

To: The Board

For meeting on: 29 September 2016

Agenda item: 6

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

Report on: Operational planning 2017/18 – 2018/19

Introduction

1. The purpose of this paper is to update the Board on the arrangements for operational planning 2017/18 – 2018/19.
2. The NHS as a whole continues to face significant operational and financial challenges, as well as opportunities for improvement. It is therefore important to set out an approach to operational planning that seeks to address the challenges and deliver high quality, sustainable services for patients and service users.

Context

3. Following the financial 'reset' and publication of *Strengthening Financial Performance and Accountability in 2016/17* it is vital to move on swiftly with operational plans which deliver the visions agreed by each local health system footprint within Sustainability and Transformation Plans (STPs).
4. STPs for 2016/17 to 2020/21, to be produced in October, will set out how individual organisations will work together to deliver their locally agreed STP objectives for sustainable services that implement the Five Year Forward View. Delivery plans will form the starting point for two-year, organisation-level operational plans for 2017/18 and 2018/19, with collaborative actions across local health systems supported where appropriate by system control totals.
5. An earlier start to operational planning will help each STP footprint move quickly from finalising its STP plan in October to agreeing two-year operational plans and contracts that will underpin delivery in 2017/18 and 2018/19. To support this, NHS Improvement and other Arm's-Length Bodies are publishing joint planning guidance in September. A verbal update on publication will be provided at the meeting. The expectations for the NHS and the approach to operational planning are set out in the joint planning guidance.

6. The approach taken means there has been a need to establish the arrangements for the two-year NHS planning and contracting round 2017/18-2018/19 earlier than in previous years. This paper sets out the arrangements for the provider sector including planning objectives, the planning timetable, lead responsibilities and next steps.

Planning objectives

7. The overall objective is for every provider (NHS Trust and NHS Foundation Trust) to have in place robust, integrated operational plans for 2017/18 to 2018/19 that demonstrate the delivery of safe, high quality services that meet NHS Constitution standards or delivery of recovery milestones within the available resources. Provider actions to improve efficiency will result in at least a break-even position for the provider sector in each of the two years, after deployment of the Sustainability and Transformation Fund (STF).
8. The quality standards for patient services are clearly set out in the NHS Constitution and in the fundamental standards of quality and safety published by the Care Quality Commission. These quality standards continue to define the expectations for the services of providers. In addition, operational plans will need to take into account the specific service changes and quality improvements agreed in STPs, including the approach to seven day services.
9. Demand and capacity plans will need to include a realistic level of service capacity to treat the number of patients expected within NHS Constitution standards for waiting times – or to meet the agreed recovery milestones. The assurance process will need to test the level of alignment between commissioners and providers in relation to the number of patients expected.
10. The robustness of workforce plans is to be assessed during the planning process, including the quality and safety impact of workforce plans and the alignment of workforce plans with finance and activity plans.
11. For providers to achieve and maintain high quality services, those services need to be underpinned by affordable and sustainable financial plans. Building on the joint financial improvement actions in 2016/17, the deployment of the STF and further trust actions to improve efficiency, a key requirement of the two-year planning round is to achieve a balanced financial position for the provider sector in each of the next two years.
12. The intention of the approach being taken to planning is to provide certainty and stability for a two-year planning and contracting cycle. This is being supported through early publication of the National Tariff, Commissioning for Quality and Innovation (CQUIN) Framework, NHS Standard Contract, provider STF and NHS commissioner business rules covering both 2017/18 and 2018/19. The intention of the early start 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.
13. The outputs from the planning process are being designed to provide assurance that integrated plans have been developed and that they strike the right balance of

providing high quality services for patients within the resources available.

14. In summary, provider plans should do the following:

- provide for a reasonable and realistic level of patient activity;
- demonstrate the capacity to meet this;
- demonstrate improvement in the delivery of core access and NHS Constitution standards (or, if applicable, improvement trajectories);
- be consistent with and reflect the strategic intent of STPs, including the specific service changes, quality improvements and increased productivity and efficiency identified in the STP;
- provide adequate assurance on the approach to quality and the robustness of workforce plans;
- be stretching from a financial perspective, planning to deliver (or improve upon) the financial control total agreed with NHS Improvement and taking full advantage of efficiency opportunities (including those identified by the Carter review and the agency rules);
- contain affordable, value-for-money capital plans that are consistent with the clinical strategy;
- be aligned with commissioner plans, and underpinned by contracts that balance risk appropriately;
- be internally consistent between activity, workforce and finance plans.

Planning timetable

15. Table 1 sets out a summary of the planning timetable that has been developed with NHS England.

Table 1: Summary timetable: operational planning for 2017/18 to 2018/19

Date	Action	ALB Lead
September 2016	Planning guidance published Technical guidance published	All
October 2016	Submission of STPs National tariff consultation issued	All NHSI/NHSE
November 2016	Final standard NHS contract published Submission of draft operational plans (24 November)	NHSE NHSE/NHSI
December 2016	Assurance and feedback on plans National tariff published National deadline for signing of contracts (23 December) Final plans approved by Boards Submission of final operational plans	NHSE/NHSI
January – March 2017	Focus on delivery and implementation planning for 2017/18	All

16. The timetable is extremely challenging. For example, the assurance process for operational plans would need to take place between 25 November 2016 and 23 December 2016, including plan assessment, feedback to providers, contract signature and final plan submission. In the previous planning round, this process took place over a three month period between January and March 2016.

17. In order to ensure that the timetable is deliverable, a streamlined process for plan assurance by NHS Improvement is being developed.

Lead responsibilities

18. The Resources Committee is charged with the responsibility of overseeing the work by NHS Improvement on the planning process.

19. The proposed lead responsibilities for operational planning within NHS Improvement have been agreed by the Resources Committee, including work with NHS England and other Arm's Length Bodies to produce the joint planning guidance. An NHS Improvement Planning Working Group has been established to co-ordinate the work.

20. Regional teams are maintaining close links with individual providers during the planning process to support them in developing plans that meet the requirements. This will help in managing the shorter timescale by gaining an early understanding of the position of each provider and informing plans in advance of submission. During the planning process, it will be important for all directorates to continue to work closely together to manage the challenging timetable.

21. Connections are being maintained with the other Arm's Length Bodies to ensure that

the work on STPs under the Five Year Forward View is integral to the operational planning process.

Next steps

22. Further work is under way to complete the operational planning process including:

- the preparation of templates for financial, activity and workforce plans;
- the internal assurance process within NHS Improvement;
- technology arrangements including new arrangements for the receipt and processing of plans from both Foundation Trusts and NHS Trusts by NHS Improvement.

23. As plans are developed, it is proposed that the Board will receive updates on progress.

Recommendation

24. The Board is invited to note:

- the preparations for operational planning 2017/18 – 2018/19;
- the implications of the accelerated planning timetable;
- the next steps.

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.