

NHS Planning Guidance 2016/17 – 2020/21

<b>Trust Board Meeting</b>	<b>Item: 13</b>
<b>Date: 27<sup>th</sup> January 2016</b>	<b>Enclosure: I1</b>
<b>Purpose of the Report:</b> To provide the Board with a summary of the NHS Annual Planning Guidance and the process for developing the One Year Operating Plan and the Five Year Sustainability and Transformation Plan.	
<b>For: Information</b> <input checked="" type="checkbox"/> <b>Assurance</b> <input checked="" type="checkbox"/> <b>Discussion and input</b> <input type="checkbox"/> <b>Decision/approval</b> <input type="checkbox"/>	
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<b>Risk Implications – Link to Assurance Framework or Corporate Risk Register:</b>	N/A
<b>Legal / Regulatory / Reputation Implications:</b>	
<b>Link to Relevant CQC Domain:</b> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input type="checkbox"/> Well Led <input checked="" type="checkbox"/>	
<b>Link to Relevant Corporate Objective:</b>	All
<b>Document Previously Considered By:</b>	Finance and Investment Committee 21 <sup>st</sup> January 2016
<b>Recommendations:</b>  The Board is asked to:  a) Note the NHS Annual Planning Guidance  b) Note the submission dates for the 1 Year Operating Plan and the 5 Year Sustainability and Transformation Plan and the approach being taken to meet the submission deadlines	

## 1. Introduction

This paper provides a summary of the key points of the guidance and the approach being taken to respond and submit plans in line with the specified timescales.

## 2. Summary of Guidance

“*Delivering the Forward View: NHS Planning Guidance 2016/17 – 2020/21*” was issued in December and is attached as Appendix 1. NHS providers need to produce 2 separate but connected plans:

- **One Year Operational Plan** - organisation based but consistent with the 5 Year Plan
- **Five Year Sustainability and Transformation Plan (STP)** – place based and delivering the *Five Year Forward View*

### 2.1 One Year Operational Plan

The Operational Plan should be seen as Year 1 of the STP and must demonstrate:

- How to reconcile finance with activity (and where deficit exists, how to return to balance)
- Planned contribution to efficiency savings
- Plans to deliver the ‘Must Do’s’ for 2016/17
- How quality and safety will be maintained and improved for patients
- How risks across the local health economy plans have been jointly identified and mitigated through an agreed contingency plan
- How the plan links with and supports local emerging STPs

#### **2016/17 Priorities and ‘Must Do’s’**

‘Must Do’s’ for 2016/17 are outlined below:

- a. Develop a high quality and agreed STP and subsequently deliver agreed milestones in 2016/17.
- b. Return the system to aggregate financial balance (eg: Carter Review, Agency Rules, CCGs implementing the RightCare Programme)
- c. Developing and implementing a local plan to address the sustainability and quality of GPs
- d. Back on track with access to standards for A&E (4 hours) and ambulance waits
- e. Improvement and maintenance of standards for referral to treatment (18 weeks)
- f. Deliver Cancer Care standards – 62 day cancer waiting standard and the 2 week and 31 days standards – making progress in earlier diagnosis and improving one year survival rates
- g. Deliver actions in local plans to transform care for people with learning disabilities – increasing community provision and reducing inpatient capacity.
- h. Develop and implement an affordable plan to make improvements in quality and participate in the annual publication of avoidable mortality rates by individual trust.

2016/17 will see the trialling of 2 new specific approaches to developing new models of care, and have invited mental health and District General Hospitals (DGH) to volunteer for trials:

- Secondary mental health providers managing care budgets for tertiary mental health services
- The reinvention of the Acute Medical Model in small DGH.

## **The Financials**

In addition to the draft operational plan to be submitted on 8<sup>th</sup> February 2016 the following is required:

- a. A full financial template including all primary statements, detailed income analysis and workforce information and bridges. Additionally a 'triangulation' which assesses the consistency of workforce and cost information and of activity and income information.
- b. A 'baseline agreement check', the first of three submissions being due on 18th January 2016. This first submission is aimed at triangulating the 2015/16 outturn values for income and activity in order to identify differences in start points for commissioner and provider plans.

A headline net adjustment to prices of +1.1% for 2016/17, based on a 2% efficiency factor and a 3.1% inflation estimate to take into account pay and non-pay inflationary cost pressures including drugs. The national tariff consultation will be issued in January or February 2016 so initial submissions of plans in early February 2016 will not be able to take into account any tariff changes at a specialty or POD level.

Plans are expected to focus on cost reduction rather than income growth. With a strong focus on workforce, all providers will be expected to evidence the effective use of e-rostering to ensure that patients get the right hours of care and that minimum time is wasted on bureaucracy. In addition, with regards to non-pay, providers are expected to adopt tightly controlled procurement practices with compliance incentives and sanctions to drive down price and unwarranted variation.

### **2.2 Five Year Sustainability and Transformation Plan (STP)**

All local health and care systems are required to develop a 5 year STP covering the period from October 2016 - March 2021, based on place based planning.

#### **Transformation Funding**

Local NHS Planning will become the application process for additional national funding through the Sustainability and Transformation Fund from 2017/18. This funding is for initiatives including the spread of new care models through and beyond vanguards, primary care access and infrastructure, technology roll-out and to drive clinical priorities such as diabetes prevention etc.

For 2016/17 individual letters have been sent by NHS Improvement to Trusts indicating their share of the £1.8bn transformation funding and Trusts are required to confirm acceptance and agree to the terms of the conditions by 8<sup>th</sup> February 2016. A separate paper will be presented to the Board by the Director of Finance outlining the Trusts proposed position.

#### **Content of STPs**

The STP must cover all areas of CCG and NHSE commissioned activity including, specialised services. The STP must also cover better integration with Local Authority Services including prevention and social care reflecting local agreed health and wellbeing strategies. STPs are expected to respond to three challenges:

- Health and Wellbeing
- Quality and Care
- Efficiency and Financial Sustainability

### **Agreeing 'Transformation Footprints'**

Local health and care systems (including local authorities) need to agree their 'transformation footprint' – i.e. their geographical scope on which to base the STP and submit this to NHSE and NHS Improvement by 29<sup>th</sup> January 2016 for national agreement. They should be locally defined, based on natural communities, existing working relationships and patient flows.

### **2.3 Timeline**

Key deadlines in relation to the planning guidance are summarised below:

#### **18th January 2016**

- A 'baseline agreement check' aimed at triangulating the 2015/16 outturn values for income and activity in order to identify differences in start points for commissioner and provider plans.

#### **29th January 2016**

- Submission of proposals for Sustainability and Transformation Footprint

#### **8th February 2016**

- First submission of full draft 2016/17 Operating Plan
- Submission of a full financial template including all primary statements, detailed income analysis and workforce information and bridges

#### **11<sup>th</sup> April 2016**

- Submission of final 2016/17 Operating Plan aligned with contracts

#### **End of June 2016**

- Submission of a full Sustainability and Transformation Plan

### **2.4 Further Guidance**

In the coming weeks further guidance is expected including:

- Technical guidance to support the planning guidance, in particular the development of sustainability and transformation plans.
- Details of the targeted element of the £1.8bn sustainability fund
- The standard contract and CQUIN guidance
- Final report from Lord Carter
- Confirmation that local digital roadmaps have been delayed: The deadline to submit local digital roadmap footprints has been delayed from April to June 2016 to ensure alignment with planning guidance and the submission of Sustainability and Transformation Plans.

## **3. Responding to the Guidance**

### **3.1 One Year Operating Plan**

Business planning for 2016/17 has progressed in line with the programme of activities presented to the Board in November 2015. A separate update will be provided to the Board on progress with budget setting. The following timetable outlines the key activities to meet the 8<sup>th</sup> February 2016 initial submission deadline for the One Year Operating Plan.

No	Item Description	Date	Status
1	Agree format and structure of Operational Plan	6 <sup>th</sup> January	Complete
2	Allocate sections to lead authors	6 <sup>th</sup> January	Complete
3	Co-ordination and collation of content with authors	7 <sup>th</sup> – 22 <sup>nd</sup> January	In Progress
4	Update to FIC re Annual Planning Process	21 <sup>st</sup> January	Complete
5	First drafts of all sections (excl Finance)	27 <sup>th</sup> January	
6	Budgeting and Planning Update to Trust Board	27 <sup>th</sup> January	
7	First Draft of Finance Commentary for Operational Plan	29 <sup>th</sup> January	
8	Triangulation of activity / finance / workforce	29 <sup>th</sup> Jan – 2 <sup>nd</sup> Feb	
9	Executive Review	29 <sup>th</sup> Jan – 2 <sup>nd</sup> Feb	
10	Incorporate input from Senior Leaders Forum	2 <sup>nd</sup> February	
11	Review and Approval at EMC	3 <sup>rd</sup> February	
12	Final Amendments	3 <sup>rd</sup> – 7 <sup>th</sup> February	
13	Final Approval of Draft Operational Plan (Executives)	7 <sup>th</sup> February	
14	Final Approval of Draft Finance Template (Executives)	7 <sup>th</sup> February	
15	Submission of Draft Operational Plan	Midday 8 <sup>th</sup> Feb	
16	Submission of Draft Finance Template	Midday 8 <sup>th</sup> Feb	

The timetable is being updated to reflect the activities required to meet the final submission deadline of 11<sup>th</sup> April 2016. This will include review of the plan by the Finance and Investment Committee in February and March 2016 and sign off by the Board in March 2016.

### 3.2 Sustainability and Transformation Plan (STP)

It is expected that our 'STP Footprint' will be based around South West London working closely with Surrey Downs through the South West London and Surrey Downs Health Partnership (SSHP). A detailed project plan is being worked up by the Programme Director.

Alongside this the Trust will need to develop a strategy for the Kingston Health Campus in partnership with Kingston, Richmond and Surrey Downs. A detailed programme of work is being developed to deliver this by the end of May 2016 including internal and external engagement. A Strategy Steering Group is being established, chaired by the Chief Executive and reporting into the Executive Management Committee and to the Board.

The approach will be further discussed at the Board Strategy Session on 27<sup>th</sup> January 2016.

## 4. Recommendations

The Board is asked to:

- a) Note the NHS Annual Planning Guidance
- b) Note the submission dates for the 1 Year Operating Plan and the 5 Year Sustainability and Transformation Plan and the approach being taken to meet the submission deadlines