



NHS Improvement and NHS England

Meeting in Common of the Boards of NHS England and NHS Improvement

Meeting Date: Thursday 24 May 2018

Agenda item: 02

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Report on: Operational planning refresh for 2018/19

Introduction

1. The purpose of this paper is to update on the operational planning process that is nearing completion for 2018/19 and to highlight the key issues arising for consideration by the Boards of NHS England and NHS Improvement.
2. The plans from commissioners and providers are currently under review. Summaries of the provider and commissioner plans will be published once the contracting process between commissioners and providers has been completed and the review process has concluded.
3. The Boards are asked to note the progress made on operational planning for 2018/19, provide comments on the themes arising and consider any further actions required.

Context

4. The planning guidance for 2018/19, [Refreshing Plans for 2018/19](#), was published jointly by NHS England and NHS Improvement on 2 February 2018. The planning guidance asked providers and commissioners to refresh the existing 2018/19 plans with up to date activity and efficiency assumptions, and to reflect the additional allocations made to the NHS following the 2017 Autumn Statement.
5. In the Autumn Statement the government announced an additional £1.6bn of funding for the NHS, to which DHSC added a further £540m – a total increase of £2.14bn. Of this, £650m has been added to the Provider Sustainability Fund to directly support NHS providers, and the balance has been allocated to commissioners.

6. The total resource available to CCGs for upfront investment has increased by £1.4bn. This includes the spending power created by not requiring CCGs to hold a system risk reserve in 2018/19 and is principally to fund realistic levels of emergency activity in plans, the additional elective activity necessary to stabilise waiting lists, universal adherence to the Mental Health Investment Standard and transformation commitments for cancer services and primary care.
7. Included in the additional investment for CCGs is a new £400m Commissioner Sustainability Fund (CSF), which has been created to enable all CCGs to return to in-year financial balance, whilst supporting and incentivising CCGs in receipt of this funding to deliver against improved financial control totals.
8. All Providers and commissioners are expected to develop stretching, realistic plans consistent with in-year control totals.
9. The key priorities for the NHS for 2018/19 to be reflected in provider and commissioner plans were as follows:
 - plan in aggregate for 2.3% growth in non-elective admissions and ambulance activity and 1.1% growth in A&E attendances, ensuring that aggregate performance against the four-hour A&E standard is above 90% for the month of September 2018, that the majority of providers are achieving the 95% standard for the month of March 2019, and that the NHS returns to 95% overall performance within the course of 2019;
 - plan for the RTT waiting list to be no higher in March 2019 than in March 2018 and, where possible, aim for it to be reduced. More specifically, the number of patients waiting more than 52 weeks for treatment should be halved by March 2019;
 - protect investment in cancer, mental health and primary care to deliver the cancer waiting time standards, achievement by each and every CCG of the Mental Health Investment Standard, service expansions set out by the Mental Health Taskforce and General Practice Forward View commitments; and
 - continue to progress the other priorities set out in the 2017/19 planning guidance and the *Next Steps on the NHS Five Year Forward View*.
10. Commissioners and providers were asked to work together to:
 - set **realistic assumptions about activity levels** that reflect historic growth trends and expected demand for services;
 - ensure that sufficient capacity will be available to meet **operational performance** expectations for patient waiting times and access standards;
 - achieve a high degree of **alignment between commissioner and provider plans**, this process to be supported by Sustainability and Transformation Partnerships (STP) leaders taking an active role to assure the plans and confirm plan alignment; and
 - ensure that **contract variations are signed**, reflecting an appropriate balance of risk between commissioners and providers.
11. In line with the planning guidance, commissioners and providers were required to submit final plans by 30th April, following which NHS England and NHS

Improvement are now completing the plan assurance process, which is expected to be concluded by early June.

Current position

12. Final plans were submitted by providers and commissioners on 30th April and are currently being reviewed by NHS England and NHS Improvement to assess compliance with the relevant requirements.
13. For both providers and commissioners the large majority of organisations have submitted plans in line with their control totals, though some organisations will require further support in working towards an improved plan position. The level of aggregate emergency activity reflected in plans is broadly consistent with the expectations set out in the planning guidance, and all CCGs have confirmed they are planning to meet the Mental Health Investment Standard.
14. We are currently testing the alignment of commissioner and provider contracts and financial plans, and whilst a gap remains between the expected levels of income and expenditure, the contract gap is lower than in previous years, with an expectation that it will reduce further as the planning process is concluded.
15. In addition to the achievement of overall balance and individual control totals, the review of commissioner plans aims to ensure the following:
 - The required level of investment in children and young people's mental health services in addition to the achievement of the **mental health** investment standard for each CCG in the country;
 - Investments in transformation commitments for **cancer services** and **primary care** are being planned for as expected;
 - That each organisation has an appropriate level of mitigation for any **risk** in their plans;
 - That the **level and profile** of expenditure and efficiency savings has been set realistically; and
 - That activity plans and finance plans are fully triangulated, i.e. that commissioners have adequately funded the increase in activity that they are planning for.
16. The particular issues to be addressed in reviewing the provider plans – beyond credible plans for sector balance and individual control totals – include the need to:
 - Ensure an appropriate **seasonal profile** for workforce, activity and beds so that the capacity is in place to meet the expected spike in demand through the winter months;
 - Ensure that **changes in staffing** are aligned with the activity and financial plans and consistent with any planned decreases in agency staff;
 - Ensure that provider cost improvement programmes take up the appropriate opportunities for improved **operational productivity**;
 - Assure the **impact of the plans on the quality of patient care** including the quality impact assessment of cost improvement programmes; and

- Ensure that **provider plans are internally consistent** between activity, finance and workforce plans and demonstrate an appropriate level of risk mitigation.

17. The assurance of plans for the expected levels of patient demand is a particular focus for this planning round. Additional analysis is being undertaken to provide assurance that the level of expected activity reflected in plans is matched by required levels of capacity and is sufficient to meet the required operational performance standards and to allow for winter pressures.

18. The workforce plans for substantive staff are being considered alongside the planned reductions in agency staff. Workforce plans of providers are highly reliant on the adequate supply of staff in the relevant professions. The significant risks on the supply-side continue to be followed up with Health Education England and the Department of Health and Social Care.

Next steps

19. In concluding the planning process NHS England and NHS Improvement will:

- Continue to work with the organisations that have still not submitted a plan in line with their control total in order to reduce individual gaps as far as possible and serve overall balance in each sector;
- Continue to strengthen the delivery plans for efficiency savings and cost improvements, including the provision of external support programmes where required;
- Continue to work with systems – and in particular STP leaders – to resolve any outstanding issues in order to ensure contracts and plans are aligned; and
- Move ahead with the mobilisation of the current plans, focussing on maximising delivery while managing and mitigating risk.

Recommendation

20. The Boards are invited to:

- Note the progress made on operational planning for 2018/19;
- Comment on the themes arising; and
- Consider any further actions required.

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