NHSProviders

Briefing

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A RESET MOMENT

What NHS trusts need from the 2019/20 planning process

With a current annual budget of £115bn and a workforce of over a million, the NHS accounts for the largest single public expenditure budget in England and the country's largest workforce.

The NHS annual planning round is central to ensuring the service provides the best possible quality of patient care, makes best use of its resources, and is properly held to account.

Given the current system-wide pressures and the imminent long-term plan, the planning round for 2019/20 will be key for the NHS.

> ***All the evidence – for example, bed occupancy levels, the level of unmet demand, current pressure on the NHS frontline workforce and the historically high level of efficiency savings being delivered – suggests that trusts are working at or beyond full capacity.***

Background and context

The annual NHS planning process fulfils a number of functions. It sets priorities across a number of competing objectives, allocating resource appropriately between them. It sets performance and financial targets for the whole service and for the provider and commissioner sectors. It also sets operational and financial targets for individual NHS trusts and clinical commissioning groups (CCGs) and, increasingly, for local health systems. The process requires trusts, CCGs and local systems to develop annual local plans to deliver these targets which are, in turn, subject to negotiation and agreement with NHS Improvement and NHS England. These plans and targets then sit at the heart of the process of holding the NHS to account at both a national and local level. Although the planning guidance is not public facing, the commitments contained within it should underpin a relationship of transparency and trust between the NHS and patients and the public, providing clarity on what the NHS will deliver for patients and taxpayers in the following year.

The current pressures on the NHS are well known.[1] NHS trusts have actually responded well to the pressures over the last few years, treating more patients than ever before, improving quality and beginning the move to new care models, despite the longest and deepest financial squeeze in NHS history and widespread workforce shortages. However, recent NHS annual planning processes have not served trusts well as they have consistently missed the performance and financial targets they have been set. There are a number of reasons for this:

- successive annual NHS planning processes over the last four years have set trusts **overambitious performance and finance targets** that could not be delivered as they were based on unrealistic planning assumptions, particularly on demand reduction and efficiency
- there has been **insufficient and unclear prioritisation** – the NHS frontline has been asked to deliver too much across too many different priorities without understanding how and if the task can be delivered
- there has been **insufficient recognition of current workforce shortages as a key delivery constraint**, both at a whole sector and individual trust level
- there has been a **constant reliance on unsustainable levels of performance** with trusts only being able to deliver what they have achieved through unsustainable levels of staff effort and unsustainable levels of non-recurrent savings.

The following tables demonstrate how, despite working flat out, trusts have been unable to meet the targets the planning process has set them. Table 1 sets out performance against the key NHS constitutional standards, showing how trusts have moved from meeting all the key targets to now being unable to meet any of them. Table 2 shows how trusts have been unable to meet the financial targets set for them over the last three years. Table 3 shows the current state of performance against 2018/19 planning guidance operational performance targets.

1 See, for example, NHS Providers *Recovering lost ground* https://nhsproviders.org/the-nhs-funding-settlement-recovering-lost-ground and Health Foundation/Institute for Fiscal Studies *Securing the future* https://www.health.org.uk/publications/securing-the-future-funding-health-and-social-care-to-the-2030s

Table 1

NHS trust sector delivery against NHS constitutional standards 2012-18

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 to date
Ambulance red 1 calls Standard: 75% responded to within eight minutes	74%	76%	72%	73%	69%		
Ambulance category 1 calls Mean response time of seven minutes						Transition year of new standards	7m 13s for October 2018
A&E Standard: 95% treated, admitted or discharged within four hours, all units	96%	96%	94%	92%	89%	88%	90%
Elective treatment Standard: 92% begin treatment within 18 weeks	94%	94%	93%	92%	91%	89%	88%
Cancer waiting time Standard: 85% of patients receive first treatment within 62 days following urgent referral from GP	87%	86%	83%	82%	82%	82%	80%
Cancer waiting time Standard: 93% of patients to wait two weeks between an urgent GP referral and seeing a specialist	96%	95%	94%	94%	94%	94%	91%

Source: NHS England performance data

Table 2

NHS trust financial performance against financial targets

Year		Planning guidance financial target	End of year position
2015/16	*The forward view into action: planning for 2015/16*	Overall sector balance £0	**-£2,450m deficit**
2016/17	*Delivering the forward view: NHS planning guidance 2016/17-2020/21*	Overall sector balance £0	**-£791m deficit**
2017/18	*NHS operating planning and contracting guidance*	Overall sector balance £0	**-£986m deficit**

Table 3

Performance year-to-date against 2018/19 planning guidance operational performance targets

Planning guidance 2018/19	Current situation
A&E Aggregate performance against the four-hour A&E standard is at or above 90% in September 2018, that the majority of providers are achieving the 95% standard for the month of March 2019 and the NHS returns to 95% overall performance within the course of 2019.	88.9% of patients were seen within four hours in September 2018 (type 1 83%) against a September 2018 target of 90%. 23% of trusts (type 1 5%) are meeting the 95% target in October 2018 against a 51% requirement for March 2019.
Elective surgery Elective surgery waiting list, measured as the number of patients on an incomplete pathway, will be no higher in March 2019 than in March 2018 and, where possible, trusts should aim for it to be reduced.	The waiting list has grown by 7% since March 2018 against a requirement to hold the list at the same size for March 2019.
Numbers nationally of patients waiting more than 52 weeks for treatment should be halved by March 2019, and locally eliminated wherever possible.	The number of people waiting more than 52 weeks for treatment has grown by 15% since March 2018 against a target to halve the number by March 2019.
Cancer Ensure all eight waiting time standards for cancer are met, including the 62-day referral to treatment cancer standard.	Cancer performance in September: • 91.2% of people were seen by a consultant within two weeks of an urgent GP referral against a target of [92%]. Targets for two-week wait not met. • 96.2% of people started treatment within 31 days from the decision to treat. Target for 31 days met but latest figures show a fall to a low of 96.2%, just above the target of 96%. • 78.2% of people started treatment within 62 days from referral against a target of 85%. Target for 62 days not met.

All the evidence including, for example, bed occupancy levels, the level of unmet demand, current pressure on the NHS frontline workforce and the historically high level of efficiency savings being delivered, suggests that trusts are working at or beyond full capacity. Yet, however hard trusts work, they are unable to meet the targets the planning process sets for them. The result is a consistent narrative of frontline failure that damages frontline morale and the reputation of the NHS.

The NHS has received the lion's share of extra available public spending. It is therefore now more important than ever that the NHS is seen to deliver appropriately on the public funding it receives. Recovering current operational and financial performance will be a key element of demonstrating an appropriate return on investment. Against this backdrop, 2019/20 offers a vital reset moment, where frontline trusts can be set a deliverable task that will reverse the persistent narrative of failure of the last few years and show that the NHS can achieve financial balance and deliver constitutional standards within the available funding envelope.

What do providers need from the 2019/20 reset moment?

NHS England and NHS Improvement (NHSE/I) have chosen to turn 2019/20 into a single, year-long planning period, as the NHS finalises and agrees how to implement the new long-term plan from 2020/21.[2] 2019/20 therefore has three important features:

- It is the first year of the government's new five-year financial settlement and the year of the largest financial increase: the frontline NHS budget will increase by 3.3%[3] in real terms compared to the 1.4% average annual real terms growth seen between 2010/11 and 2018/19.
- It is a year where resources can be concentrated on recovering NHS performances and finances, and where the demands of the new delivery and transformation commitments the long-term plan will require will be lowest.
- It is also, however, a transition year where the NHS can start to lay the foundations for the future direction of travel the long-term plan will create.

The coming year is a pivotal opportunity for NHS trusts to stabilise their performance. To help them do this the planning guidance for 2019/20 needs to:

Establish a deliverable operational performance task against key NHS constitutional standards

These will remain the currency of planning for next year. Deliverability should be based on realistic demand projections in terms of volume and complexity, taking full account of the current position and a realistic year end projected position, with improvements fully funded. The guidance should appropriately communicate the workings and logic behind the set targets and a trust's individual targets should take account of that institution's starting position and constraints. Given the importance of breaking the current cycle of worsening performance, the targets should deliberately err on the side of deliverability, as opposed to the over-stretch of recent years. Given that the constitutional standards cannot be recovered

2 https://www.hsj.co.uk/news/stps-to-create-new-five-year-plans/7023597.article

3 NHS England frontline budget real-terms growth without pensions adjustment growth 2018/19 to 2019/20. Health Foundation/Kings Fund/Nuffield Trust *Budget 2018 - What it means for health and social care* p2 https://www.health.org.uk/publications/budget-2018-what-it-means-for-health-and-social-care This figure is lower than the originally set [3.6%] due to greater than anticipated inflation.

within a single year, it is vital that the 2019/20 targets are placed within the context of the longer-term, multi-year, performance recovery journey that is required.

Create a realistic financial task

This needs to make a realistic assumption about how the current financial year will end and the starting position for 2019/20, given that there is up to £1bn of financial risk currently sitting in the provider sector in 2018/19. Efficiency requirements should not be set at overly ambitious levels as a means of balancing NHS finances, and they should recognise that even realising efficiencies at their current level is risky given the dwindling stock of non-recurrent savings. Individual trust targets and control totals need to be set on the basis of the financial risks that individual providers are likely to face in the coming year, including proposed changes to the 2019/20 tariff such as changes to the Market Forces Factor and procurement changes. As with the operational performance targets, the financial task should err on the side of deliverability and both the sector and individual targets should be placed within the broader context of the multi-year recovery journey that will be required.

Ensure more rigorous prioritisation

This is necessary to avoid the mistakes of the past, which have included planning guidance setting too many priorities for the available capacity, and priorities changing from year to year without sufficient clarity. In particular, prioritisation needs to take full account of current workforce shortages and be checked against individual trusts' capacity to change given the wider pressures and challenges they face. Trusts also need pinpoint clarity on the priority order of the objectives that are set and where they should focus should they be unable to deliver all that is required of them.

Act rapidly to tackle short term workforce shortages

The 2019/20 planning guidance needs to help address immediate workforce shortages by establishing a short-term task and finish group of NHS England, NHS Improvement, Department of Health and Social Care, Health Education England, NHS Employers and representatives from frontline trusts to consider ways of immediately addressing current workforce challenges. Ideas that should be explored include: incentives to encourage a return to NHS work; significant short-term expansion of staff from overseas; solutions to the pensions cap issue to stop experienced leaders leaving the NHS or reducing their hours; a process to enable local systems to plan where temporary changes to current patterns of service are needed; and a speedy means of giving a greater range of clinical permissions to staff groups beyond registered doctors and nurses.

Establish the right balance between acute hospitals and ambulance, community, mental health and primary care services

Past planning guidance has concentrated on heavily scrutinised acute sector targets. Performance in the mental health and community sectors is less visible although the evidence suggests that there is very significant unmet demand in these sectors and/or pressure on access to care. For each sector there need to be changes for 2019/20:

- For mental health services there needs to be review of what further measures are needed to ensure that mental health investment reaches the frontline, and there needs

to be consideration of the balance between the new clinical priorities that arise from the *Five year forward view for mental health* and support for core services, such as investing in community mental health teams. Trusts report that the level of earmarking funding for the former is now risking safe provision of the latter.

- For community services, the newly established community network suggests that there is either a frailty investment standard or a community services investment standard included in the planning guidance.
- Ambulance services need sufficient capacity to meet rising demand. The 2019/20 guidance should ensure that, where appropriate, ambulance services can request a formal evidence-based review from commissioners to ensure provision is adequate to meet demand.

Create a clear approach to planning for winter 2019/20

Perceptions of the NHS's success in 2019/20 will largely be determined by its winter performance between January and March 2020. The 2019/20 planning guidance therefore needs to set out a clear approach to winter 2019/20 planning – for example, whether CCGs are required to earmark specific funding for winter and, if so, how much, how it will be allocated and how this will be audited?

These elements are all needed to help stabilise performance. However, the NHS must also focus on transformation and preparing to implement the new NHS long-term plan.

Looking forward to NHS transformation and the new long-term plan

The new NHS long-term plan is due to be published in early December 2018 with full implementation from 2020/21. Although the planning guidance will focus on 2019/20, it should also seek to align what is done next year with the future direction of the long-term plan. There are three specific areas where the 2019/20 planning guidance could help ensure this alignment:

Preparing for transformation in technology, efficiency and prevention

2019/20 provides an opportunity to carry out work in these key strategic areas where we already know that the long-term plan will require transformation and trusts to move at pace from April 2020. On technology, there is an important task for boards and leaders to develop their understanding of how technology can be used more effectively at trust level, drawing on the positive experience of the global digital exemplars. On efficiency, we believe that NHS Improvement should work collaboratively with trust leaders to identify what extra support will be needed and what infrastructure needs to be created to enable consistent delivery of the required productivity and efficiency gains. The renewed focus on prevention means that trusts and local systems will need to prepare to exercise their important responsibilities in this area.

Systems and individual institutions

The NHS is currently changing from an institution based service to one with a strong focus on local health and care systems. The long-term plan will set out the next stage in this journey, backed up with appropriate proposals for legislative change. The planning guidance needs to reflect that local systems are at different stages of development and any requirement to produce a 2019/20 local system operating plan and narrative should be exercised flexibly. More advanced systems can be expected to produce high-quality plans of this type; less mature systems should be encouraged to concentrate their effort on the new five-year local system plans that will be required by summer 2019. The planning guidance should set out a process to amend system footprints where these are an insoluble barrier to effective progress and it should offer enhanced support for systems to develop further and faster, building on the peer review support offer developed by NHS Providers with the Local Government Association and NHS Clinical Commissioners. The guidance should also be clear on what responsibilities NHSE/I expect sustainability and transformation partnerships (STPs) and integrated care systems (ICSs) to exercise in 2019/20 and how their capability to exercise these responsibilities effectively will be assessed.

New national / local relationship and support

There are a series of key new policy, system and process developments that will be established over the next 12 months where the 2019/20 planning guidance should explicitly commit NHSE/I to collaborative development with trusts and CCGs. These include the interaction between the new tier of regional directors and trusts, the development of the new financial architecture and the proposed new approach to talent management. The 2019/20 planning guidance should also commit to formalising a more collaborative approach to planning. The 2012 Act helpfully requires NHSE/I to formally consult frontline delivery organisations on the detailed operation of the tariff. But many of the key planning decisions – for example performance targets and priorities – are taken by NHSE/I and then handed down to frontline organisations. There should be a formal planning forum created where frontline trust leaders (and their representatives) can work with NHSE/I collaboratively across the entire process from its start. NHS Providers also believes it would be helpful for NHSE/I and trusts to work collaboratively on how to improve trust and local system-level planning, identifying where planning capacity and capability can be improved.

2019/20 and pointers for the long-term plan

2019/20's status as the first year of the new financial settlement, the year of the largest financial increase and a year without any formal long-term plan transformation or new commitments to delivery confers 2019/20 with one other key characteristic. It will clearly show how difficult or easy the NHS frontline delivery task will look over the next five years. If the early 2019/20 planning modelling shows that the NHS will find it difficult to absorb the pressures it faces in 2019/20, it will be vital to scale any new commitments and transformation requirements accordingly.