



A summary of *NHS operational planning and contracting guidance 2019/20*

Updated January 2019

Introduction

Following the publication of *The NHS long term plan*¹(summarised for members by the HFMA²) the full operational planning and contracting guidance has been issued by the NHS³. This guidance builds on, and supercedes, that issued on 21 December 2018. The updated guidance adds detail of short-term deliverables related to the long-term plan and the financial framework for providers. It is published in conjunction with the indicative five year CCG allocations⁴.

This briefing provides a summary for NHS finance professionals of the final planning guidance for 2019/20. It should be noted that further guidance is to be issued to provide detail for a number of areas; these are highlighted in this summary.

System planning

The guidance states that a single operational planning process for commissioners and providers will be in place for 2019/20, with an expectation of clear accountabilities and roles at all levels. This means that all sustainability and transformation partnerships/ integrated care systems (STPs/ ICSs) will produce a plan aggregating local data to provide a system overview. The plan will include agreed collective priorities, with realistic assumptions around capacity and activity to provide the framework for organisational plans.

Additional tools and guidance will be made available by the national bodies to support the development of the system operating plan described above, which will have two elements:

- an overview of what the system will deliver and how it will use its resources to do so, including specialised and direct commissioning
- an aggregation of system data across finance, activity, contracting and workforce, to demonstrate system alignment.

¹ NHS England and NHS Improvement, *The NHS long term plan*, January 2019

² HFMA, *A summary of The NHS long term plan*, January 2019

³ NHS England and NHS Improvement, *NHS operational planning and contracting guidance 2019/20*, January 2019

⁴ NHS England, *Draft CCG allocations 2019-20 to 2023-24 (core services)*, January 2019

NHS England/ Improvement (NHSE/I) regional teams will have a key role to play in assuring plans; the first iteration of which is due on 14 January 2019, focusing on activity which should have been agreed between commissioners and providers prior to that date.

System control totals will be set for each STP or ICS, based upon the sum of the individual organisational control totals. There will be some flexibility for the system to vary individual control totals in order to achieve the agreed objectives. These changes must be net neutral and agreed with NHSE/I regional directors.

The planning guidance states that ambulance trusts should be included in the system with their host commissioner and most providers should only be included in one system, although there is scope to be in more than one with agreement from all parties. It may be appropriate to be a partner in a system even where not included in the system control total. Specialised commissioning priorities should be included in the plan, but the funding flows will not form part of the system control total.

Financial settlement

Payment reform and national tariff

The national tariff uplift for 2019/20 is expected to be set at 3.8%, although the tariff details are still subject to consultation. This uplift will include the funding for the agenda for change pay awards, paid directly to providers in 2018/19. It does not include the transfer into national prices of part of the provider sustainability fund (PSF), the 1.25% from commissioning for quality and innovation (CQUIN) or the pensions impact.

The tariff efficiency factor for 2019/20 will be 1.1% and national and local prices will be reduced to cover the costs of the new centralised procurement arrangements.

NHSE/I will introduce a default blended payment approach for all CCG commissioned emergency care activity – non-elective admissions, accident and emergency (A&E) attendances and ambulatory/ same day emergency care. This approach will apply where the expected annual value of the emergency activity is above £10m for a provider and will be principally aimed at those who are still following a payment by results reimbursement model.

The marginal emergency rate tariff (MRET) and the 30-day re-admission rule will be abolished as national rules for 2019/20, on a financially neutral basis between providers and commissioners.

The market forces factor (MFF) will be updated for 2019/20. However, the changes will be implemented over five years as it will represent a significant change in income for some providers.

Maternity pathway tariffs will become non-mandatory but are still expected to be used for contracting in 2019/20.

Provider financial framework

The guidance states that 2019/20 is the first year of a financial re-set for NHS providers and should encourage system working, ultimately leading to the removal of financial control totals from 2020/21.

The provider sustainability fund (PSF) will be reformed, with a £1bn transfer into urgent and emergency care pricing to help to reduce the difference between average costs and national tariff prices. As in 2018/19, the remainder of the PSF will be available to providers if they sign up to their control totals.

The contract value agreed in 2019/20 via the blended payment approach for emergency care, will be reduced by the agreed 2017/18 value of both the MRET and 30-day readmission rules. While

providers are eligible to receive additional central income equal to the MRET value, control totals will be set on the basis that the bottom line position must improve by an equivalent amount.

A new financial recovery fund (FRF) will be created to support the return to financial sustainability for the sector. In 2019/20 the non-recurrent funding can be accessed by trusts in deficit who have signed up to their control total. From 2020/21, trusts in deficit will need to have an agreed financial recovery plan in place to access the FRF. The guidance states that the plan should set out year on year improvement and draw on national initiatives such as RightCare, GIRFT and the model hospital. Plans should also implement relevant opportunities from the long-term plan and work across the local health and care system to make services sustainable across the STP/ ICS. By 2023/24, no trusts are expected to be in deficit.

NHS England and NHS Improvement suggest that the future financial regime for providers may require the delivery of a minimum surplus in order to demonstrate financial sustainability.

Rebased control totals will be issued to providers during January 2019. For those providers in deficit, an additional 0.5% efficiency factor will be added to the 1.1% included in the tariff.

NHS Improvement is working with the Department for Health and Social Care to develop changes to the cash regime for providers. This work includes a review of the interest payable on both historic debt and new loans, as well as consideration of restructuring historic debt on a case by case basis.

CCG financial framework

The CCG allocation formulae have been updated, making them more responsive to extremes of health inequalities and un-met need. The draft allocations have been set to cover the impact of the 2018/19 pay awards and changes to the national tariff.

NHSE/I expect that CCG allocations will ensure that commissioners can meet their commitments to the mental health investment standard and further commitments to increase funding for primary medical and community health services. The commissioner sustainability fund (CSF) will be phased out as a consequence of the allocation changes. CCG running cost limits will also be issued with the CCG allocations, with an expectation that actions be put in place to achieve the required 20% real terms recurrent savings from the beginning on 2020/21, against the 2017/18 level.

Annex D of the planning guidance⁵ provides further advice for commissioners to consider when setting 2019/20 operational finance plans.

Further information on the underlying assumptions for the CCG allocations can be found in *Note on clinical commissioning group (CCG) allocations 2019/20 – 2023/24*⁶.

Specialised commissioning

During 2019/20, NHSE/I will work with local systems to explore how integration of specialised services into local systems could improve joint planning. The funding will not be included in system control totals for 2019/20 but will be included in the alignment process to ensure that the full resources available to an area are understood.

Annex E of the planning guidance⁷ gives further details around how this integration will work in practice.

⁵ NHS England, *NHS England guidance for finance business rules*, January 2019

⁶ NHS England, *Note on clinical commissioning group (CCG) allocations 2019/20 – 2023/24*, January 2019

⁷ NHS England, *Integration of specialised services with local health and care systems*, January 2019

Standard contract

The guidance states that the NHS standard contract will be published in February 2019, following a period of consultation. New contracts should be signed by 21 March 2019. New arrangements are expected to be included in the contract in respect of sanctions for 52-week breaches, which would mirror sanctions for providers and commissioners for each breach.

CQUIN

The CQUIN scheme will be simplified in 2019/20 and aligned to the key policy objectives in the long term plan. A reduction in value of the CCG and Prescribed Specialised Services (PSS) CQUIN schemes will be offset by a corresponding change in the tariff.

Operational plan requirements

NHS England and NHS Improvement have set out the deliverables which link to the long-term plan priorities. Many require trajectories to be submitted but the need to review the annexes⁸ is highlighted as the guidance itself does not contain the complete list of requirements.

Emergency care

Every acute hospital with a type 1 accident and emergency (A&E) department will move to a model of same day emergency care (SDEC), embedding it within medical and surgical specialities. By September 2019, this should be delivered at least 12 hours per day, seven days per week. Hospitals are also expected to establish acute frailty services to reduce avoidable admissions.

Commissioners and providers are expected to continue with work already underway to reduce long stay patients; meet targets around delayed transfers of care (DToc); and redesign urgent care services outside of A&E.

Referral to treatment times

Providers are expected to improve their waiting list position during 2019/20. The guidance requires that anyone who has been waiting for 6 months or more is to be contacted by either the provider or responsible CCG, to be offered faster treatment elsewhere.

Cancer treatment

Cancer standards are highlighted as an area of focus for STPs / ICSs with a system wide plan for performance and transformation, prioritising the delivery of all eight cancer waiting times.

Mental health

CCG baselines will begin to include long term plan funding for mental health in 2019/20, according to the guidance. As such CCGs, in conjunction with their STPs / ICSs, are required to deliver the improved services set out in the plan, such as community mental health teams for severe mental illness, enhanced crisis services and perinatal mental health services. This is in addition to the transformation and expansion of services set out in *Implementing the five year forward view for mental health*.⁹

STPs/ ICSs are expected to prioritise mental health workforce expansion; submission of comprehensive data to the relevant mental health services datasets; understanding of the impact of inequalities in their local area; and establishing a mental health digital strategy.

⁸ NHS England and NHS Improvement, *Preparing for 2019/20 Operational Planning and Contracting Annex F: Joint Technical Definitions for Performance and Activity*, December 2018

⁹ NHS England, *Implementing the five year forward view for mental health*, July 2016

Learning disabilities and autism

Work is expected to continue in 2019/20 to meet and sustain the ambitions set out in *Building the right support*¹⁰. In addition, the long-term plan sets an ambition to increase the uptake of annual health checks for those on the learning disability register.

Primary care and community health services

NHSE/I require CCGs to commit a recurrent £1.50/head to develop and maintain primary care networks, so that 100% coverage is achieved by 30 June 2019. This must be a cash investment into the sector and will form part of the local system primary care strategy to ensure sustainability and enable transformation. More guidance on primary care networks is planned.

The long-term plan sets out that investment in primary medical and community services should grow faster than CCGs' overall revenue growth, and progress should be made towards implementing the new service models set out in the plan. Future guidance will define how this investment should be measured.

Workforce

The supply and retention of workforce is one of the biggest challenges facing the NHS and provider plans are required to address many of the identified issues around recruitment and retention such as health and wellbeing; bullying and harassment; diversity and mitigations for the risk of EU exit.

Workforce plans should align with finance and activity plans, ensuring affordability and sufficiency. The planning guidance asks that new ways of working should be explored to help reduce temporary staffing costs further, with financial plans splitting workforce costs between substantive, bank and agency spend.

Data and technology

Providers will be required to submit all commissioning datasets to the Secondary Uses Service (SUS+) on a weekly basis from April 2019, continuing with existing requirements for other datasets.

The guidance states that, during 2019, a number of core standards will be mandated for technology in use across the NHS including addressing interoperability and cyber security. Commissioners and providers are also requested to support national roll out of the NHS App and encourage use of the Diabetes Prevention Programme.

Personal health budgets

CCGs are expected to continue to increase the number of personal health budgets in their area, in accordance with previous trajectories.

Longer-term deliverables

The long-term plan sets out a number of transformations that require preparatory work in 2019/20. STPs / ICSs are expected to consider these.

¹⁰ NHS England, *Building the right support*, October 2015

Timescale

The planning guidance sets out the planning and contracting timescale through until the end of April 2019.

Milestone	Date
Publication of: <ul style="list-style-type: none"> Near final 2019/20 prices 2019/20 standard contract consultation 	21 December 2018
2019/20 deliverables, indicative CCG allocations, trust financial regime and control totals and associated guidance for 2019/20	Early January 2019
NHS Long Term Plan	7 January 2019
2019/20 CQUIN guidance published	January 2019
2019/20 Initial plan submission – activity focused	14 January 2019
2019/20 National Tariff section 118 consultation starts	17 January 2019
STP/ICS net neutral control total changes agreed by regional teams	By 1 February 2019
Draft 2019/20 organisation operational plans	12 February 2019
Aggregate system 2019/20 operating plan submissions, system operating plan overview and STP led contract / plan alignment submission	19 February 2019
STP/ICS led contract / plan alignment submission	19 February 2019
Final 2019/20 NHS Standard Contract published	22 February 2019
Local decision whether to enter mediation and communication to NHSE/I and boards/governing bodies	1 March 2019
2019/20 STP/ICS led contract / plan alignment submission	5 March 2019
2019/20 national tariff published	11 March 2019
Deadline for 2019/20 contract signature	21 March 2019
Parties entering arbitration to present themselves to the Chief Executives of NHS Improvement and England (or their representatives)	22-29 March 2019
STP/ICS net neutral control total changes agreed by regional teams	By 25 March 2019
Organisation Board / Governing body approval of 2019/20 budgets	By 29 March 2019
Submission of appropriate arbitration documentation	1 April 2019
Arbitration panel and/or hearing (with written findings issued to both parties within two working days after panel)	2-19 April 2019

Final 2019/20 organisation operational plan submission	4 April 2019
Aggregated 2019/20 system operating plan submissions, system operating plan overview and STP/ICS led contract / plan alignment submission	11 April 2019
2019/20 STP/ICS led contract / plan alignment submission	11 April 2019
Contract and schedule revisions reflecting arbitration findings completed and signed by both parties	By 30 April 2019
Strategic planning	
Capital funding announcements	Spending Review 2019
Systems to submit 5-year plans signed off by all organisations	Autumn 2019