NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS MEETING

Meeting Date: 28 January 2015

Title of Paper: Strategic Planning Update For 2015/16

Presenters: James Duncan, Executive Director of Finance/Deputy Chief Executive

Paper for Debate, Decision or Information:
Information

Key Points to Note:
Last month, the Board received an update on the NHS Five year forward. This set out a challenging agenda for the NHS, which included the need to save a further £22bn over the next five years, dependant on receiving an additional £8bn of funding from Government over this period. It called for radical change which would need to be led by local system leaders, which would include the need for new forms of organisation. Since this was presented to the Board further key documents have been published

- The Forward View into Action: Planning for 2015/16
- CCG Allocations 2015/16
- National Tariff Payment System Consultation Notice
- Dalton Review

This document highlights the key issues arising from these documents

Outcome required:
N/A

Board of Directors

28 January 2015

Strategic Planning update for 2015/16

Purpose

To update the Board on the recent guidance regarding 2015/16 planning and service reconfiguration issued by NHSE and Monitor.

Background

The Board received an update in November on the Five Year Forward Plan. Since that time, NHSE have published the Forward View into Action: Planning for 2015/16, CCG allocations for 2015/16 and the outcome of the Dalton Review into new opportunities and options for providers of NHS care. Monitor has also published its Consultation Notice on the National Tariff Payment System. This paper summarises the key issues arising from these. Issues with particular strategic implications for our services are highlighted.

Forward View into Action and CCG Allocations

The Planning guidance sets out its proposals in a number of key areas which will be summarised in turn

Creating a new relationship with patients and communities

A range of measures will be put in place to focus more effectively on prevention of illness. This will include requirements for CCGs to work with Local authorities to set clear local ambitions for delivery, alongside national initiatives to tackle alcohol, smoking obesity, and in particular, a national evidence based diabetes prevention programme. Initiatives will also be put in place to improve support to enable people to stay in work, and linked to this **all NHS employers should put in place measure to improve the health of its workforce**.

Further measures to empower patients will be put in place including expansion of personal health budgets, development of integrated personalised commissioning at demonstrator sites (which bring together health and social care budgets for individuals) **introduction of choice for mental health**, and expansion of choice of services in midwifery.

Co-creating New models of care

The approach to new care models as envisaged in the Forward View will include: focussed support for vanguard sites; a more permissive approach to change across the country; and intervention in the most challenged areas.

A small cohort of sites will prototype the four different care models articulated in the Forward View (multi-specialty providers, integrated primary and acute systems, creating viable smaller hospitals and models of enhanced care in community homes). These early cohorts will be part of national co-design process including a new Models of Care Board. First cohorts will be chosen from areas already making the strongest progress, those willing to share learning intensively across the country and those with a commitment to richer standardised data. These will be supported with funding from a national transformation fund. While those wishing to become first cohort sites are asked to express interest by 2nd February, the timescales for turnaround are exceptionally tight suggestion that the decision on where these sites should be has already largely been made.

In the new garden cities of Ebchester and Bicester, NHS England and the LGA will work together to propose the development of an integrate approach to care from scratch. There will also be an invitation next year to UK and international innovators to focus on deploying and evaluating the impact of different technologies and innovations working in combination. Areas suggested include online primary care, **digital mental health**, whole area digital population health management and remote and assistive technologies.

A review of the current conditions for transformation will be taken across the country to assess each areas state of readiness. In addition a new regime will be put in place to manage challenged systems, with co-ordinated intervention form the national bodies.

There will be a focus on primary care, with a new plan to develop and sustain the primary care workforce and incentives for GPs to take on additional co-commissioning roles. The Prime Minister's Challenge Fund will make £100m available to improve access to primary care, and a further £1bn has been set aside over four years to improve premises and infrastructure.

Priorities for Operational Delivery

There will be a major national and local focus on improving patient safety, and in particular organisations are encouraged to take an active part in their local Patient Safety Collaborative **and join the 'Sign up to Safety Campaign'**. In addition a range of safety improvement initiatives are signalled across acute care, including all providers of acute care agreeing service delivery improvement plans with commissioners to deliver further progress on seven day services.

There are a number of measures included to promote **parity of esteem for mental health**. Existing Mandate objectives regarding IAPT and Dementia diagnosis will remain, but in addition standards for access times for mental health will be introduced. These will included

- ensuring that 50% of people experiencing a first episode of Psychosis will receive treatment within two weeks (with 0.35% to be included in tariff to support this)
- In IAPT services, 75% of adults should have had their first session within six weeks of referral with 95% treated within 18 weeks

- Commissioners are expected to develop service improvement plans with local providers to ensure that adequate and effective levels of liaison psychiatry are available in acute settings
- Commissioners should ensure the actions required in the Crisis Care Concordat are delivered, including provision of mental health support as integral part of 111, investing in 24/7 crisis home treatment teams and ensuring that there is enough capacity to prevent the assessment of young or vulnerable people in police cells.
- CCGs to invest in community Child and Adolescent services.

In LD services, CCGs will need to make demonstrable improvements in reducing reliance on in-patient care

Enabling change

A range of measures are outlined **to improve access to information and transparency**. These include:

- Requiring the NHS number to be used as the primary identifier in all settings when sharing information, with the ability to withhold funding where this is delivered.
- Enabling patients to have access to electronic prescribing with 60% of GP practices to be transmitting prescriptions electronically by March 2016
- Expansion and improvement of online services for patients in primary care
- Structured, coded discharge summaries to be available to health professional electronically everywhere by October 2015
- 80% of referral between GPs and other services to be made electronically by March 2016. Providers to be required to publich all relevant services and appointment slots as aprt of standard contract obligation.
- Local commissioners to develop a roadmap for the introduction of fully interoperable digital records, including for primary and specialist care..

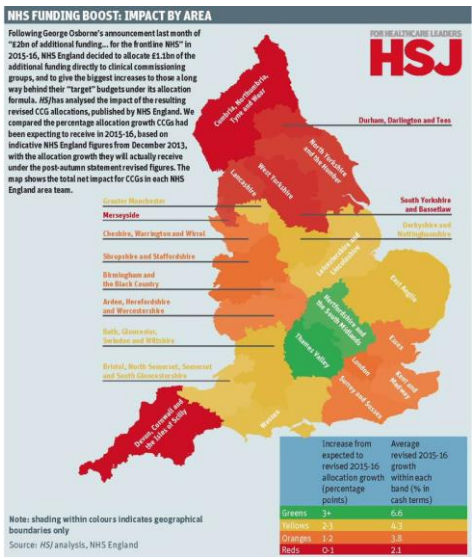
On workforce issues, each health economy is expected to engage with their LETB to work together to identify current and future workforce needs. A new Workforce Advisory Board will be established to support the development f a workforce read to deliver the new models of care..

A range of measures will also be put in place to accelerate innovation in new treatments and diagnostics.

Efficiency and Funding for 2015/16
The document reiterates the need for the NHS to generate efficiencies in excess of those delivered over the last five years over the next five, noting that 40% of the delivered efficiencies in the last five have been delivered through pay restraint. This remains a significant challenge.

In the Autumn statement the Chancellor announced an additional £1.98bm of additional funding, which represents an additional funding increase of 1.6%. The document sets out how this is to be utilised and the CCG allocations further enhance our understanding of this. Before going into the detail it should be noted that of this additional funding £150m has been reallocated within the DoH budget and £1bn was issued non-recurringly in year as system resilience funding and non-recurring access funding. There will be no such additional funding next year:

- £200m will be used to create a transformation fund, primarily to support the first cohorts developing new modes of care
- CCGs will be required to ensure funding growth in primary care is in line with that provided for other local services
- **CCGs must ensure that mental health spend will rise in real terms, at least in line with each CCGs overall allocation growth**
- **Accelerating the progress towards the new allocation target.** As previously discussed at SMT, the new allocation formula effectively puts less weight on deprivation and more on age. This has the effect of shifting funding from those areas with high levels of deprivation to those areas with a higher proportion of elderly in the population. The effect of this is seen in the allocation of growth this year, associated with this element of the plan. Local CCGs across the North East have seen minimal increases as a result of this funding (averaging a total allocation growth of just under 2%), whereas some CCGs have seen their allocation grow by nearly 8%). Given that there will be no additional non-recurring funding next year, **this actually represents a reduction of funding across North East health economies.** This is shown graphically in the except from the HSJ below:



Across Cumbria, Northumberland Tyne and Wear, the original allocation to CCGs led to an increase on 2014/15 of 1.7%. Following the allocation of this formula, growth will be 1.94%, except in Newcastle North and East (3.69% and Newcastle West 2.1%)

- Specialist Services allocations will be increased by 8.4% eliminating the structural deficit in these services before the development of devolution to CCGs, initially though co-commissioning
- CCG and NHS England administration costs will be reduced by 10%

National Tariff Payment System Consultation notice

The National Tariff Payment System Consultation Notice was published by Monitor on 26th November 2014. Its sets out a very challenging agenda for providers in the NHS. The key points to note which affect all providers are:

- **Setting a single efficiency factor of 3.8%.** Cost increases have been estimated at 1.9% giving a net deflator of 1.9%. This means that contract values will be reduced by 1.9% on a like for like basis for non-tariff services. Once increases in costs in CNST have been taken into account for acute trusts it is expected that prices in the acute sector will decrease by an overall 0.8%

  Monitor have outlined that their analysis, based on data from acute providers only, indicates that this is appropriate. While Monitor highlight that efficiencies delivered over the previous four years have been in the lower range of 3% to 4%, Monitors latest quarter 2 report highlights that FTs are making recurring efficiencies of less than 2%, and they have previously highlighted (in the tariff engagement document) that productivity gains in excess of 2% are unlikely to be sustained. However, on the other hand they state that overall efficiencies in the order of 3-4% per annum can be delivered across the whole health sector. The underlying assumption, although not overtly stated, is that in order to deliver the level of efficiencies required, then significant organisational re-structuring, and radical transformation of delivery of care models will be required across the provider sector.
- **Introduction of a new 50% rate for activity in specialised services** above an agreed contract baseline. It is unclear whether this will apply to mental health as well as acute services
- The marginal rate rule for emergency activity is being changed to increase the rate paid to acute providers from 30% to 50%
- Introduction of best practice tariff for heart failure and developing more stretching thresholds for four existing best practice tariffs.

For Mental Health, Monitor reaffirms the recent NHS England announcement of an additional £80m funding to enable the introduction of access targets. £40m of this will be applied to ensure that access targets for EIP are met, and this is translated as a 0.35% uplift to Mental health contracts. It is not clear whether this will be automatically applied to all mental health contracts. A further £40m will be for liaison psychiatry and IAPT access, and further details on how this will be allocated will be announced later. Since this publication, the forward view into action has increased the level of national funding available to £120m

The tariff document mandates the use of cluster based contracts, and also signals that block contracts should no longer be used for mental health services. However, providers and commissioners have flexibility to develop contracts which employ payments for activity, outcomes based frameworks, payments linked to transformation or a combination of several. It also confirms that providers must submit care cluster information as part of the Mental Health and Learning Disability Data Set (MHLDDS), that all providers must complete the MHLDDS and that providers and commissioners must agree quality indicators for each cluster. These inclusions are welcomed and provide the basis for us as a Trust to take forward outcomes based contracting with our local commissioners. Discussions on how we can take this forward are commencing.

The Dalton Review

The Dalton Review was set up to explore options for provision of services going forward. The report identifies five themes

One size does not fit all

The review considers a number of potential models including federations, joint ventures, service level chains, integrated care organisations and multi-service chains. The report recommends that Boards should review their service portfolios and consider whether a new organisational form may be more suited to deliver safe reliable and economically viable services to their populations.

Boards of successful organisations should also consider an enterprise strategy and consider developing a standard operating model that can be transferred to their organisations or wider systems

Quicker transformational and transactional change is required

System leaders need to collectively own the transformation process required across the local health economy. Transactional processes to facilitate this should be simplified.

CCGs should set out which models they wish to support and how they will fund and support the transformational process

The DoH should set out a single set of standardised documentation to govern the process

The aim should be for all transactions to be completed within one year from the time of decision

Ambitious organisations with a proven track record should be encouraged to expand their reach and have greater impact

A new credentialing system should be put in place by Monitor and the CQC to recognise successful organisations capable of spreading their systems and processes to other organisations. This should be complete by July 2015. CCGs and providers should then use this list to identify potential partners most likely to deliver on organisational improvement. Trust Boards should consider the new leadership roles required to support the new organisational models, and this in turn should be supported by a wider leadership development process through the leadership academy.

Organisations undertaking a transactional process should be able to agree a grace period with CQC and Monitor regarding interim performance

Overall sustainability for the provider sector is a priority

Long term solutions need to be identified for the 93 organisations who have not reached Foundation status

Non-FTs should be partnered with credentialed organisations, and arrangements developed to identify and remunerate Trusts capable of providing support. Support should be offered earlier in the process

A dedicated implementation programme is required to make it happen

All NHS leaders should supported to develop awareness and knowledge of the available models and a programme of demonstrator sites should be developed to stimulate and accelerate change.

Recommendation(s)

The Board are asked to consider the implications of these latest publications. They will be further considered in Board development sessions over the next two months

James Duncan
Executive Director of Finance/Deputy Chief Executive

20 January 2015