

To: The Board

For meeting on: 24 November 2016

Agenda item: 5

Report by: Bob Alexander, Executive Director of Resources, Deputy CEO

Report on: Update on Sustainability and Transformation Plans

Introduction

1. The purpose of this paper is to update the Board on strategic planning for 2016/17 to 2020/21 and the preparation of Sustainability and Transformation Plans (STPs) by each local health and care system.
2. At its meeting on 29 September 2016, the NHS Improvement Board received an update on the development of STPs. Revised STPs were produced on 21 October 2016 and are now being reviewed by the Arm's Length Bodies. This paper sets out an update on progress and the issues under discussion.

Context

3. STPs continue to be an important opportunity to agree actions to close the three gaps identified in the Five Year Forward View (health and wellbeing; care and quality; finance and efficiency).
4. The expectations for local partners in preparing STPs were to:
 - Reach a shared understanding of where they are now in relation to the three gaps (health, quality, finance) and where the local area will need to be by 2020/21, taking into account indicative allocations and the requirement to achieve financial balance;
 - Identify the critical decisions required to realise the vision and close the three gaps;
 - Set out the anticipated benefits and where possible how these will deliver the priorities set out in the March guidance;
 - Identify which actions lie with individual organisations and which require system-wide change, including dependencies on other partners or neighbouring geographical areas;
 - Assess the degree of consensus and support for proposed changes and

plans for engagement with clinicians, the public and key partners.

5. The STPs are a key starting point for two-year, organisation-level operational plans for 2017/18 and 2018/19.
6. The remainder of this report sets out an overview of how the 44 STPs have developed to date; the priorities identified in STPs; the issues highlighted in STPs; and next steps.

Overall assessment of STPs

7. The STPs are currently at different stages of development. Some are ready to begin implementation, with a clear strategic plan and specific, actionable proposals. Others have clear emerging proposals, but further decisions are needed, particularly in relation to capital and service changes. Others have further to go and are likely to benefit from national, regional and/or peer support.
8. Some data quality issues remain in the STP submissions, although the majority identified in earlier drafts have been corrected. In particular, there is a higher degree of alignment between commissioner and provider data for 2016/17 as the basis for STPs.

Priorities identified in STPs

9. The STPs include, to varying degrees the following priorities:
 - plans to strengthen primary care in line with the GP Forward View
 - a focus on simplifying and integrating urgent care
 - implementation of new care models (usually accountable care models such as Multi-specialty Community Providers (MCPs) or Primary and Acute Services (PACS))
 - acute service changes, although not all are close to consultation
 - plans for community hospital changes
 - plans for improving mental health services; almost all STPs mention this priority
 - a focus on cancer in a number of footprints
 - major investments in digital
 - ways of sharing clinical support services and back office functions.
10. Most STPs include consideration of the need for formal public consultation in order to finalise their plans for service change. A number of consultations have already started.

Issues highlighted in STPs

11. In relation to patient activity levels, the aim set out the Five Year Forward View has been to moderate the trend for activity growth, particularly in relation to urgent and emergency care. Given the trends in activity growth over the previous five years, this will be highly challenging for most STP areas. The

continued growth in levels of patient activity emphasises the importance of both improved productivity and new models of care in managing rising demand.

12. In relation to workforce plans, the challenges include balancing the requirements for quality and safe staffing with affordability, such as through continued progress to reduce agency staffing and by recruiting staff substantively.
13. Given the expectation of financial balance by 2020/21 within each STP area and within the provider sector overall from 2017/18, it will be vital that there is continued improvement in financial plans during the operational planning round. The assessment of operational plans will need to consider a number of significant assumptions such as the expected receipt of the Sustainability and Transformation Fund (STF), the level of capital funding available for transformational change and provision for the costs associated with national priorities.
14. The request for capital in STPs currently exceeds the funding available and so further work is required in order to identify affordable solutions over the period 2017/18 to 2020/21.
15. The implementation of STPs relies on the delivery of efficiencies in each year and it will be important that the robustness of efficiency plans is tested during the preparation of operational plans for 2017/18 – 2018/19.

Next steps

16. Given the challenging starting point in 2016/17, it will be important for partners in each STP area to consider how their strategies can be taken forward within a realistic understanding of the envelope of capital and revenue funding available.
17. The next step is to make the first two years of STPs real through operational plans. It will be important to see an improvement in the capital and revenue position when the operational plans are produced, compared with the position in 2016/17.
18. In response to feedback from NHS organisations, the planning timetable this year has been brought forward with the requirement to sign contracts for 2017/18 to 2018/19 by the end of the calendar year. The benefits of the collaborative work in preparing STPs should support earlier agreement of operational plans, which will then give local system partners more room to focus on implementation of their STPs in the new year.
19. It is clear that the risks associated with delivery of STPs represent a significant leadership challenge. This highlights the need for the necessary capacity and capability at local level. Work is underway with NHS England to review the national and regional support required.
20. A number of STPs have already been published and it is expected that the remainder will be published over the coming months.
21. The key next steps in relation to strategic planning for 2016/17 to 2020/21 are therefore to:

- Continue to carry out the joint process for reviewing plans;
- Take forward implementation of STPs through the operational plans for 2017/18 – 2018/19;
- Continue to provide regional and national support to STP partners in developing and implementing their plans.

22. In conclusion, during the coming months it will be important to maintain a strong focus on the aims of the STP process: to resolve the most significant challenges faced in each local system, taking the necessary decisions to close the three gaps – in health and wellbeing; care and quality; and finance and efficiency. NHS Improvement teams continue to work closely with trusts to build a realistic understanding of the actions to be taken within the capital and revenue resources available and to support them in taking forward the necessary changes.

Recommendation

23. The Board is invited to comment on the key issues raised by STPs and the joint approach with other Arm's Length Bodies to take forward implementation through operational plans for 2017/18 – 2018/19.

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Public Sector Equality Duty:

NHS Improvement has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. The Act protects against discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation. We have thought about how the issues dealt with in this paper might affect protected groups.

We believe the paper will not have any adverse impact upon these groups and that NHS Improvement has fulfilled its duty under the Act.