

To: The Board

For meeting on: 29 September 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.

Context

2. STPs are an important opportunity to get local leaders together to have conversations about their ambitions for local services, the most significant challenges they face locally and to agree actions to close the three gaps identified in the Five Year Forward View (health and wellbeing; care and quality; finance and efficiency).
3. As highlighted by the Equality and Human Rights Commission in their triennial report, *How fair is Britain?*, people still experience significant inequalities in relation to their health and their experience of the NHS. Closing the gaps in relation to health, quality and efficiency will help to reduce the level of inequality, for example by continuing to improve access to services.
4. The expectations set out for local partners in preparing draft STPs in June were to:
 - Reach a shared understanding of where they are now in relation to the three gaps (health, quality, finance) and where the geographic 'footprint' 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 national guidance;

- Identify which actions lie with individual organisations and which require system-wide change, including dependencies on other partners or neighbouring footprints;
- Assess the degree of consensus and support for proposed changes and plans for engagement with clinicians, the public and key partners.

Progress to date

5. Draft STPs were produced by local partners for each the 44 geographic footprints in June 2016 and a process of review and further development is under way.
6. A variety of organisations are working together in each STP footprint including primary care leaders, CCGs, providers, local authorities and commissioners of specialist services. The local partners also need to include ambulance services and specialist providers that often cross a number of STP boundaries. The work on STPs has involved the establishment of local arrangements for collaboration and joint working, including the voluntary and independent sectors.
7. As noted above, the guidance for strategic planning asked STP partners to set out their plans to engage key stakeholders. This includes the engagement of clinicians, primary care, local authorities, service users and the public in order to understand their views on the future direction for local services. Once specific proposals for changes to services have been developed, it will be important that there is a clear case for change to support local engagement and, where necessary, consultation.
8. STP partners are considering the local vision and strategy for the future pattern of services in order to implement the Five Year Forward View. This includes work on redesigning patient pathways based on 'Right Care' approaches; integrated care systems that bring together general practice, community health services, social care, mental health and/or acute services; system-wide admission avoidance; supported discharge; urgent care network redesign; and strengthened primary care and community services.
9. Based on the work of recent national taskforces, STP partners are also considering their approach to seven day services, mental health, cancer and maternity services and services for people with learning disabilities and dementia.
10. In relation to mental health, the aim is to improve outcomes for children and adults with mental health needs. There is a recognition of the challenges in addressing both common mental health problems and severe mental illness including the need for resilient 24/7 services, equity of access, specialist services and workforce recruitment. In developing their plans, STP partners will need to consider approaches to early intervention, out of area care and care pathway re-design.
11. In seeking to close the health and wellbeing gap, STP partners are considering action to improve population health and wellbeing and to reduce health inequalities in a growing and increasingly diverse population with large

variations in levels of deprivation. Key health issues include obesity, smoking and diabetes, health in the early years, reducing excess mortality and preventing avoidable illness in an ageing population with multiple health and social care needs.

12. In seeking to close the care and quality gap, STP partners are considering how to address variation in service quality and outcomes with the aim of delivering improved standards of care for patients across acute and community settings. NHS Improvement continues to provide support through specific quality initiatives such as work with the Virginia Mason Institute.
13. The standards for safe staffing are clearly an important factor affecting the design of clinically sustainable services. The National Quality Board has recently published an updated safe staffing resource to help achieve the ambitions in the Five Year Forward View, which provides a basis for organisations to assess workforce needs over the next five years.
14. In seeking to close the finance and efficiency gap, key issues to be considered in plans include measures to reduce the growth in demand for services, the potential for improved productivity and efficiency; the need for plans to address the longer term sustainability of services; and capital requirements. NHS Improvement is building up its support for providers to take forward the opportunities for improved productivity and efficiency highlighted by the Carter review.
15. Clearly, social care funding considerations have a significant impact on local health services. Increasingly, there are examples of local authorities and NHS commissioners pooling funding through joint commissioning arrangements and pooled budgets. Given the level of inter-dependency, it will be important for STP partners to consider the impact of social care funding expectations, whilst keeping the formal separation from NHS funding as appropriate.
16. In order to give STP partners the best chance of successfully implementing their plans, it will be vital to ensure that the local leadership has sufficient support. The types of support needed may include access to best practice solutions from other systems, facilitating local working arrangements and establishing effective governance for the STP partners working together as a health system.

Taking forward local plans

17. Local leaders have been asked to submit their plans in October 2016. The strategic plans for each footprint will be a key starting point for two-year, organisation-level operational plans for 2017/18 and 2018/19.
18. NHS Improvement and other Arm's-Length Bodies are publishing joint planning guidance in September 2016. This will help partners in each STP footprint move swiftly from refining the STP in October to agreeing two-year operational plans and contracts that will underpin delivery in 2017/18 and 2018/19. The aim is to provide certainty and stability for a two-year planning and contracting cycle.
19. The intention is to enable operational planning and contracting to be completed by the end of December 2016. Thus, moving into 2017, organisations will be

able to focus single-mindedly on delivery of the next two years of their STPs, building on the solid financial foundation created through joint actions in 2016.

20. The arrangements for operational planning are being considered in a separate report to the Board.

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 developing and reviewing plans;
- Take forward the objectives of STPs through the operational plans for 2017/18 – 2018/19;
- Work with NHS England on the approach to the oversight of STPs;
- Continue to provide regional and national support to STP leaders in developing and implementing their plans.

22. In conclusion, over 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 continues to work with the other Arm's Length Bodies to support providers and wider local health economies in taking forward the necessary changes.

Recommendation

23. The Board is invited to note progress on strategic planning for 2016/17 to 2020/21 and the preparation of STPs for each local health and care system.

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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.