

2018/19 PLANNING GUIDANCE: NHS PROVIDERS ON THE DAY BRIEFING

Today's planning guidance is a refresh of plans already prepared under the two-year [NHS Operational Planning and Contracting 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.

Documents published include:

- [Refreshing NHS plans for 2018-19](#) (planning guidance)
- [Commissioner Sustainability Fund and financial control totals for 2018-19: guidance](#)
- [Revised CCG allocations 2018-19 and accompanying notes](#)
- [NHS foundation trust annual reporting manual \(FT ARM\) 2017/18](#) (published earlier in the week)

KEY HEADLINES

- The A&E performance recovery trajectory has been pushed back one year. Trusts will be expected to meet 90% by September 2018, and return to 95% by March 2019.
- On the referral to treatment standard, the expectation is that the waiting list should not be any higher in March 2019 than in March 2018, alongside the expectation to halve the number of patients waiting 52 weeks in the same period.
- The Sustainability and Transformation Fund is to become the Provider Sustainability Fund (PSF), with total funding of £2.45bn (up from £1.8bn currently). Access to 30% of the fund remains linked to A&E performance. A new £400m commissioner sustainability fund (CSF) will also be introduced to enable CCGs to return to in-year financial balance.
- The eight shadow Accountable Care System sites and two devolved health and care systems are now to be known as Integrated Care Systems (ICS). ICSs are expected to prepare a single system operating plan and to work within a system control total. They are expected to move to a more 'autonomous' regulatory relationship with NHS England and NHS Improvement over time.
- 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.
- The two-year National Tariff Payment system is unchanged, with local systems encouraged to consider local payment reform in certain areas.
- 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.

SUMMARY OF PROPOSALS

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. 30% of the fund remains contingent on performance remains linked to delivering the A&E performance trajectory.

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.

The two-year National Tariff Payment system remains in place. Local systems are encouraged to consider local payment reform to complement 'advice and guidance' services and emergency ambulatory care where they have not already done so.

Commissioner finances

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](#).

Any CCG that overspends in 2017/18 will be expected to improve its in-year financial performance by at least 1% next year. Further details on CCGs' revised allocations are available [here](#).

Planning assumptions

Emergency care

The funding allocations announced today are expected to allow for 2.3% growth in non-elective admissions and ambulance activity in 2018/19, as well as 1.1% growth in A&E attendances.

The A&E performance recovery trajectory has been pushed back one year, with aggregate performance against the standard expected at or above 90% by September 2018. The majority of providers are expected to achieve the 95% standard in March 2019, with the NHS returning to 95% overall performance within 2019.

The guidance calls for STPs, CCGs and trusts to review and update the trends and assumptions underpinning their expected rates of A&E attendances and non-elective admissions, to move towards a shared set of agreements about demand growth.

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.

Referral to treatment (RTT)

The guidance states that trusts and commissioners should not plan for the waiting list to be any higher in March 2019 than in March 2018. The number of patients waiting more than 52 weeks for treatment should be halved during the same period. The key national planning assumptions include:

- 4.9% growth in total outpatient attendances (4.0% per working day)
- 3.6% growth in elective admissions (2.7% per working day)
- GP referrals by 0.8% (no change per working day)

There will be no additional winter funding in 2018/19; however there is a requirement for each trust and CCG to produce a separate winter demand and capacity plan along with actions and proposed outcomes. Further guidance on this is expected to be published in March 2018.

Within STPs, where activity, cost, as well as efficiency assumptions made by an STP do not enable each of its organisations to meet the control totals set by NHS England and NHS Improvement, the STP will need to agree additional cost containment measures (including potential impacts on services). This implies something akin to the capped expenditure process might be proposed again this year.

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%. CCGs are 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 confirms the 0.5% risk reserve CQUIN will be withdrawn in 2018/19, and added to the engagement CQUIN, which will consequently increase to 1%.

NHS England and NHS Improvement will be trialling a new triangulated provider/commissioner finance return to confirm whether CQUIN awards have been earned during the year. The 2018/19 Quality Premium scheme will be restructured with the non-elective measure making up the majority of the scheme, with a potential award of £210m nationally.

STPs and integrated care systems

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. Only 'shadow' ICSs able to produce such a plan will be considered ready to go fully operational. NHS England and NHS Improvement will focus on the assurance of system plans rather than organisation-level plans and have developed a new approach to oversight and support for ICSs, 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, shortly after publication of the planning guidance. ICSs will be given the 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 planning guidance also sets out broad criteria for other STPs wishing to join the next cohort of ICSs. The national bodies intend to review all applications by March 2018.

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.

Key dates from the contracting and planning timetable

Item	Date
Draft 2018/19 Organisational Operating Plans submitted	8 March 2018
Draft 2018/19 STP triangulation template submitted	8 March 2018
National deadline for signing 2018/19 contract variations and contracts	23 March 2018
Final Board or Governing Body approved Organisation Operating Plans submitted	30 April 2018

New dispute resolution guidance is expected to be published in coming days but it is clear NHS England and NHS Improvement will view any use of mediation “as a failure of local system relationships and leadership”.

A number of documents will be coming in the coming weeks and months to support the planning guidance. These are outlined in Annex 1.

OUR RESPONSE

NHS Providers response to the 2018/19 Planning Guidance is below and is also accessible online [here](#).

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. Trusts 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 has 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.”

Annex 1 – further information and guidance to be published separately

Information / guidance	Date expected
Letter from NHS Improvement informing providers of changes to their previously notified 2018/19 control totals	Shortly after publication of this guidance
Dispute resolution guidance for contract variations	Shortly
Next steps on STP capital	Unspecified
Update to the existing Sustainability and Transformation Fund guidance	Unspecified
Integrated Care Systems will be informed of their system control total by NHS England and NHS Improvement in writing	Shortly after publication of this guidance
Guidance for systems on submitting winter demand and capacity plans	By March 2018
The next round of interventions eligible for direct reimbursement through the Innovation and Technology Payments	By 31 March 2018
CCGs will be informed of their control total by NHS England in writing	Shortly after publication of this guidance
Commissioner operating plan updates and supporting guidance	Shortly