

## What does the planning guidance mean for providers?

NHS England and NHS Improvement (NHSE/I) published the [operational planning and contracting guidance for 2020/21](#) at the end of January. This is a key annual document which sets the delivery task for both NHS providers and commissioners for the coming financial year, detailing national leaders' expectations of trusts and commissioners. This year's planning guidance covers system planning, finances, operational performance, and workforce.

### "System by default"

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. NHSE/I now clearly define two key roles for ICSs: system transformation, and collective management of system performance. While closely aligned with the long term plan's emphasis on system working, this approach represents a significant shift away from the current regulatory and legal framework.

Detail is limited on how this will work in practice – the linking of provider income to system performance will be a key point for discussion in the year ahead, as will system governance arrangements, which will need to be established before any statutory basis for these can be put in place. NHSE/I anticipates consolidation in the commissioning sector, moving typically to one clinical commissioning group per system where this is not already the case.

Supporting the development of systems, NHSE/I has said it will support systems interested in running specialised services, which have generally been commissioned at a national level, as locally as possible. There will be a focus on joined up pathways, improved patient outcomes and experience.

### Operational performance improvements

In previous years, the planning guidance has included ambitious financial and performance trajectories. This year the targets for moving towards financial balance and improving access to services are more modest – although still stretching in the context of rising demand. A key element of the guidance is a series of improvements to meet the growing demand for services across the NHS, which has reached record levels in many areas.

In acute settings 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, providing more care in the community, reducing length of stay and avoiding hospital admissions. Systems are also advised to invest more in primary care.

In addition, providers are expected to at least maintain 2019/20 peak open bed capacity throughout the coming year. Elective care waiting lists should be reduced, while 52 week waits for planned care should be eliminated. Performance against cancer standards should also improve.

In mental health, NHSE/I are mandating a 14% expansion of services covered by the improving access to psychological therapies programme (IAPT). Meanwhile, commissioners are again expected to increase the share of

their allocation spent on mental health, as required by the mental health investment standard (MHIS). While mental health deliverables from the long term plan do not feature prominently in the planning guidance (they are addressed separately in the mental health implementation plan), there is an overarching requirement for system leaders, working with a lead mental health provider, to assure that finance, activity and workforce plans are triangulated and support the delivery of key transformation programmes.

For ambulance trusts, the guidance says commissioners and providers should explore how a higher proportion of low acuity cases could be assessed by integrated urgent care clinical assessment services. The guidance is particularly vague on the vital contribution of ambulance trusts to the systemwide objectives on performance improvement and financial recovery.

## Finances

As set out in the long term plan, the NHS provider sector as a whole is expected to balance in 2020/21 – it has been in the red since 2013/14, and is planning a £320m deficit this year.

The provider sustainability fund, which has been used to reward trusts that agree to control totals and hit their financial targets, ends this year. It is being replaced by an expanded and reformed financial recovery fund, which supports trusts in deficit. Half of all payments will depend on systemwide financial performance, and payments will be tapered, meaning that some money will be available to trusts which fall short of achieving their financial improvement trajectory target.

## Conclusion

Overall, this year's planning guidance broadly aligns with the sector's expectations and brings much needed clarity to planning for the year ahead. The challenge of balancing 'business as usual' annual operating cycles with longer term system transformation is clear to see. The sector is still awaiting a number of critical policy decisions in the coming months, including the clinical review of standards, people plan, a new single oversight framework covering providers and commissioners and a long term capital settlement.

These will all provide essential clarity on the requirements, accountability and tools available to providers in the years ahead. While the signal to progress to a system model is clear, more information is needed before providers can fully understand the environment they will be operating in. The planning guidance provides some reassurance about the expectations on trusts for the year ahead – but many important pieces of the jigsaw are missing and need to be provided if trusts, and their partners, are to plan effectively for the year ahead and beyond.