NHS operational planning and contracting guidance 2020/21

NHS England and NHS Improvement (NHSE/I) published the operational planning and contracting guidance for 2020/21 on 30 January. This overarching document sets the delivery task for both NHS providers and commissioners for the coming financial year, covering system planning, finances, operational performance, and workforce. It details what the service will be expected to deliver in the second year of the long term plan period, including moving towards financial balance and improving access to services.
The guidance can be viewed here.

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Key points

- The planning guidance sets out the shared goals for the health service for 2020/21, the second year of the long term plan period.
- Systems are required to improve urgent and emergency care performance from the 2019/20 baseline. They should cut acute bed occupancy to 92% by expanding bed capacity and providing more community care. Elective care waiting lists should be reduced, while 52 week waits for planned care should be eliminated.
- Performance against cancer standards should also improve. At least 70% of people should receive a cancer diagnosis within 28 days.
- Financial recovery fund payments will be paid in-quarter to aid cashflow for providers. Half of all payments will depend on systemwide financial performance. Payments will also be tapered, meaning that some money will be available to trusts which fall short of achieving their financial improvement trajectory target.
- A "system by default" model is being introduced to strengthen system working, in preparation for all areas to become integrated care systems by April 2021.
- An additional £1.44bn is to be invested in primary medical and community services, while 100% of the population should have access to online GP consultations.
- In mental health services, improved access to psychological therapies (IAPT) should expand by 14%, while commissioners are again expected to increase the share of their allocation spent on mental health, as required by the mental health investment standard (MHIS).
- NHSX and NHSE/I, will explore a "minimum and optimal" indicative benchmark for revenue spend on digital technology.

Summary of proposals

Operational requirements

Acute

In 2020/21, providers are asked to **expand the capacity available** to meet urgent and **emergency care** demand. To achieve this, they should **reduce bed occupancy** levels to a maximum of 92% through acute bed expansions, increasing community care, investment in primary care and improvements in length of stay and admission avoidance.

Providers are also expected to at least maintain 2019/20 peak open bed capacity throughout 2020/21.

Trusts are expected to deliver a material improvement in **accident and emergency** performance on 2019/20 levels.

Alongside a range of measures to support same day emergency care services, including accurate data collection and reporting, providers are asked to focus on reducing handover delays and corridor care.

Trusts should reduce **elective waiting lists** in 2020/21: the waiting list on 31 January 2021 should be lower than that at 31 January 2020. Delivery may be managed at system level, in agreement with the regional team, with every provider expected to make a significant contribution.

During 2020/21 all providers and systems should be offering **a choice of provider** for patients still on the waiting list at 26 weeks. 52 week waits should be eradicated, and financial penalties for providers will remain in place for any patient that remains on the waiting list for more than a year.

Cancer alliances are expected to roll out rapid diagnostic centres and set out plans for full recovery against operational standards for cancer in 2020/21 – the 62 day target and the new 28-day faster diagnosis standard which will be introduced from 1 April 2020. At least 70% of people should receive a cancer diagnosis within 28 days.

A national trajectory for **outpatient** transformation will be published in the national implementation plan in the spring. In line with the proposals set out in the 2020/21 national tariff payment system proposals, as well as the ambitions of the long term plan, providers should be implementing video consultations in major outpatient specialties from 2020/21 onwards. Guidance will be provided by NHSE/I based on the national video consultation pilot.

Mental health

All mental health long term plan deliverables have been outlined in the mental health implementation plan, so are not repeated in the guidance.

System leaders, working with a lead mental health provider, should assure that finance, activity and workforce plans are triangulated and support the delivery of key transformation programmes.

In line with the recently published community mental health framework, all providers of community mental health services for adults and older adults should put in place arrangements with local PCNs by March 2021 to work together to organise and deliver services.

National deliverables for people with a learning disability, autism or both include:

- Engagement with emerging provider collaboratives to develop discharge pathways and community alternatives to inpatient provision;
- 8 week visits for all adults and 6 week visits for all children and young people in inpatient settings out of area;
- establishing arrangements for 'host commissioner' oversight of local inpatient facilities.

Digital

NHSX, along with NHSE/I, will explore a "minimum and optimal" indicative benchmark for revenue spend on digital technology. This may be linked to future digital maturity standards and will be "partly related to the multi-year capital settlement".

Working with NHSE/I, NHSX will seek to identify areas where digital solutions can enable large productivity gains. The body will also look to negotiate central licence agreements on behalf of NHS organisations, where appropriate.

Early in 2020/21 NHSX will set out its plan to mandate technology, security and data standards across the system. There is further reference to the new digital aspirant programme, although this still lacks detail.

NHSE/I expect systems to play a central role in the digitisation of healthcare. Strategic plans should set how the "digital first primary care" commitments in the long term plan will be delivered. It is recommended that systems focus on a specific geographical area as part of a digital first primary care accelerator project. Community providers should make progress towards achieving full access to digital mobile services for their workforce.

Sustainability and public health

NHS organisations will be expected to work closely to ensure optimal delivery of screening and immunisation programmes, as well as work towards achieving sustainability ambitions in the long term plan.

The annual flu vaccination guidance letter is expected to be published in late February 2020 and will include nationally agreed ambitions for uptake for each of the patient cohorts covered by the programme. The Department of Health and Social Care (DHSC) is also considering mandatory vaccination for NHS staff.

Providers should ensure all fleet vehicles purchased or leased by 1 April 2020 support the transition to low and ultra low emission, including vehicles provided through car leasing schemes. Trusts will also be expected to end business travel reimbursement for domestic flights within England, Wales and Scotland.

NHS organisations should move to purchasing 100% renewable electricity from their energy suppliers by April 2020.

Trusts must ensure all new builds and refurbishment projects are delivered to net zero carbon standards. They should also implement the estates and facilities management stretch programme to reduce the environmental impact of their estates, replace lighting with LED alternatives during routine maintenance activities, and sign up to the "plastics pledge" to phase out avoidable single-use plastic items.

There are a range of recommendations for reducing the environmental impact of clinical practices.

Finances

Financial improvement trajectories (FITs)

These will be updated "shortly" to reflect the impact of changes to costs and the national tariff. Any changes to FITs will need to be net neutral at a system level and should be agreed with regional directors.

As with the previous control totals regime, trusts that do not agree to and hit their FITs will not be eligible for financial recovery funding (FRF), capital and revenue funding allocated to systems. Agreeing to and delivering on FITs will enable trusts to qualify for the suspension of some contractual sanctions. The guidance also states that trusts that reject or miss their FITs will not be eligible for a process for the writing off of historic debts, although no further detail on this is given.

Financial recovery fund

The rules governing FRF will be changed in 2020/21:

- To improve cashflow, FRF will be paid quarterly, during that quarter, rather than after quarter-end as now. Payments will depend on current performance and forecast out-turn. If trusts do not deliver against FIT, any FRF paid out during the year that turns out not to have been "earned" by year-end performance will be converted into public dividend capital.
- 50% of FRF will be paid based on the organisation's own performance against its FITs. The other 50% will depend on local system performance against the aggregate system FIT.
- FRF payments will be tapered, meaning some FRF may still be earned if FITs are not met. Trusts and CCGs will lose £1 of FRF for every £1of underperformance. This applies to both the organisational and the system elements of FRF.
- In every system, all organisational FRF will be released if the system as a whole meets its FIT.

Breakeven and surplus trust scheme

Reward payments worth 0.5% of turnover will be available to trusts that either:

- Deliver a breakeven or surplus control total (before sustainability funding) in 2019/20 and remain in the black in 2020/21; or
- Move from deficit to breakeven between 2019/20 and 2023/24 and maintain that position for another year.

Capital and estates

To improve the planning and approval process, the guidance states that a portion of funding may be released earlier on, to streamline the documentation required where bids for capital are conducted competitively, and to triage projects depending on whether central support is needed or fast-tracking is appropriate.

As leases will score against capital spend from 2020/21, the national capital spending limit will be uplifted.

Cost improvement plans

The guidance states that provider cost improvement plans should be fully developed before the start of 2020/21, and agreed with commissioners. System leaders should ensure activity, finance, performance and workforce assumptions are mutually consistent.

Mental health investment standard (MHIS)

For 2020 every CCG is required to increase spend by at least their overall budget growth, plus an additional increment reflecting extra mental health funding included in CCG allocations.

CCGs are required to follow the priorities of the mental health implementation plan, and should increase the share of mental health spend that goes to mental health providers and the share spent on children and young people's mental health.

CCG spending on mental health will be reviewed by local system leaders, including a nominated lead mental health provider, to ensure its credibility. NHS England will consider regulatory action, including imposing directions, on CCGs that do not comply with the MHIS.

Other financial guidance

Historic debt and cash support: NHSE/I are considering reforms to the cash support regime for trusts. CCGs that have overspent in previous years will have their overspends, which were previously repayable to NHS England, written off, where the total cumulative debt is worth more than 4% of the CCG's allocation.

Better care fund: Guidance will be published next month. On average CCG contributions will grow by 5.3%, which is consistent with cash growth in NHS funding overall. This will fund more social care packages than 2019/20.

Local authority commissioned services: One-off payments made in 2019/20 will not be repeated: therefore contracts should be increased to fund the full rate of increase due to the 2018 Agenda for Change pay award. DHSC will confirm how this will be funded "in due course".

Marginal rate emergency tariff payments: These will be the same in 2020/21 as 2019/20.

Employer contributions to pensions will be handled in the same way in 2020/21 as 2019/20.

System planning

The guidance covers new operational planning requirements for STPs/ICSs. It builds on the long term plan ambition of all STPs becoming ICSs by April 2021 by introducing a "system by default" operating model in 2020/21. Little detail is provided on how this will work in practice, but NHSE/I now clearly define two key roles for ICSs: system transformation, and collective management of system performance. The guidance notes that NHSE/I will consult on a combined system oversight framework for providers and CCGs shortly; we understand this consultation will open at the end of February.

NHSE/I expect the following operating arrangements to be put in place during 2020:

- System-wide governance arrangements, including a system partnership board;
- A system leadership model, including an STP/ICS lead with sufficient capacity and a non-executive chair, in line with NHSE/I guidance;
- System capabilities including population health management, and a sustainable model for resourcing those functions (NHSE/I will contribute part-funding in 2020/21);
- Agreed cross-system financial governance and collaboration;
- Streamlined commissioning arrangements, typically one CCG per system, in advance of the 1 April 2021 deadline; and
- System-level capital and estates plans, including technology.

Providers and commissioners' operational plans are expected to deliver the first year of system-wide strategic plans, which STPs/ICSs developed during 2019. System leaders are expected to produce:

- A submission on 12 March which confirms alignment of organisational plans with system-wide goals, assumptions and trajectories;
- A short operational narrative by 5 March to highlight any risks or variations from their strategic plan, and system partners' mitigating actions during 2020/21; and
- Proposals to use revenue transformation or capital funds where they have been allocated.

System planning - specialised

Throughout the year NHSE/I anticipates a number of systems to express interest in delivering specialised services as locally as possible, with a focus on joined up pathways, improved patient outcomes and experience. There will be a review of the underpinning financial architecture for specialised commissioning.

As first announced in the NHS Mental Health Implementation Plan, from April 2020 providers will be allowed to join together under NHS-led provider collaboratives that will be responsible for managing specialised budgets as well as patient pathways for specialised mental health, learning disability and autism care.

Workforce

The workforce guidance addresses some of the key themes and asks that are expected to feature in the final people plan. It focuses on the government's recent commitments to ensure 50,000 more nurses will be working in the NHS by 2025, and to invest an additional £150 million in continuing professional development (CPD), alongside advice around primary care and system level workforce planning.

Recruitment and staff development:

To help meet this target a "significant expansion of ethical international recruitment" will be needed, "driven by a new national programme" to be established in the coming months. This is expected to provide centralised support for provider collaboration – likely within systems – on international recruitment. More details will follow in the people plan.

An additional £150 million will be available for staff development, enabling a £1,000 training/development budget for each registered nurse, midwife and allied health professional (AHP) over the next three years.

This funding will be divided into two allocations in 2020/21:

- The first tranche (50%) received automatically in April 2020
- The second tranche issued in quarter three, subject to the approval of provider investment plans submitted to Health Education England by July 2020.

The planning guidance emphasises the need for the NHS to make improvements in workforce diversity and inclusion. All trusts are asked to work towards their bespoke targets for better black and minority ethnic representation at board level and throughout their organisations.

System workforce planning

The final people plan will emphasise the need for better alignment between local and system workforce plans, based on "realistic projections for improvements in recruitment, retention and skill mix". Providers are asked to either re-confirm or update their own local plans and are specifically asked to set out actions to:

- Ensure an inclusive and compassionate working culture
- Provide a safe and healthy working environment
- Create predictable but flexible working patterns for staff
- Ensure effective use of e-rostering and e-job planning
- Support recruitment and retention of nurse associates (alongside the nursing recruitment priorities outlined above)
- Ensure "high quality" clinical placement capacity is in place for September 2020 and January 2021 student intakes
- Increase the relative use of bank staff compared to agency staff.

Providers developing system level workforce plans are asked to support the creation of detailed primary care workforce plans, taking into account "multi-disciplinary workforce needs". The guidance asks STPs/ICSs to actively support where PCNs are unable to recruit additional roles specified in the PCN direct enhanced services contract, which is currently being revised through negotiations between NHSE/I and the BMA. The related forthcoming national GP contract update will "set out arrangements" for system primary care workforce plans, which should indicate how the "additional roles reimbursement scheme will be fully used, indicating firm intentions for 2020/21 and indicative intentions for the subsequent three years."

The planning guidance calls for a leadership model that includes an STP/ICS leader "with sufficient capacity", though no more details are included around this expectation, or how this capacity could be created.

Primary care and community health services

Primary care networks (PCNs) will continue to develop and expand with further investment in 2020/21. Details of new service requirements will be set out once GP contract negotiations have concluded. STPs/ICSs are expected to invest their share of £45m into PCN development in 2020/21. STPs/ICSs and CCGs are also expected to support primary care workforce planning and recruitment.

Regarding community health services, STPs/ICSs should ensure the continued implementation of Lord Carter recommendations, comprehensive data returns to the community health services dataset and improved responsiveness to deliver crisis response services within two hours of referral and reablement care within two days of referral.

Process and timetable

NHSE/I have set a timetable for the development of local plans. They emphasise the importance of joint working, and ensuring commissioner and provider plans match up.

Key milestones include:

First submission of draft operational plans	5 March 2020
First submission of system-led narrative plans	5 March 2020
2020/21 STP/ICS led contract/plan alignment submission	12 March 2020
Deadline for 2020/21 contract signature	27 March
Parties entering arbitration to present themselves to NHSE/I national directors (or their representatives)	6 April – 10 April 2020
Submission of appropriate arbitration documentation	15 April 2020
Final submission of operational plans	29 April 2020
Final submission of system-led narrative plans	29 April 2020
Publication of the people plan and national implementation plan for the long term plan	March/April 2020
Arbitration panel and/or hearing (with written findings issued to both parties within two working days after panel)	16 April – 1 May 2020
Contract and schedule revisions reflecting arbitration findings completed and signed by both parties	7 May 2020

NHS Providers view

This planning guidance broadly aligns with the sector's expectations and brings much needed clarity to planning for the year ahead.

Overall the document highlights the difficulty of balancing 'business as usual' annual operating cycles with longer term system transformation. The sector is still awaiting a number of policy decisions to land in the coming months – the clinical review of standards, people plan, new single oversight framework and capital settlement – all of which will determine exactly what the years ahead look like in terms of requirements, accountability and tools for the task. Added to this, the clear signal to move to a "system by default" approach, but without full clarity on what this means, makes it very difficult for trusts to understand the environment they will be operating in next year.

Although the guidance is somewhat restrained in its performance ask for the sector, without additional resources, or a resolution to some of the workforce challenges facing providers, the task of halting decline in the constitutional standards, stabilising and then improving performance cannot be underestimated.

The instruction for trusts to at least maintain peak 2019/20 open bed numbers throughout the next year is a step towards creating much needed capacity. In some places providers will need capital investment and support to translate temporary winter capacity to permanent bed stock. Any expansion to the year-round

bed base will also require an increase in staff to ensure these beds can be used routinely and safely. This will in turn have a financial impact. We acknowledge there are plans underway to increase the number of nurses, but we are concerned that staffing more beds in 2020/21 will be particularly challenging for trusts in the year ahead.

The task of halting decline in the constitutional standards, stabilising and only then improving performance, on the funding available, should not be underestimated

We are also wary of too rapid a move to peg providers' financial allocations to system performance. Given the still varied picture of STP/ICS development, there is a risk of limiting access to vital funds or providers feeling pressured to sign up to unrealistic targets, resulting in a distorted picture of actual delivery. The 'system by default' approach signals a step change in NHSE/I's expectations of system working and raises a number of questions which we hope will be answered in the forthcoming publication of a national implementation plan in the spring and through wider engagement with the sector. We remain unclear about how the concept of STPs/ICSs playing a role in performance management will work in practice. Tensions are inevitable for NHSE/I over the coming months in achieving the right balance between a permissive, enabling approach to system development and ensuring clarity of vision and expectations about what is required. We look forward to continuing to work with NHSE/I in navigating this path, drawing on the experiences of our members.

We welcome the progression of mental health provider collaboratives following the successes of the new care model pilots, although would emphasise that these must be properly resourced. The focus on transparency around the mental health investment standard (MHIS) is also very welcome but we need to ensure that action is taken if the funding is not reaching the frontline.

In conclusion, the planning guidance provides some reassurance about the expectations on trusts for the year ahead and some signals as to how the role of systems will evolve. There are, however, many parts of the jigsaw still missing which are much needed if providers, and their partners, are to plan effectively for the medium and longer term.

Press release

NHS planning guidance is rightly ambitious, but presents big challenges

Responding to the NHS Operational Planning and Contracting Guidance 2020/21, the chief executive of NHS Providers, Chris Hopson said:

"The planning guidance issued today provides more important detail about how the NHS will deliver the long term plan and make the required transition to integrated care, system working and a broader range of priorities than the old set of narrow acute hospital waiting time targets, important though these are.

"It's right that the NHS is ambitious for patients. But we also need to recognise the context. This winter we have seen performance fall to the lowest levels recorded while the waiting list for routine surgery grows. There are over 105,000 vacancies in trusts alone, and each year we are seeing demand and the need for more complex care grow. And whilst we welcome the extra NHS funding the government has committed, this comes after the longest and deepest financial squeeze in NHS history and does not reflect a return to the long term trend: it's no bonanza. In this context, improving waiting list performance, recovering financial deficits, starting to deliver the new priorities in the long term plan and the people plan, and taking the next steps in transforming the NHS is, collectively, a very big ask.

"We particularly welcome the emphasis on prevention and wellbeing and health inequalities within this guidance and the recognition that mental health, community and ambulance services all have a vital role to play in providing great care to patients, alongside acute hospitals.

"While this guidance will enable trusts to plan for 2020/21,we still need to see the detail of the final people plan, the long-term plan implementation plan, the results of the clinical review of standards, and the new NHS England and Improvement operating model and oversight framework. We also need a full multi year capital settlement and multi year education, training and public health revenue budgets. These will all follow over the next few months. Taken together, we will then have the complete new strategic framework the NHS frontline needs to underpin the long term plan.

"Workforce challenges remain a top priority for trusts. We welcome the ambition to increase nursing numbers, but the NHS will also need to be properly supported to deliver the other key commitments in the people plan – making the NHS a great place to work, investing in leadership and training and enabling the NHS workforce to take full advantage of technology.

"Trusts will welcome changes to the financial system intended to support the provider sector to reduce its overall deficit. But we need to recognise that these are stretching targets. It is becoming clear the 20/21 starting point will be worse than envisaged even a few months ago, and that there are still a small number of trusts who are concerned they are being asked to deliver the impossible. We must avoid pressurising providers to sign up to unrealistic targets, or we risk revisiting the problems we had with the previous financial framework".