

**To:** The Board

**For meeting on:** 28 April 2016

**Agenda item:** 6

**Report by:** Catherine McDonald, Policy Director  
Lisa Keslake, Policy Director  
Adrian Masters, Executive Director Strategy

**Report on:** NHS Improvement update

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### **Introduction and purpose of this report**

1. NHS Improvement launched on 1 April 2016. We are currently developing our objectives, Business Plan, Operating Model and organisational structure. This paper brings together all these elements at high level to give Board members an update on progress. The Board will have an opportunity to workshop these elements in detail this afternoon.

### **Background and context**

2. The sector is in an unprecedented financial situation: at Quarter 3 in 2015/16 the aggregate deficit was £2.26 billion, with three-quarters of providers in deficit. Core constitutional standards, like A&E and referral to treatment are not being met in aggregate. Quality levels are also challenging, with 16 providers in special measures, and too few at the highest level of quality. At the same time the sector is addressing the ask set in the *Five Year Forward View* (5YFV)<sup>1</sup> to deliver strategic change in local health care systems, for example through new models of care.
3. These challenges apply both to NHS trusts and foundation trusts. The creation of NHS Improvement gives us an opportunity to support the whole sector in rising to these challenges – building on the best of our legacy organisations, but with a change of emphasis. We will move to a model where we do more to support providers and local systems to improve, working alongside providers to build capability, and showcasing good practice in the sector. We are setting transparent expectations: we have published<sup>2</sup> our single definition of success for

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<sup>1</sup> and subsequently in *Implementing the Five Year Forward View*

<sup>2</sup> In *Implementing the Five Year Forward View*

providers – covering quality, finance and use of resources, operational performance, strategic change and leadership and improvement capability. We will hold boards to account against these expectations and only intervene where necessary.

## **NHS Improvement's 2020 objectives**

4. We are currently developing NHS Improvement's 2020 objectives. We anticipate that they will have the same five themes as our single definition of success for providers. We will work closely with partners such as NHS England and the Care Quality Commission to deliver our objectives, within the context of the 5YFV.

### *Quality*

5. We aim to continuously improve provider quality, helping to create the safest, highest quality health and care service. People deserve consistently high quality, safe healthcare, that is personal, effective and safe, that respects their dignity and is delivered with compassion.

### *Finance and use of resources*

6. We aim to balance the provider sector finances and improve provider productivity. In line with the 5YFV we need to close the finance and efficiency gap, to place the NHS on a secure and sustainable financial footing. We will work closely with partner organisations in doing this.

### *Operational performance*

7. We aim to maintain and improve performance against core standards. People deserve services that are accessible wherever they are and whenever they need them. We expect providers to routinely meet constitutional standards, including during periods of increased demand such as during winter months.

### *Strategic change*

8. We aim to ensure every area has a clinically, operationally and financially sustainable pattern of care. In line with the 5YFV we will support providers to design and deliver services systemically within their local healthcare systems to best meet the needs of the communities they serve.

### *Leadership and improvement capability*

9. We aim to build provider capability to deliver sustainable services. Strong leadership and an improvement culture is fundamental to ensuring the sector continually improves. NHS Improvement aims to support providers to build their capability to continuously improve, foresee and tackle issues early and make well-informed decisions. We will help make the NHS the world's largest learning organisation, harnessing the good practice that already exists in the sector.

## **Business plan for 2016/17**

10. 2016/17 is a platform for change. We will help providers have breathing space both to tackle immediate problems and to start to deliver strategic change: we will help to stabilise the sector's finances (including through control totals), help providers meet core constitutional standards, ensure operational plans are delivered and Sustainability and Transformation Plans are high quality and deliverable. We aim to start an improvement movement in the sector, helping build improvement capability, to improve quality. We also seek to energise improvement the sector, create a 'can do' collaborative culture, highlighting great work and connecting people.
11. We have started work on the Business Plan for 2016/17 including 16/17 steps towards delivering the 2020 objectives. This will cover both what we are trying to achieve in 16/17 and critical work that needs to be done to deliver on the objectives. We will be pragmatic about priorities and what we need to focus on in the first year to enable the path to 2020.
12. The process for developing the business plan is a combination of top down Executive Director input and bottom up staff input. For some areas we will hold workshops spanning NHS Improvement's Directorates to explore the relative contributions of different teams to our strategic themes.
13. We intend to take a draft of the Business Plan for 2016/17 to the May Board meeting.

## **Operating Model and organisation design**

14. NHS Improvement's operating model is being finalised. Core components are at Appendix 2.
15. Detailed organisation design and policy projects will follow – including building our support offer and including bringing in single oversight framework which we will use to segment providers according to the extent they meet our single definition of success, based on principle of earned autonomy.
16. Executive and non-executive appointments have mostly been made (Appendix 1). The detailed design of the organisational structure is under way.

## **Next steps**

17. Board members will workshop each of the three elements in detail this afternoon.
18. Proposals will then be developed on each element for agreement and publication as appropriate.

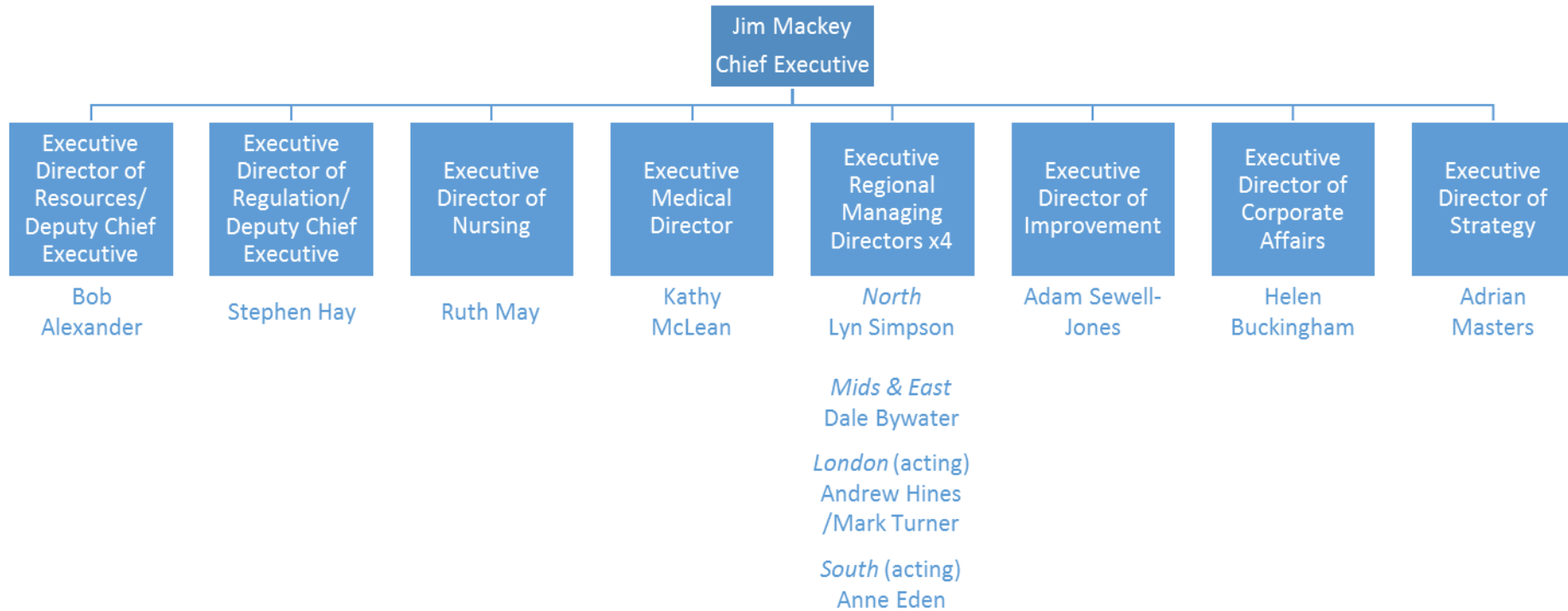
**Public Sector Equality Duty:**

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

**Exempt information:**

*None of this report is exempt from publication under the Freedom of Information Act 2000.*

**Appendix – executive appointments**



**Appendix – NHS Improvement draft operating model – high level core components**

