



A summary of *Preparing for 2019/20 operational planning and contracting*

January 2019

Introduction

The first part of the 2019/20 planning guidance, published on 21 December 2018 by NHS England and NHS Improvement, focuses on three main areas – system planning; financial settlement; and initial operational plan requirements. This briefing is a summary of the guidance for HFMA members. Further detail is expected in January 2019, together with the publication of the long-term plan, five year clinical commissioning group (CCG) allocations and the trust financial regime.

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.

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.

CCG financial framework

The CCG allocation formulae have been updated, making them more responsive to extremes of health inequalities and un-met need. The allocations, to be published in January 2019, will be 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.

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.

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

The first phase of the planning guidance focuses on three delivery areas, with more to follow later in January 2019.

Primary care

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.

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.

Timescale

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

Links to key documents

Preparing for 2019/20 operational planning and contracting.

<https://www.england.nhs.uk/publication/preparing-for-2019-20-operational-planning-and-contracting/>