What will we cover?

- NHS Providers quick update
- Funding & Finances
- Regulation
- Workforce
- Five Year Forward View & Devolution
What is the current mood music?

**MAINTAIN FOCUS ON SHORT TERM**
- Positive outcome on spending review frontloaded 2016/17 funding
- Positive plan for providers emerging for 2016/17 planning and tariff – the Mackey influence
- Need to maintain financial and operational grip including 15/16

**BUT ALSO LOOK TO THE HORIZON**
- After stabilising, must get to grips with long term productivity and sustainability challenges
- Devolution & New care models starting to gather pace
- Increasing focus on systems as the unit of planning and strategic change
What will we cover?

- NHS Providers quick update
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Quick NHS Providers update

- Successful Annual Conference and Exhibition 2015
- Annual lecture with Sir David Nicholson
- New 3 year strategy being developed
- Governance Conference date set (7 July 2016)
- Regulation survey results published
- Report on working with LA and HWBs published
- Remuneration survey results released
- VSM survey to support policy changes with DH
- Significant lobbying on tariff and planning has borne fruit
Your views in our annual member survey – thank you

210 individual responses to our online survey, from 139 member trusts (over 60% of membership)

95% of respondents were very or fairly satisfied with the work of NHS Providers; this is a 5% improvement since last year.

98% felt it was very or fairly important for their organisation to be a member of NHS Providers, and 95% felt it was very or fairly important for them individually, improvements of 1% and 4% since last year.

98% would speak positively about NHS Providers; this is a 5% improvement since last year.

Ipsos Mori reported that interviewees perceived NHS Providers even more positively than last year, seeing us as a trusted and respected partner in increasingly challenging times.

90% of respondents use our on-the-day briefings, with many disseminating them within their own organisation.

They are able to take those arguments forward in a way that individually, most of us would not be able to do.

...clear and very topical briefings.

Members valued our timely responses to issues as they arise in the sector.

...first rate resource for disseminating timely, comprehensive and relevant information...

Members from all sectors felt the support they received from NHS Providers offered them value for money.

Sometimes with some organisations of that sort, you can feel that if you contact them, it goes into a big black hole. And I never feel that. I always get a response which, even if brief, is always really good.

Many members highlighted the strength of our lobbying work over the past year.

...pleased to see a lobbying voice emerge to challenge the central approach.

The networking and influencing opportunities are very important.

The opportunity to network with colleagues continues to be of central importance to members.
What will we cover?

- NHS Providers quick update
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The 2015 Spending Review

**Health – NHS England £100 billion and DH £15 billion**
- Extra £8bn funding for NHS England £100bn, with £3.8bn frontloaded in 2016/17
- 25% cut to DH £15bn, impact on HEE and capital
- 2017/18: nurse training from bursaries to loans and training number caps removed; provider opportunity
- £600m extra mental health funding from increases
- Tech funding lower than expected
- Public health 3.9% real terms reduction
- £2bn of land sales needed to balance books
- £23.5 bn of savings needed to meet demand / cost

**Social Care**
- £6.1bn cut to local government grant by 2019/20
- Offset by 2% social care precept for adult social care, but will not close the gap even at full whack
- Better care fund £1.5bn increase from local government side by 2019/20
- Preparing for Dilnot by 2020/21
The phasing of the extra £8bn?

Front-loaded early slug to balance the books, especially frontloaded to 16/17

Some funding hypothecated e.g. drugs, mental health

Capital stands still

Conditionality on plans

- Front-loaded early slug to balance the books, especially frontloaded to 16/17: +£1.5bn
- Slower, undeliverable looking, growth in middle of the cycle: +£0.9bn
- Late slug for 7DS and paperless NHS: 8.4

Year: 2016-17 2017-18 2018-19 2019-20 2020-21

Funding: 5.3 5.8 6.7
Does it pass the Stevens five tests?

A. Front-loaded investment for service transformation (but now going on deficit recovery)

B. New asks consistent with phasing of funding (not yet visible)

D. Realistic but broad set of efficiencies

D. Protection for social care services

E. Make good on the public health opportunity
And how does it measure up more broadly?

**COMES OUT WELL AGAINST**
- Constraints of deficit reduction
- Cuts to other departmental budgets
- Expectations before the review

**COMES OUT LESS WELL AGAINST**
- OBR’s extra back of sofa £27bn
- NHS history (1.5% vs 3.6% p.a.)
- What the NHS needs
- GDP spend per head

*Source: Nuffield Trust*
<table>
<thead>
<tr>
<th>(1) Develop a high quality and agreed STP</th>
<th>(2) Return the system to aggregate financial balance</th>
<th>(3) Address the sustainability and quality of general practice</th>
<th>(4) Get back on track with access standards for A&amp;E and ambulance waits</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5) Improvement and maintenance of RTT standards</td>
<td>(6) Deliver Constitutional standards on cancer care</td>
<td>(7) Achieve and maintain the two new mental health access standards</td>
<td>(8) Transform care for people with learning disabilities</td>
</tr>
<tr>
<td>(9) Improve quality, particularly for organisations in special measures, and including annual publication of avoidable mortality rates</td>
<td>(A) 7 Day Services</td>
<td>(B) Paperless NHS</td>
<td>(C) New Care Models</td>
</tr>
</tbody>
</table>

**9 + 3 National expectations to meet by 2020**
(Planning guidance) Planning requirements

**The planning principles**
- Support locally driven change
- Transcend organisational boundaries
- Look beyond one year

**One – year plans**
- All NHS foundation trusts and trusts are required to develop and submit one year operational plans for 2016/17. These plans will need to be ‘consistent with the emerging STP’ and in time to enable contract sign off by end of March 2016

**Sustainability & Transformation (STP) plans**
- All local health and care systems will be required to develop a five year sustainability and transformation plan (STP), covering the period October 2016 to March 2021 subject to a formal assessment in July 2016 following submission in June 2016
- Place based & Multi-year plan to close the ‘three gaps’
- Planning footprints submitted by end of Jan 2016
- Governance structures & shared vision needed
- Open book planning
We also need some proper system alignment as well...

We now need to ensure that every CCG in the South West is using all appropriate contractual sanctions available to incentivise providers to focus on delivery of access standards.

....I expect any fines levied are neither waived nor “reinvested” into the same provider, except in highly exceptional and fully justified circumstances...

Where fines are levied the CCG is at liberty to spend this money with alternative providers to improve the delivery of the standard at a population level (for example in the Independent Sector in the case of RTT) or to use it to visibly improve your overall financial position in meeting Business Rules and delivering or improving on your Control Total.
Increased income predictability for commissioners through 3+2 year allocations

Additional funding for specialised services, but towards lower end of matching demand

Sustainability funds to be allocated to providers by NHS Improvement
### Funding

- 5 year allocations (3 year firm, 2 outer years indicative) for CCGs
- Place-based with primary, CCG and specialised commissioned services published
- £5.4bn increase 2016/17 split between:
  - Mainstreamed extra funding for CCGs
  - Central new policy initiatives
  - Conditional stabilisation / transition (aka provider deficit reduction) & transformation funding. More detail to come and some tricky issues to manage
- Any 15/16 deficit over £1.8bn has to be recovered from 16/17.

### Tariff

- +1.1% net adjustment (2% efficiency factor and 3.1% inflation uplift)
- Inflation uplift designed to recognise full cost of additional pension contributions
- Delay HRG4+, pause specialised marginal rate, but phase in new top-ups from 2017/18
- Retain MRET @70% & move all trusts to ETO prices

A positive, some way above expectations, result for 2016/17. Buying a year to sort out serious long term efficiency savings and sustainability plans. But this only makes a previously impossible 2016/17 look very challenging.
(Planning guidance) Coming up

A technical appendix to the Planning Guidance which will provide more detail on the process, due in January 2016 with a series of ‘roadmaps’ providing more detail for CCGs, GPs and providers respectively.

CCG allocations, due to be published in January 2016

Draft standard contract, due to be published in January 2016

CQUIN guidance, expected in January 2016

The national tariff statutory consultation notice expected January to February 2016

The development of a programme from the ALBs to support this year’s planning process
What will we cover?

- NHS Providers quick update
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- Regulation
- Workforce
- Five Year Forward View & Devolution
Your views – a preview of our 2015 regulation survey

How do you think the overall regulatory framework of the NHS is currently working?

- Very well: 29%
- Fairly well: 38%
- Neither well or poorly: 28%
- Fairly poorly: 6%
- Very poorly: 6%

(n = 69)

To what extent do you think the regulators have coordinated their activity effectively over the last 12 months?*

- Very effectively: 28%
- Fairly effectively: 36%
- Neither effectively or ineffectively: 19%
- Fairly ineffectively: 22%
- Very ineffectively: 9%

(n = 54)

Has the regulatory burden experienced by your organisation increased, stayed the same, or decreased over the last 12 months?

- Increased: 87%
- Stayed the same: 13%
- Decreased: 9%

(n = 70)

- 44% of respondents feel the regulatory framework is working poorly and nearly 90% say regulatory burden has increased.
- Regulatory environment has become much more complex over the last 12 months as:
  - Regulators balance supportive approach with formal regulatory duties
  - Roles of regulators becoming increasingly blurred
  - Increasing burden from requests for data and information from regulators, commissioners and NHS England
- Benefits to be gained by streamlining the overall regime, reducing the number of regulators and ensuring policy priorities are consistent. Some hope that over last year, regulators have made more effort to coordinate activity.
Moving from setting an impossible task and intervening when providers fall short to....

....Supporting providers to deliver an achievable task

Right unit of regulation: single institution or whole system?

Balance challenge / intervention and support and be deeply conscious of all costs being incurred

Don’t blur Board accountability
CQC approach evolving

- Consulting on strategy in light of FYFV e.g. more risk-based
- Use of resources assessment still developing. Our workshop supported provider input into the process.
- Developing approach to ‘quality in a place’ inspection under Prof Steve Field
- Alignment with NHS Improvement and the new ‘Independent Patient Safety Investigation Service’
- Significant changes to fees to offset reduction in grant-in-aid funding
- Peter Wyman Chair (ex Yeovil DGH FT)
  - Focus on outcomes not process
  - Recognition of system challenges and pressures on providers
  - Self-awareness of implications of CQC inspections and approach
NHS Improvement

- Jim Mackey already having a significant impact
- One board by Jan 2016
- Priorities:
  - Get sector back into financial balance asap
  - Deliver constitutional performance targets
  - Sort out long standing challenged institutions
  - Maximize number of good & outstanding CQC ratings
- Strengthen regional model and align with NHS England local teams
- Practical, down to earth, results and very delivery focused.
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Agency staffing

• Expected £3.5bn spend on temporary staffing in 2015/16 despite controls from Nov 2015 on:
  • Cap on price per hour of agency shifts
  • Organisation ceilings on temporary staffing spend
  • Reducing use of off-framework agreements

• Controls offer some help e.g. some health economies collaborating to hold the line within the internal market
  • Also recognise further efficiency opportunities possible from rostering, rota’ing, and increased clinical risk appetite for sub-acute patients (Lord Carter work)

• However we cannot
  • Assume supply of staff is elastic with respect to price – REC survey shows only 10% of agency nurses would come back to the NHS as a first preference
  • Assume price controls can solve more fundamental problems with supply and demand
  • Savings unlikely to be enough so expect more...soon
Need a clearer workforce narrative

Supply
- HEE workforce planning cycle & LETBs
- Move to self-funded nursing places without a training cap
- Shortage occupation list for migration
- Staff staffing council developing new approach to guidance
- Providers playing on the front foot (e.g. Lancashire Teaching & Milton Keynes)

Pay terms and conditions
- Need flexibility for staff (e.g. fit preferences on working patterns), affordability and seven day services
- Consultant contract
- Junior Doctors contract
- AfC

Roles
- Need training and development support for existing and future workforce
- New care models disrupting existing professional boundaries and relationships
- Royal Colleges being more flexible on who does what
- Advance nurse practitioners and physician associates at scale
- Education and training

Leadership
- Talent management
- Pipeline
- Change the operating environment and culture
What will we cover?

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Move to New Care Models: Thought Process

- Running harder in existing model no longer an option
- Need to do something different
- Assess strategic options: vertical; horizontal; internal pathways
- Create and deliver transformation programme

Strategic ferment
# 5YFV New Care Models

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multispecialty Community Providers</td>
<td>- Primary and community care coming together and potentially reaching into secondary care</td>
</tr>
<tr>
<td>Integrated primary and acute care systems</td>
<td>- Secondary care pulling entire local health and care system together</td>
</tr>
<tr>
<td>Enhanced health in care homes</td>
<td>- Offering older people better, joined up health, care and rehabilitation services</td>
</tr>
<tr>
<td>Acute care collaboratives</td>
<td>- Chains, accountable clinical networks, specialty franchises, multi-provider hospital model</td>
</tr>
<tr>
<td>Urgent and emergency care</td>
<td>- Joining up whole systems and pioneering new delivery patterns in UEC</td>
</tr>
</tbody>
</table>
Devolution

Appetite is high.
- By Oct 38 devo bids, of which 12 express interested in health & social care
- Manchester, Cornwall, West Mids, Liverpool and North East publicly interested to date
- NHS England & HMT criteria being developed to assess bids – set of principles rather than prescriptive

Will need serious enablers
- Some proposals will have an impact on commissioning architecture
- Regulatory change inc. unit of planning
- Tariffs and budget pooling
- Governance arrangements

Bill will present menu of options for those interested – ‘but interest has to be real’
- Integration
- Joint working and delegation
- Full transfer of functions

We have been building on 20 years of relationships, stability and partnership working

(Greater Manchester strategy director at NHS Providers Annual Conference & Exhibition 2015)
Ten Things We Are Learning from New Care Models & Devolution

- New, exciting and different things are starting to happen at scale and pace
- This is more complicated and difficult than we thought
- It will take longer than we thought: 5 to 10 years, not 3 to 5 years
- Clear and rapid evidence on ability to improve patient outcomes
- Little evidence on rapid and significant efficiency savings
- Work needed on enablers: data; contracting; funding and governance models
- Amount that needs to change is much larger than anticipated
- Existing system framework prevents development of new care models
- Until framework is changed/aligned, consistent adoption unlikely
- Alignment across entire local health and care economy key but challenging
Moving from deep pessimism to some optimism....

<table>
<thead>
<tr>
<th>Recognition that impossible provider task doesn’t work</th>
<th>Prioritisation of provider deficit recovery</th>
<th>Spending Review 2016/17 outcome</th>
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<tbody>
<tr>
<td>Time to develop efficiency and sustainability plans</td>
<td>Move to New Care Models starting to work in Vanguards</td>
<td>Taking responsibility for whole system does work</td>
</tr>
<tr>
<td>System moving from regulation to support</td>
<td>Recognition that more system leadership alignment needed</td>
<td>Jim Mackey and Ed Smith</td>
</tr>
</tbody>
</table>
But some major challenges to meet

- A credible plan for the £22bn savings
- Credible local system sustainability plans
- Delivering tough choices required for sustainability
- String of workforce issues to solve
- Can the system leader leopard really change its spots?
- Sheer size of provider leadership task vs capacity
- Coping with 1.5% p.a. funding increase 2010-20
- Scale of increase in complex, multi morbid, 75+ demand
Q&A

THANK YOU