 2017/18 and other matters.

This document updates that annex and contains information about NHS England's funding in 2018/19. It also sets out how NHS England will, through the distribution of funding, people and resources, support 'Next Steps' to transform local health and care systems.

It explains how we undertake our duty to promote equality and to reduce health inequalities between patients in respect of their access to, and outcomes achieved from, services. It also explains how patients are informed, involved and consulted in the development, improvement and delivery of health and care services.

Earlier this year NHS England published guidance setting out the expectations for commissioners and providers in updating their operational plans for 2018/19. This gives effect to the 2018/19 'deliverables' set out in last March's Next Steps on the NHS Five Year Forward View, and the approach to post-Budget service prioritisation.

2 Involving and consulting with our patients and the public

The importance of working in partnership with people and communities is embedded throughout 'Next Steps', and its ambitions cannot be achieved without effective collaboration and partnership between health care services and the people and communities they serve. NHS England is committed to ensuring that public and patient voices are at the heart of shaping our healthcare services, and regards it as essential that our work is based on a good understanding of what is important to people and communities.

Effective patient and public engagement enables people to contribute their insights, expertise and experiences to help shape health care services and to improve support processes. Our [Patient and Public Participation Policy](#) and supporting [frameworks for public participation](#) set out how we will ensure that patients, carers and members of the public are involved in our direct commissioning areas. Our [Patient and Public Voice \(PPV\) Partners Policy](#) describes how we work with PPV Partners in a range of different ways, making sure that we engage with a wide range of people and support them appropriately.

Information about current involvement opportunities, learning and development, good practice guides and a series of other tools to support public participation are available on our [Involvement Hub](#).

3 Promoting equality and reducing health inequalities

Promoting equality and reducing health inequalities are at the heart of our values. The work we have set out in 'Next Steps' is aimed at improving health outcomes for all of the diverse communities of patients and staff we serve. The NHS England website provides detail on how our [clinical priority areas](#) are addressing inequalities and how, across the organisation, we are working to [promote equality and reduce health inequalities](#).

Our key activities for 2017/18 for equality have included the publication of the [Sexual Orientation Monitoring Standard](#), aimed at promoting Lesbian Gay Bisexual equality in England, the development of the [Workforce Disability Equality Standard](#), aimed at reducing the employment disparities faced by Disabled People and progress on the [Learning Disability Employment Programme](#). We will continue to measure our improvements against the [Workforce Race Equality Standard](#).

We will continue to build on our activities for reducing health inequalities in 2017/18 including our [National Outcomes Framework Indicator Report](#), our [National Increasing Access to Psychological Therapies Indicator Report](#), [The Health Inequalities Section of the Long Term Conditions Right Care Packs](#), and [The Challenging Health Inequalities Report](#). These will support improvement in reducing health inequalities in local health and care systems through the [Clinical Commissioning Group \(CCG\) Improvement and Assessment Framework \(IAF\)](#).

The work of the [Equality and Diversity Council](#), which provides visible leadership on equality and diversity issues across health and care, is aligned to the objectives set out in the 'Next Steps'.

4 Quality of services

'Next Steps' makes it clear that the NHS must continue to put quality at the heart of everything it does, focussing on key priority areas. NHS England has a duty not only to oversee and assure the quality of commissioned services but also to support and enable transformation and quality improvement across systems. We deliver these duties by working closely with partners at local, regional and national levels.

In 2017/18, there has been a focus on improving the quality of services within each of the priority areas: [urgent and emergency care](#), [primary care](#), [cancer](#), [mental health](#), [dementia](#), [learning disabilities](#), [diabetes](#) and [maternity](#). We continued to support the delivery of these priorities by helping to build quality improvement capability at all levels of the system via our [Sustainable Improvement Team](#) and [Improvement Hub](#). As part of this work, we published [Leading Large Scale Change: A Practical Guide](#) to support the delivery of large-scale change programmes in today's unique landscape. We updated our [CCG IAF](#) to provide a greater focus on supporting quality improvement alongside our statutory assessment functions. We also worked in partnership with others in the [National Quality Board](#) to issue revised national guidance on [Quality Surveillance Groups](#) and [Risk Summits](#) to ensure a stable ongoing mechanism for quality oversight and assurance across England.

In 2018/19, we will continue to deliver the actions outlined in 'Next Steps' within each of the priority areas. We must work with partners to support the transition to greater integrated care whilst ensuring a focus on quality. The [Sustainability and Transformation Partnerships \(STPs\) and emerging Integrated Care Systems \(ICSSs\)](#) will build on the work of the [New Care Models](#) to develop integrated care at scale. This will be a process of continuous

improvement, adaptive change and learning by doing. Our [Sustainable Improvement Team](#) will deliver comprehensive programmes of support for STPs and Integrated Care Systems (ICSs) around enabling large-scale change, creating a culture for change and developing a shared purpose and shared goals and actions for transformational change. This work will comprise virtual webinars, system development sessions and sharing the use of practical tools and techniques to support local health economies. We will also explore opportunities for creating a more collaborative approach to quality improvement, strengthening clinical leadership, clarifying roles and responsibilities in relation to quality and reducing unnecessary reporting burden.

5 Our funding

In line with the 2015 Spending Review, last year the NHS set two year local funding allocations and service priorities covering 2017/18 and 2018/19. These were underpinned by a national tariff and commissioner-provider contracts which covered the same two year period.

Since then the Government has confirmed that 2018/19 revenue for NHS England will grow by £2.17 billion (bn) above the previously planned figure. This is comprised of an additional £1.6bn announced in the Autumn Budget in November 2017 and a further £568 million that the Department of Health and Social Care has subsequently agreed to make available.

We hold a commissioning budget of £114.0bn^[1] for 2018/19. We are responsible for using this money wisely, fairly and transparently to secure the best possible outcomes for both patients and the taxpayer.

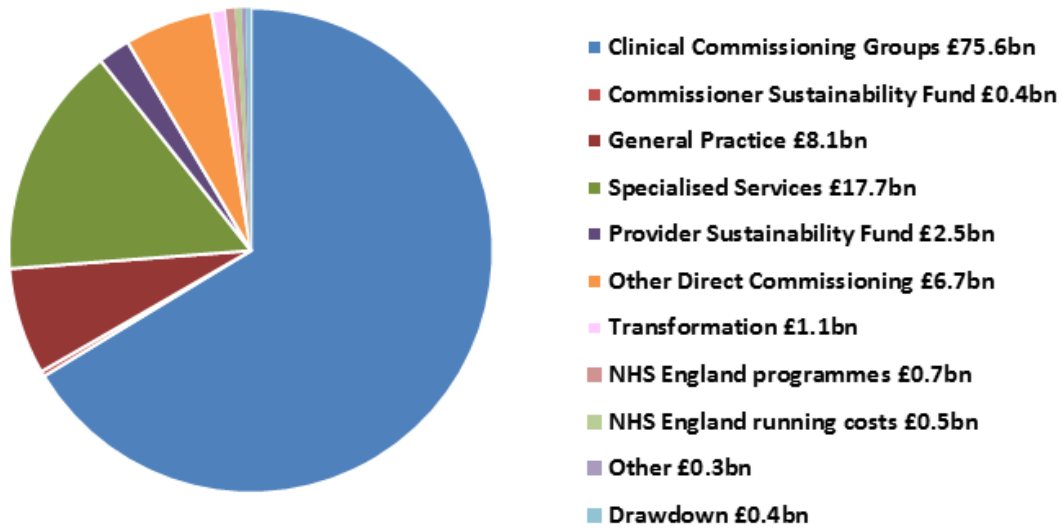
The majority of this funding is allocated to CCGs for commissioning local health services. In 2018/19 CCGs have been allocated £75.6bn and in addition a new £400 million Commissioner Sustainability Fund has been created to enable all CCGs to return to in-year financial balance, whilst supporting and incentivising them to deliver against their financial control total.

A further £32.5bn is spent on directly commissioning services including general practice, specialised services, other primary care and public health. £2.9bn is held for the Provider and Commissioner Sustainability Funds. The remainder is used to fund a range of transformation programmes administration costs and other central programmes.

The way in which we distribute our mandate funding is set out in the diagram below.

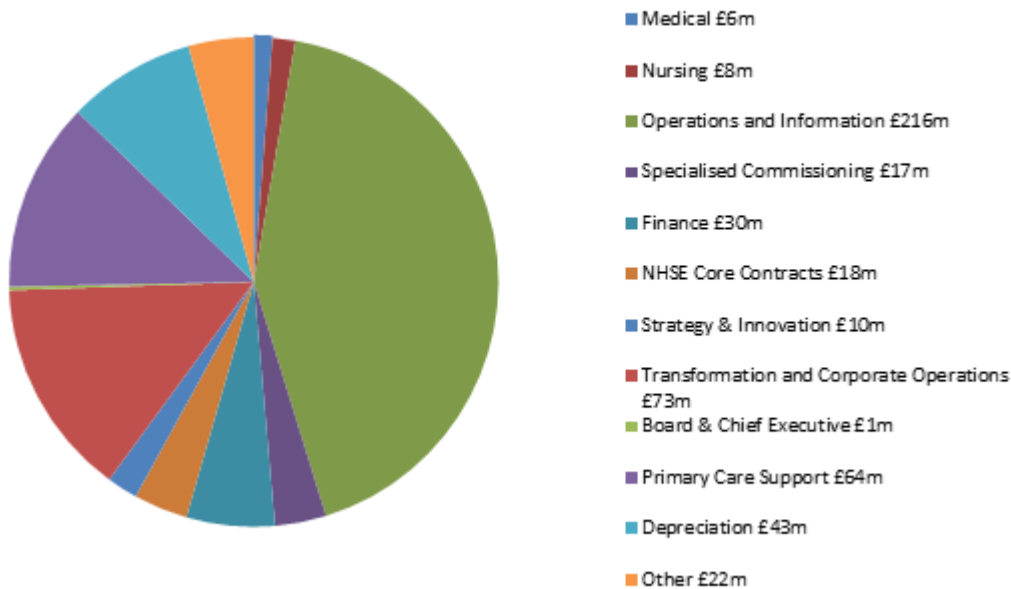
^[1] This is the total Revenue Departmental Expenditure Limit (RDEL), including depreciation and impairments.

2018/19 NHS England mandate funding (£bn)



The running costs budget for NHS England has been set at £508m for 2018/19 which represents the same underlying baseline cash funding as received in 2016/17 and 2017/18 adjusted for some realignment of depreciation. However this is a real terms reduction due to the need to fund increases to pay and prices caused by inflationary pressures. Directorates have therefore been asked to deliver savings to fund this and other agreed pressures. The diagram below shows how our core running costs are split between our directorates and our other corporate funds for 2018/19.

2018/19 NHS England running cost budgets (£m)



During 2017 there was some realignment of resources as part of a programme of work to ensure NHS England is better set up to support delivery of the 'Next Steps'. Work is ongoing into 2018/19 to further shape our organisation and enhance the way we operate.

Last year we agreed two year allocations for our central programme costs and transformation funding, which are focused primarily on the delivery of our corporate and directorate priorities. In light of this, these allocations have undergone an update for 2018/19.

Nearly half of the available funding for our central programme budgets is essentially a 'pass-through' cost to fund Clinical Excellence Awards, a variety of other operational commitments and previously agreed NHS provider support commitments. This leaves approximately £253m each year (excluding depreciation and a small contingency) for direct investment by NHS England to deliver on the priorities and objectives outlined in 'Next Steps', including £40m deployed through various improvement bodies, namely Academic Health and Science Networks and Clinical Networks and Senates.

Our separate transformation funds are allocated to support the Next Steps in collaboration with Sustainability and Transformation Partnership areas, focusing on priorities such as Urgent and Emergency Care, Primary Care, Cancer and Mental Health.

Two year allocations for our transformation fund and other central programmes were agreed for 2017-19. These were summarised in last year's document which can be found in [NHS England Funding and Resource 2017-19: supporting 'Next Steps for the NHS Five Year Forward View'](#).

NHS England also holds £256m in capital resource for 2018/19 to deliver agreed capital schemes, such as supporting information technology infrastructure and transformation in General Practice.

6 Our people

NHS England directly employs 5944 people across the country, and we aim to provide effective services which support and develop the capability we need to carry out our objectives and plans.

In the last year, we have continued to identify and develop talent in our senior management grades, and we have expanded and extended our coaching and mentoring support. We made a significant investment in developing and improving our line management capability and practice, and we have continued to improve staff engagement across the organisation. Overall our Employee Engagement Index, the indicator we use to assess levels of employee engagement across the organisation, has increased to 76%. This means we have seen a 13% improvement in overall staff engagement since 2015. Most of our individual indicators showed an improvement from our last pulse survey in summer 2017, and all questions show an improvement in the scores from the last full census survey in October 2016.

We have taken steps to realign our staff and activity to support NHS transformation and emerging ICSs more directly, and to work more closely with our partners to support local health and care systems.

We have continued to take action to support our people's health and wellbeing at work. Building on our accreditation in December 2016 with the Health@Work Workplace Wellbeing Charter, we have expanded our mental health first aider network, and made the commitment to be a "Mindful Employer".

In the last year we have also made further progress in creating a more diverse and inclusive workforce, ensuring the people we employ better reflect the people we serve and enabling all staff to reach their full potential.

We established and appointed a Diversity and Inclusion team to provide the impetus to embed action at local, regional and national level to make a real difference. Along with our staff networks, Diversity and Inclusion Steering Group and senior leaders we have a strong delivery network to make change stick.

During 2018/19 we will:

- Continue to build our capability, especially in improvement, system leadership and transformational change;
- Further align our work to support transformation in the local health and care system more directly, using continuous improvement to streamline our activity and work even more closely with NHS Improvement to enable staff to directly help ICSs, STPs and local systems with their work;
- Review and develop our capabilities to ensure we are fit to play our part in delivering the 'Next Steps';
- Roll out our line manager and senior line manager development programmes to strengthen the effectiveness of our day to day management practice, and how we lead and manage change;
- Further engage with our staff, involve them in how our work is changing and listen to and act upon their feedback, so that NHS England can continue to develop as a great place to work;
- Maintain our 'Respect at Work' initiative to drive a zero tolerance approach to poor workplace behaviours, bullying, harassment and discrimination and improve the positive experience of people across the organisation;
- Continue the programme of work to develop an organisational culture where there is the 'freedom to speak up' by developing trained Freedom to Speak up Guardians across the organisation;
- Continue to create a more diverse and inclusive organisation, by improving our progress against the Workforce Race Equality Standards, Stonewall Employers Index and Disability Confident Employer standards, and by addressing our gender pay gap;
- Work on supporting smarter, more agile working to increase efficiency and productivity, improve wellbeing and reduce travel costs and our carbon footprint.