

Update on National and Local Planning and Payment Reform

1 Introduction

This paper presents an update for the Board on the following items relating to the planning and contracting cycle for 2019-20:

- Planning Letter from NHSE/NHSI
- Payment Reform - National Tariff Engagement Proposals
- Internal Planning Progress and Change to CCG Contracting Approach

This update is intended to provide information on the newly announced national planning proposals and timescales and information and assurance on progress with the Trust's internal planning process.

2 Planning Letter from NHSE/NHSI

A letter was sent to all Regional Finance Directors by Simon Stevens and Ian Dalton on 16th October. The key points of the letter were:

- The Government have provided a 5-year revenue budget settlement for the NHS with a real-term 3.4% annual growth rate
- A Long Term Plan will be published late Nov/early Dec 2018
- The policy framework for the service will be overhauled including a clinically-led review of standards, a new financial architecture and a more effective approach to workforce and physical capacity planning.
- Individual organisations will submit one year operational plans and these will be aggregated by STP and accompanied by a local system narrative
- Individual control totals and the provider and commissioner sustainability funds will be phased out but 19/10 will be a transitional year.
- The CQUIN scheme will be reduced in value with an offsetting increase in core prices.
- The National Planning guidance will be published in December followed by an initial plan submission in mid-January.
- An outline timetable was provided for operational and strategic planning as follows:

Outline timetable	Date
NHS Long Term Plan published	Nov/Dec
Publication of 2019/20 operational planning guidance including the revised financial framework	Early Dec
Publication of <input type="checkbox"/> CCG allocations for 5 years <input type="checkbox"/> Near final 2019/20 prices <input type="checkbox"/> Technical guidance and templates <input type="checkbox"/> 2019/20 standard contract consultation and dispute resolution guidance <input type="checkbox"/> 2019/20 CQUIN guidance	Mid Dec

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<input type="checkbox"/> Control totals for 2019/20	
2019/20 Initial plan submission – activity and efficiency focussed with headlines in other areas	14 Jan 2019
2019/20 National Tariff section 118 consultation starts	17 Jan 2019
Draft 2019/20 organisation operating plans	12 Feb 2019
Aggregate system 2019/20 operating plan submissions and system operational plan narrative	19 Feb 2019
2019/20 NHS standard contract published	22 Feb 2019
2019/20 contract / plan alignment submission	5 March 2019
2019/20 national tariff published	11 March 2019
Deadline for 2019/20 contract signature	21 March 2019
Organisation Board / Governing body approval of 2019/20 budgets	By 29 March
Final 2019/20 organisation operating plan submission	4 April
Aggregated 2019/20 system operating plan submissions and system operational plan narrative	11 April
Capital funding announcements	Spending Review 2019
5-year plans submitted by Systems	Summer 2019

3 NHS Payment Reform

This engagement paper was published for consultation on 9th October. The consultation closes on 29th October and the Trust will complete a consultation response which is currently being prepared. An impact assessment for the Trust was published as part of the engagement papers and this is being evaluated and will be summarised for the Executive Team.

The principle proposals of the payment reform are:

- Blended payment for Urgent and Emergency care – this proposal will remove the Marginal Rate for Emergency tariff and the 30 day readmissions rule. The proposal is intended to be cost-neutral and the replacement options include a block payment with marginal costing for activity above and below the block.
- Market Forces Factor (MFF) – a revision to the method of calculation is proposed which would result in an increase of 0.25% staggered over 4 years

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is proposed for ULHT's MFF. However, this still does not bring us into alignment with the other Lincolnshire Trusts and we will query the mechanism of calculation in our consultation response.

- Resourcing of Centralised Procurement – the consultation asks for feedback on proposals that the funding of Supply Chain Coordination Limited (replacing NHS Supply Chain) should be raised from a reduction in tariff rather than a product mark-up.
- Outpatient Attendances – non-mandatory tariffs are proposed for non-face-to-face and non-consultant-led attendances and the cost of follow-up attendances will increase for 3 specialties where long-term follow-ups are good practice. A single price for all outpatient attendances is to be piloted.
- Maternity Pathway – the consultation proposes increasing the number of complexity levels of the maternity pathway to either 6 or 36.

We are analysing the likely impact of these changes on ULHT revenue but as the adjustments are all stated to be intended to be cost-neutral, we envisage that the impacts may not be great at least initially. If we proceed to agree a block contract value with the CCGs then we would be protected from any unexpected income fluctuations as a result of tariff change.

4 Internal Planning Progress

It was agreed at a system-wide meeting in September that the CCGs and all Providers in Lincolnshire would work together to complete a new type of contractual relationship and a system-wide plan. Meetings are being arranged for October and November to discuss the implications for financial planning and to agree the contracting method. No detailed agreements have been made as yet and ULHT have reserved the right to revert to the conventional contracting method if agreement cannot be reached on contracting method or financial values.

The planning timetable below has been updated to reflect the publication of the new NHS timetable and shows actions completed and amended. Whilst the process is generally progressing well, the recent amendments to the Divisional structure and changes to job roles within the Divisions have delayed the completion of the Demand and Capacity model. We hope that this delay will have less impact as the national timescales have now moved significantly backwards. The situation is being monitored and will be escalated if required.

Category	Action	Timescale	Owner	Comment
2021 Strategy	Carry out update on Horizon Scanning and Priority Review at ET	30 th August	HW/KS	Completed
	Carry out Strategic Review at Board Timeout Session	7 th September	HW/KS	Completed
	Update 2021 Strategic Priorities following ET and	21 st September	KS	To be discussed at Private Board

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	Board feedback			on 26 th October
Governance	Agree Planning Process and Executive governance via CMB	Early August	HW	Completed
	Set up Planning Oversight Group – agree membership	Early August	HW	Completed
	Write Terms of Reference for POG – appended at Appendix 1	September	KE	Completed
	Interim Trust Operating Model with Divisional Structures confirmed	September	MB	Completed
	Updated Planning Process and Divisional Template to be approved at CMB	20 th September	HW	Completed
	Provider Intentions letter goes to ET for approval	27 th September	HW	Not completed due to agreement to complete shared intentions with CCG
Engagement	Service change request template sent to all General Managers for completion by 14 th September	28 th August	SR	Completed
	Divisional version of demand and capacity model issued for Specialty input	End September	SE	Completed
	First meeting of POG – fortnightly thereafter	25 th September	KE	Completed
	Divisional feedback on service changes	21 st September	DD	Completed
	Service change list compiled	25 th September	HW	Completed
	Check list for specialties to include in plans to be completed eg CQC Must do, national	25 th September	MB/KE	Completed

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	service standards etc			
	Specialty briefings issued including business plan template and capital application list	End September	KE/JY	Completed
	Review other strategies for fit eg Estates Strategy at POG Confirm and Challenge Meeting	End October	KE	Postponed as Corporate strategies will not be completed until Nov/Dec
	Work with Comms to complete staff engagement plan, to include summary of 18/19 plan and actions and update on future plans	December 2018	KE/Comms	
	'Plan on a page' to be drafted following completion of plan for communication	31 March	Comms	
Guidance	National Planning Guidance	Early December 2018	NHSE	All dates from NHSE/NHSI letter
	Quality Improvement and National Priority Standards published	Mid December 2018	NHSE	All dates from NHSE/NHSI letter
	National Tariff publication	11 th March 2019	NHSE	All dates from NHSE/NHSI letter
	NHS Standard Contract publication	22 Feb 2019	NHSE	All dates from NHSE/NHSI letter
	CQUIN guidance published	Mid December 2018	NHSE	All dates from NHSE/NHSI letter
	Provide summary to CMB of impact of national tariff, contract and planning guidance	March 2019	HW	All dates from NHSE/NHSI letter
CCG and STP Communication	ET sign off Provider Intentions letter at ET Timeout	October?	ET	No longer needed due to change of CCG plan
	Planning intentions letter including Service Change	31 st October?	HW	No longer needed due to change of

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	requests submitted to CCGs			CCG plan
	Receive CCG Commissioning Intentions	31 st October?	HW/KB	No longer needed due to change of CCG plan
	Provide summary of CCG Commissioning intentions impact to ET	?	HW	No longer needed due to change of CCG plan
	Provisional control total and indicative share of STF- NHSI?	30 September	NHSI	Changed due to new national intentions
	Release of NHSI plan submission templates	December	NHSI	Changed due to new national timetable
	Obtain STP input to plan and pre-consultation business case	October	KT	
	Complete analysis of commissioning intentions and STP plans to ensure fit with organisational strategy	October	HW/JP/KS	
	Fortnightly contract negotiation meetings begin	October	HW/SR/CCG/CSU	Replaced by new contract models group
	CAB meeting – discussion of contract negotiation position	Ongoing	KB/MB/HW	
	Arrangement of further Executive level meetings needed to complete negotiation	Ongoing	HW	
	Final agreement of contract plans	5 March 2019	HW	Changed in line with NHSE/NHSI timetable
Operational Planning	Divisional input to Demand and Capacity plans – including impact of service changes proposed	2 nd November 2018	DMDs	At risk due to late formation of Divisions
	First drafts of	31 October	DMDs/KE/JP	At risk due to

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	Specialty and Divisional Business Plans (review for strategic fit and alignment with Clinical Strategy)			late formation of Divisions
	Ensure Quality input to specialty plans to cover eg patient experience, IPC policy etc.	30 November	BG/JN	
	Budget Review of Plans begins	31 October	JY/DP	At risk due to late formation of Divisions
	Begin fortnightly planning group with CSU/CCG to prepare contract plan	31 October	NH/SC/HA	
	Demand and Capacity model reviewed, challenged and consolidated	16 th November 2018	HA/NH	
	First draft of Bed Plan	31 October	tbc	Ownership confirmation needed
	First draft of Workforce Plan (staff involvement and linked to clinical and wider STP strategies)	31 October	MR	Meeting arranged with LG/JY 22 Oct
	First draft of CQUIN plan – to include application to CRIB for any funding required for achievement	14 January	BG	Date changed due to national timetable change
	First draft of Finance plan (Financial Forecasts and modelling, efficiency savings, capital planning)	2 November	JY	At risk due to late formation of Divisions
	First draft of budget proposals prepared for DoF	14 November	JY/DP	At risk due to late formation of Divisions
	First draft of contract Indicative Activity plan	16 November	NH	
	Expenditure capacity alignment	16 November	DP	

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	Cross checking and alignment of above plans at POG	14 November	KE	
	Financial Outcome consolidated	End November	Planning team	
	Begin weekly contract tracker returns on Unify2	21 November to 30 January	SC	
	Agreement of Budgets for 19/20	31 December	KB/DD/ET	
	Final submission of NHSI operational plans	End December	SC	Likely to move due to new national timetable
	Agree Financial Control Total	tbc	KB	
	Linked file detailing required triangulation checks between finance, activity and workforce plans to NHSI	tbc	SC	
	Review of alignment between financial plan revenue and contract revenue	January	JY/NH	
	Submit draft 1 year operational plan	12 Feb 2019	SC	Changed due to new national timetable
	Aggregate system 2019/20 operating plan submissions and system operational plan narrative	19 Feb 2019	SC	Added due to new national timetable
	Submit assurance statement and improvement trajectory to nhsi.returns@nhs.net	tbc	SC	Likely to move due to new national timetable
	Quality plan – approach to quality governance, summary of the QIP, summary of the QIA process, summary of the triangulation of quality, workforce and	tbc	MRh	

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	finance. (to be included in operational plan narrative)			
	19/20 Contract plan alignment submission	12 March 2019	STP?	Added due to new national timetable
	Board Budget approval	29 March 2019	KB	
	Contract signed	21 March 2019	HW	
	Submit final 1 year operational plan (including updated finance return, activity return, workforce return, triangulation return, operational plan narrative through online portal	4 April	SC	Changed due to new national timetable
	Aggregated operating plan submission	11 April	STP?	
Business Plan	Agree Structure of Trust Business Plan at ET	January 19	HW	
	Final versions of Divisional-level plans to include FEPs	31 January 19	DMDs	
	First draft of Trust Business Plan 19-21	31 January 19	KE	
	Agree Governance process for assessing performance against plan in year	February 19	CMB	
	Board Development session to review and contribute to Trust Business Plan	February 19	HW/KS	
	All FEPs to be QIA-ed and EIA-ed	28 February 19	DMDs	
	Complete second draft of Trust Business Plan for Executive approval following Board development session	28 February 19	HW/KE	
	Final version of Trust Business Plan to Communications for	15 March 19	KE	

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	completion of presentation.			
	Final version of Trust Business Plan to NHSI and Board for approval	31 March 19	KB	

(Owners – HW- Helen Wilson, KS – Karen Sleigh, KE – Kat Etoria, DMDs – Divisional Directors, SR- Sally Robinson, SE – Simon Evans, MB – Mark Brassington, JY – Jonathan Young, KB - Karen Brown, KT – Kevin Turner, JP – Julie Pipes, NH- Nikki Harris, SC – Shaun Caig, HA – Head of Analysis, MR – Martin Rayson, BG – Bernie Gallen, MRh – Michelle Rhodes, STP – System Transformation Programme)

Helen Wilson
Associate Director of Contracting and Performance
18th October 2018