IMPLICATIONS OF 2018/19 PLANNING GUIDANCE FOR MENTAL HEALTH AND COMMUNITY TRUSTS

The 2018/19 planning guidance is a refresh of plans already prepared under the two-year NHS Operational Planning and Contract Guidance 2017-2019. It sets out detail of how the additional funding from the November 2017 budget will be allocated and the developments in national policy with regards to system level collaboration.

This briefing focuses on the announcements that will be of most relevance for mental health and community trusts. Our more general briefing on the guidance, covering the key announcements across the entire provider sector, is available here.

KEY HEADLINES

- NHS England's revenue budget will grow by £2.14bn in 2018/19. This is greater than the £1.6bn announced in the Autumn 2017 Budget. The Department of Health and Social Care (DHSC) has confirmed it is making a further £540m available through the Mandate during the next financial year. The guidance states this extra money has been given "for other core frontline services such as mental health and primary care".
- The Sustainability and Transformation Fund is to become the Provider Sustainability Fund (PSF), with total funding of £2.45bn (up from £1.8bn currently). A new £400m commissioner sustainability fund (CSF) will also be introduced to enable CCGs to return to in-year financial balance.
- An additional £1.4bn will be made available to CCGs next year; one of the explicit uses of this fund is ensure 'universal adherence' to the Mental Health Investment Standard.
- The recovery trajectories for NHS constitutional performance standards have been pushed back. Trusts are now expected to meet the 90% A&E standard by September 2018, whilst the RTT 18 week waiting list should not be any higher in March 2019 than in March 2018.
- The eight shadow Accountable Care System sites and two devolved health and care systems are now to be known as Integrated Care Systems (ICS).
- The guidance states that there will be no additional winter funding in 2018/19. Systems are required to produce a winter demand and capacity plan with actions and proposed outcomes. Guidance on submitting these winter plans will be available by March 2018.
- There is no new detail on how funding for the lifting of the pay cap will be administered. Trusts are urged, however, to ensure their workforce plans are robust as they will be used to inform pay modelling nationally.

PROVIDER FINANCES

The Sustainability and Transformation Fund (STF) has been repositioned to become the Provider Sustainability Fund (PSF), focused explicitly on sustainability. This combines the existing 2018/19 STF of £1.8bn with £650m funding from the Autumn 2017 budget making the total fund size £2.45bn. For acute providers, 30% of the fund remains contingent on performance linked to delivering the A&E performance trajectory, it is currently unclear what will happen to the 'general' element of the fund for non-acute trusts.

Trusts that accept their control totals remain exempt from the existing contractual performance fines in the NHS Standard Contract. The guidance makes clear the intention to extend this exemption to all national performance fines apart from those relating to mixed sex accommodation, cancelled operations, Hospital Acquired Infections and duty of candour, and has asked providers and commissioners to amend plans on that basis.

If a control total is not accepted for 2018/19, this will likely trigger action under the Single Oversight Framework. To be eligible to be considered for any discretionary capital allocations, trusts must accept their control totals.

Integration

The national bodies are now using the term 'integrated care system' (ICS) as a collective term for both devolved health and care systems (as found in Surrey Heartlands and Greater Manchester) and areas previously referred to as 'accountable care systems'. It is still envisaged that ICSs will eventually replace STPs.

- Planning and support – the current eight 'shadow' accountable care systems and two devolved health and care systems are expected to prepare a single system operating plan narrative that encompasses both CCGs and NHS providers, key assumptions on income, expenditure, activity and workforce. A new approach to oversight and support for ICSs has been developed, supported by an integrated framework that brings together the separate frameworks for trusts and CCGs.
- System control totals – all ICSs will work within a system control total and will be informed of their system control total by NHSE and NHSI in writing in the coming weeks. ICSs will be given flexibility, on a net neutral basis and in agreement with NHSE and NHSI, to vary individual control totals during the planning process and agree in-year variations.
- Regulation - The ICSs fully adopting a systems approach will operate under a more autonomous regulatory relationship with NHSE and NHSI, who will support fully authorised ICSs by exercising their intervention powers alongside the system leadership. For example, where there is a case for regulatory intervention in a trust or CCG, the ICS leadership will play a key role in agreeing the remedial action to be taken.

The next cohort of ICSs will be selected from STPs with strong leadership, a track record of delivery, strong financial management, a 'coherent and defined population' as well as compelling plans to integrate primary care, mental health, social care and hospital services using population health approaches to redesign care.

MENTAL HEALTH SERVICES

An additional £1.4bn will be made available to CCGs next year:

- £600m will be added to CCG allocations directly.
- £370m will be released through lifting the requirement for commissioners to underspend 0.5% of their allocations.
- £400m will be made available through a new Commissioner Sustainability Fund (CSF), through which commissioners will be expected to plan and deliver on their own control totals. Further information on the CSF is available here.

NHS England is clear this funding will go towards ensuring 'universal adherence' to the Mental Health Investment Standard. 'Each and every CCG' will also have to use these funds to expand services, as set out in the Mental Health Taskforce. Funds should not be used to supplant existing spend or balance reductions elsewhere in either the commissioning or provider sectors.

The guidance restates the 2018/19 deliverables, set out in the 'Next Steps on the NHS Five Year Forward View' (March 2017), 'Implementing the Mental Health Forward View' (July 2016), and 'Stepping Forward to 2020/21' (July 2017). These include but are not limited to:

- Each CCG must meet the Mental Health Investment Standard. CCG's auditors will be required to validate their 2018/19 year-end position on meeting this standard.
- Ensure an additional 49,000 children and young people receive treatment from NHS-commissioned services nationally.
- Provide evidence of local progress towards the transformation of children and young people's mental health services published in refreshed joint agency Local Transformation Plans aligned to STPs.
- Make further progress towards delivering the 2020/21 waiting time standards for children and young people's eating disorder services, whereby 95% of patients receiving first definitive treatment within four weeks for routine cases and within one week for urgent cases.
- Deliver against regional implementation plans to ensure that by 2020/21 inpatient stays for children and young people will only take place when clinically appropriate.
- Continue to increase access to specialist perinatal mental health services.
- Continue to improve access to psychological therapies (IAPT) services. Approximately two-thirds of the increase to psychological therapies should be in new integrated services focused on people with co-morbid long term physical health conditions and/or medically unexplained symptoms, delivered in primary care.
- Continue to work towards the 2020/21 ambition of all acute hospitals having mental health crisis and liaison services that meet the specific needs of people of all ages.

- Ensure that 53% of patients requiring early intervention for psychosis receive NICE concordant care within two weeks.
- Support delivery of STP-level plans to reduce all inappropriate adult acute out of area placements by 2020/21.
- Deliver annual physical health checks and interventions, in line with guidance, to at least 280,000 people with severe mental health illness.
- Provide a 25% increase nationally on 2017/18 baseline in access to Individual Placement and Support services.
- Maintain the dementia diagnosis rate of two thirds (66.7%).
- Each trust to deliver their contribution to the mental health workforce expansion as set out in the Health Education England workforce plan.
- Deliver against multi-agency suicide prevention plans, working towards a national 10% reduction in suicide rate by 2020/21.
- Deliver liaison and diversion services to 83% of the population.
- Ensure all commissioned activity is recorded and reported through the Mental Health Dataset.

COMMUNITY SERVICES

Local incentive schemes

Community providers will be invited to join a new local incentive scheme, alongside their CCG, through which savings from acute excess bed day costs will be reinvested. A CCG Quality Premium worth £210m will also be made available for moderating demand for emergency care, although this is subject to demonstrable improvements in non-elective activity levels.

CQUIN

NHS England will shortly publish an update to the 2017/19 CQUIN guidance, which will include updates to the influenza vaccination indicator, anti-microbial resistance indicators and sepsis indicators. In addition, as a temporary measure in 2018/19 only, the 'proactive and safe discharge' indicator will be suspended for acute providers, with the remaining five indicators in the scheme increasing their weighting from 0.25% to 0.3%. Because this change will have implications for the linked indicators within the community sector, CCGs are also expected to include a local CQUIN indicator in their contracts or increase the weight of the remaining five indicators in the scheme to 0.3% for community providers.

The guidance also restates the central bodies' commitment to transforming care for people with learning disabilities, as set out in the 'Next Steps on the NHS Five Year Forward View'.

OTHER UPDATES

Pay uplift

The guidance stresses that it is essential that 2018/19 pay costs in financial planning returns are an accurate reflection of the cost of current pay assumptions. It further notes that submitted workforce plans will be used nationally for pay modelling during the year. Further guidance on the pay policy set out at the 2017 budget will be published in due course.

Capital and estates

In updating 2018/19 operational plans, STPs and providers should not assume any capital resource above the level in the current 2018/19 operating plans unless NHS England and NHS Improvement have given written confirmation of additional resource Trusts are asked to include the requirement for funding critical estate backlog within their capital plan as well as explaining their strategy for backlog, risk mitigation and reducing expenditure on estates and facilities.

Any STP plans requiring additional capital must set out how the individual organisations in the STP will use the funding to support integrated service models. Further information on the next steps regarding STP capital will be published shortly.

NHS PROVIDERS PRESS STATEMENT

Commenting on the NHS 2018/19 planning guidance released today, Saffron Cordery, Director of Policy and Strategy and Deputy Chief Executive of NHS Providers said:

"Trusts will welcome the clarity on how much can be delivered for the extra money, though we need to recognise that holding performance and meeting the required financial task is at the top end of what can be expected. Trusts will also welcome the extra support in the form of a further £650 million of sustainability funding which now totals £2.45 billion. But we need to recognise, as the National Audit Office argued a fortnight ago, that this means less money for much needed transformation of services for patients.

"We support the expectation for providers and CCGs to plan and contract on the basis of agreed estimates of demand growth, which has often not occurred in the past. We also welcome a specific new mechanism to incentivise commissioners to do all they can to reduce emergency demand. But both of these will require consistent, effective, action by commissioners and a high degree of collaboration between commissioners and providers. Trusts will also be pleased to see the intent to drop nearly all contract fines and penalties, something for which NHS Providers has long argued.

"We welcome the commitment to continue increasing spending on mental health and community services, but will want to ensure this actually reaches the frontline in the form of increased funding and activity commissioned."

"Further guidance on how STPs, local system working and the move to integrated care are expected to develop, is helpful. But we would like to see a more formal and extensive engagement and consultation process on the national policy direction, along with more clarity on support for local systems which, for good reason, are finding this transition difficult. To that end, it is helpful to see a commitment to public engagement. We also need realism on how fast the required transformation will occur, given how much less we are investing in change compared to the assumptions made when the Five Year Forward View was created.

"We would also urge NHS Improvement to think carefully about whether, how and when it takes formal regulatory action against trusts who refuse to accept their control total. Trust have told us that they are more concerned than ever about their ability to meet their control totals next year. It is of fundamental importance that Trust Boards set their own budgets and have the ability to legitimately reject, and then renegotiate, a control total which they believe is impossible to deliver.

"There are two areas on which the guidance is silent that will need to be resolved at the appropriate point, as they are all areas where providers are likely to need further support and clarity in 2018/19. First, if the sector ends the year further in deficit, as expected, we will need clarity on how the plan will adapted. Second, once we know the details of how the pay cap will end, we will need to understand how providers will be fully reimbursed for any extra cost incurred in 2018/19.

"Trusts will stretch every sinew to deliver what is being asked of them but 2018/19 is shaping up to be just as challenging as the last three years, if not more so. The extra money in the Budget, welcome though it was, has turned an impossible task into an extremely difficult one.

"We also need to be completely clear about the overall strategic position. We have reached a watershed moment. The NHS is coming through the worst winter in its recent history. This is also the first time that we have had to accept, before the year even starts, that the NHS will not meet its key constitutional standards. We have also had to accept that the NHS will not be able to improve performance against those targets, just hold current performance levels. Even that is challenging. We also have to recognise that in light of the available funding, the focus as to be on sustaining the current service, rather than investment in transformation. It reinforces, yet again, that if we want to provide the right quality of care to a growing, older and frailer population, we need the right long term financial settlement for health and care. Creating that settlement will take time and we simply cannot wait for the next spending review for that work to start."

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