Appendix 11

2019/20 preparatory planning guidance

NHS England (NHSE) and NHS Improvement (NHSI) published the first part of the 2019/20 operational planning guidance on Friday 21 December 2019. This 'preparatory guidance' provides an overview of system planning, the financial settlement and operational planning requirements. The guidance is unusually late this year and does not include the full trust financial regime for next year, performance recovery trajectories, control totals, indicative CCG allocations or any other deliverables for 2019/20. Full planning guidance is expected in January along with the long awaited NHS long term plan and we will brief fully and publicly comment on these documents when they are published.

Alongside the first part of the planning guidance, NHS England has launched a consultation on the draft NHS Standard Contract 2019/20 as well as proposals on the use of a standard activity and finance report (Aggregate Contract Monitoring report).

The documents published in December include:

- Preparing for 2019/20 Operational Planning and Contracting (first part of the planning guidance)
- 2019/20 NHS Standard Contract documentation (covering both the consultation and contract reporting proposals)
- 2019/20 draft tariff planning prices

Key points

- There is a greater focus on system planning, with system control totals to be set for each Integrated Care System (ICS) and Sustainability and Transformation Partnership (STP). Providers within an ICS will be expected to link a proportion of their Provider Sustainability Fund (PSF) to the system control total. A full financial framework for ICSs will be published separately in the new year.
- The National Tariff Proposals remain largely unchanged from those published in October. Subject to the statutory consultation, the blended payments system for urgent and emergency care will go ahead, with £1bn from the PSF being transferred into emergency care prices. The proposals for funding centralised procurement and market forces factor remain.
- NHS England will place an increased emphasis on achievement against the mental health investment standard. STP/ICS leaders will have the opportunity to review CCG investment plans.
- Providers will be asked to deliver 1.1% efficiency over the next five years, with the guidance flagging a number of priorities from the Carter reviews that should be prioritised.
- The proposed changes to the NHS Standard Contract include splitting the sanction for 52-week waits between providers and commissioners.

Summary of proposals

System planning

All STPs and ICSs will be expected to produce system plans for 2019/20. These shared capacity and activity plans should be realistic and based on local trends, with both providers and commissioners operating an 'open book' approach during planning. System plans should set out an overview of how financial resources will be used, including specialised and direct commissioning as well as CCG and provider plans. The plans will also need to include a 'system data aggregation' that sets out how individual organisational plans (including for activity, workforce, finance, and contracting) align with system plans. Further detail on this, including an 'aggregation tool', will be included in the technical guidance expected in January. The new joint NHSE/I regional directors will likely play a role in these plans.

A system control total will be set for each STP/ICS. This will amount to the sum of individual organisational control totals, but all STP/ICSs will have the opportunity to propose net-neutral changes as long as these are agreed by all organisations. Regional directors will approve any proposals. ICSs will be expected to link a proportion of their Provider Sustainability Fund (PSF) and any applicable Commissioner Sustainability Fund (CSF) to the delivery of a system control total. A full financial framework for ICSs will be communicated separately. STPs will be offered the opportunity to do link PSF/CSF as well, which indicates this will be an important indicator of system maturity.

Ambulance trusts will be expected to be included in the system of their host commissioner, while any provider with a significant proportion of income flowing from outside their STP/ICS may be included pro-rata in more than one system (if agreed by the provider, relevant STP/ICS leaders and relevant regional director). Specialised commissioning will not be reflected in system control totals.

Financial requirements

National tariff proposals

The guidance gives details on the 2019/20 national tariff, following feedback on the October payment system reform policy paper. These details are still subject to the statutory consultation expected in January, with further details expected in the technical guidance still to be published:

- The uplift in the national tariff will be set at 3.8%. This will include the costs of the Agenda for Change pay award for 2019/20. It excludes the £1bn of PSF and half of the money previously set aside for CQUIN, both of which will be transferred into prices.
- The tariff efficiency factor will be set at 1.1%.
- The new centralised procurement scheme will be funded by a top slice to the tariff.
- The blended payments system for emergency activity is going ahead. This will include a fixed element based on locally agreed planned activity levels as well as the variable element, set at 20% of prices. It will cover non-elective admissions, A&E attendances and ambulatory/same day emergency care.
- The marginal rate emergency tariff (MRET) and 30-day readmission rule will be abolished but on a 'financially neutral basis' between providers and commissioners.

- The updated market forces factor (MFF) will be implemented next year, phased over a five year period

CCG funding

Indicative CCG funding allocations will be published in January, but these are expected to be set to fund a 'stretching but reasonable' level of activity. The national bodies intend to improve the funding formula so that it is more responsive to health inequalities and unmet need. The CSF will be phased out over the next few years, and will reduce from £400m to £300m in 2019/20. CCGs will still be expected to break even in 2019/20. They will not be required to contribute to a national risk reserve but will be expected to deliver a 20% real terms reduction in their running costs by 2020/21 (against 2017/18 levels).

Mental health investment

As part of the new CCG funding formula, there will be renewed focus on the mental health investment standard (MHIS). In 2019/20 the standard requires CCGs to increase spend by at least as much as the increase in their overall programme allocation growth, plus an additional percentage increment. The minimum percentage uplift in mental health spend for each CCG will be shown in the financial planning template, to be published in January.

STP/ICS leaders will have the opportunity to review each CCG's investment plan underpinning the MHIS, with any concerns escalated to the regional teams. Where a commissioner fails to achieve its MHIS, NHSE will consider appropriate action, which may include imposing directions on the CCG. As part of a national assessment of MHIS, NHSE will review mental health spend per head, as a percentage of CCG allocations.

Productivity and efficiency

The 2018 autumn budget set out the minimum efficiency requirement for the NHS in the next five years of 1.1% per year. The planning guidance states this will require focus on greater staff productivity, investment in new digital technology and wider infrastructure, and through service transformation.

In 2019/20 CCGs, STPs and ICSs will be asked to implement the Evidence-Based Interventions guidance published earlier this year, with national performance monitoring being launched from April 2019.

Providers will be expected to focus on key efficiency areas detailed in Lord Carter's operational productivity reviews. These include:

- Digitally-enabled outpatient operational models
- Improved availability of mobile devices and digital service for staff
- Improved deployment and availability of clinical workforce
- Accelerate the pace of procurement savings
- Making best of use of estates, with a particular focus on energy efficiency, clinical space utilisation and implementation of modern operation models for community services
- Improved use of shared corporate services
- Continued rollout of pathology and imaging networks

- Better value from medicines and pharmacy, including implementation of e-prescribing and removal of low value prescribing

Specialised commissioning

Direct commissioning of specialised services will focus on the following priorities over the next two years:

- Helping more cancer patients benefit from new, innovative specialised cancer treatments
- Providing specialised mental health services that are integrated with local services and delivered as close to home as possible
- Reducing treatment in inpatient facilities for people with learning disability and autism
- Improving cardiovascular services
- Improving outcomes and reducing mortality rates for babies, children and young people
- Supporting patients with a range of long term conditions, including those with Hepatitis C and those accessing neurosciences services
- Improving equity of access to services
- Enabling patients to benefit from the latest advances in genomics and personalised medicine

Commissioning for quality and innovation (CQUIN)

CQUIN schemes will be reduced by 50% to 1.25% from April 2019, with a corresponding increase in core prices through the tariff uplift. The CQUIN scheme itself will also be simplified – the planning guidance emphasises that it should be 'earnable'. Full details are expected in separate CQUIN guidance.

The planning guidance confirms NHS Resolution will continue to collect 10% of the maternity contribution from providers that provide maternity services to support the fund for the Maternity Incentive Scheme.

NHS Standard Contract proposals

A draft 2019/20 NHS Standard Contract has been published for consultation, with a final version set to be launched in February 2019. The deadline for agreeing contracts is 21 March 2019.

A number of changes are proposed to the contract, but potentially the most significant involves a new arrangement around 52-week breaches. For providers that sign up to their control total, the 52-week breach sanction, set at £5,000 in 2018/19, will be suspended. In its place, both providers and commissioners will be sanctioned £2,500 each, ensuring the financial burden for 52-week breaches is shared across local systems. The aggregate sanction may only be used at the express direction of the regional team, which will determine how best it be applied.

The consultation closes on 1 February. NHS Providers will be submitting a response on behalf of our members. Please get in touch with adam.wright@nhsproviders.org and david.williams@nhsproviders.org by January 20th if you would like to comment.

Proposals for the mandated use of a standard activity and finance report, and supporting data flows, have also been published. This follows an engagement exercise carried out in January 2018. A new Information Standards Notice is expected in early 2019 to reflect these changes.

Operational plan requirements

The guidance provides an overview of operational plan requirements, but further detail is expected in the full guidance to be published in January.

CCGs will be asked to commit a recurrent £1.50 per head to continue to develop and maintain primary care networks. STPs/ICSs must have a Primary Care Strategy in place by 1 April 2019, setting out their overall strategy for population health.

Providers will be expected to update workforce plans to reflect the latest projections of supply and retention, pay reforms and planned reductions in bank and locum use. A 'bank first' approach to temporary staffing is encouraged. A national retention programme will also be rolled out next year.

From April 2019 providers will need to submit all commissioning datasets to the Secondary Uses Services (SUS+) on a weekly basis. NHS Digital will eventually mandate this requirement. Emergency care datasets must continue to be submitted daily.

More organisations will join the Global Digital Exemplar and Local Health and Care Record Exemplar programmes next year. Core standards across interoperability, cyber security, design and commercial will be mandated in 2019.

NHS Providers' view

Because this is only the first part of the planning guidance, it will be difficult to understand the full impact on providers until the remainder of the guidance is published alongside the long term plan in January.

The 2019/20 planning round is likely to be more complex than previous years. Providers will need to work with multiple organisations and individuals to complete detailed organisation and system plans. Aligning resource, workforce and capacity/demand projections across systems is the right thing to do. But the submission timescales remain compressed and delays to guidance publications will place further pressure on providers. We look forward to understanding what the 'deliverables' are for next year, including performance recovery trajectories and financial control totals, as these will determine the plausibility of the requirement for 2019/20.

On the surface, system control totals appear to be a step in the right direction, although NHSE and NHSI will need to set out how accountability for their delivery will work. It is disappointing not to see specialised commissioning funding reflected in system controls, not least because it will make it much harder for larger specialised trusts to plan effectively. We look forward to the full financial framework for ICSs that will hopefully clarify some of this.

It is disappointing to see few changes to the autumn national tariff proposals. Affected trusts will be particularly concerned about the impact of the procurement top slice and the changes to the market forces factor and CCG allocations. They will want to assess what these changes mean for them on an individual basis. Some trusts seem likely to be adversely affected by all three changes, with a potentially significant aggregate negative impact. There is a danger that community and mental health trusts are particularly disadvantaged by the proposed procurement top slice. Providers will however welcome the £1bn transfer from PSF into emergency care prices, as this will mean prices can become more reflective of costs.

Acute trusts will welcome the elimination of the marginal rate for emergency admissions, which NHS Providers has long campaigned for, though they will want to see what a "cost neutral approach" actually means and will want to ensure that the new blended payment doesn't turn into a new marginal rate by default

We welcome the renewed commitment to the mental health investment standard and providers will continue to submit data to support the monitoring of this national priority. The reduction in complicated CQUIN schemes and the transfer of some of this money into tariff is a positive step, as are the changes to the 52-week breach fines set out in the standard contract.

Overall, providers will need to see the full guidance to ensure robust planning for 2019/20 can take place. This should be published as soon as possible.

Annex – planning timetable

- 14 January - initial plan submission (activity focused)
- 12 February – draft 2019/20 organization operational plans
- 19 February – draft aggregate system 2019/20 operation plan submission, system operating plan overview and STP led contract/plan alignment submission
- 21 March – deadline for 2019/20 contract signature
- 29 March – organization board approval of 2019/20 budgets
- 4 April – final 2019/20 organization operational plan submission
- 11 April – final aggregate system 2019/20 operation plan submission, system operating plan overview and STP led contract/plan alignment submission
- Autumn 2019 – 5 year system plans to be signed off by all organisations