NHS Improvement

NHS England

To: STP Chairs/Conveners
Chief Executives of NHS provider trusts
CCG Accountable Officers

cc: Chief Executives of Upper Tier Local Authorities

Gateway Ref 06300 12th December 2016

Dear Colleague,

NEXT STEPS ON STPs AND THE 2017-2019 NHS PLANNING ROUND

As we head into winter, the whole of the NHS is mobilising to make sure patients get the best possible care over the next few months. We also know there is a lot still to do to close out this year successfully both operationally and financially.

Despite well-known pressures, this year the NHS has continued to treat A&E patients and those needing planned care as fast as any major western country, taken first steps to strengthen GP services and mental health, at the same time as action to cut the provider deficit by around two thirds. Taking just one other example - outcomes data released last week show that because the quality of NHS cancer care has improved so much over the past year, an extra 2,400 families will be able to celebrate the holidays this Christmas with a loved one who has successfully survived cancer. You should be rightly proud of these achievements.

The purpose of this letter is to let you know about practical next steps on STPs, in the context of the two year contracting round covering the period to March 2019.

STPs

Your collective leadership in developing your STP has been highly welcome. There is now wide acceptance that it makes sense for individual organisations to work together to develop a shared plan of action covering the next three or four years, which sets out how together you will tackle key local challenges while giving effect to the overarching NHS Five Year Forward View.

The first phase of STPs has been to develop proposals for discussion. All 44 STP proposals will have been published within the next fortnight. Despite constrained funding growth, they all include important commitments on prevention, improving cancer outcomes, expanding access to mental health services, strengthening general practice and developing more integrated urgent care services, amongst other goals. They provide strategic direction for the

tactical decisions you will collectively be taking in the few weeks about the 2017/18-18/19 commissioning round.

That said, we agree that all STPs, even the most advanced, are understandably a work in progress. The next phase of turning proposals into plans will require intensified engagement with patients, staff, communities and local stakeholders. In some cases, formal consultation will be required. Particular effort is now needed to engage clinicians and other staff, and we strongly encourage you to take advantage of the contacts offered by the medical royal colleges—for example, the RCGP's STP ambassadors— as well as local staff sides and unions.

The best STPs have built strong relationships with local councils, on the basis of shared goals and reciprocity of support. While the NHS spending review settlement nationally was never intended to - and is obviously not able to - offset pressures in local authorities' budgets, this fact is not a legitimate reason for councils or the NHS to stand in the way of action needed to put local health and care services onto a sustainable footing.

Having turned initial STP proposals into STP plans - through the contracting round and following engagement and consultation - the third phase during 2017/18 will be to give life to your agreed plans as STPs become implementation partnerships.

A small number of STP partnerships have indicated that you wish quickly to evolve into integrated or 'accountable' care systems, and we will actively support you to do so. In these areas, providers and commissioners will come together, under a combined budget and with fully shared resources, to serve a defined population.

However in most cases STP partnerships will instead take the form of forums for shared decision making and performance accountability, supplementing the ongoing role of individual boards and organisations. To this end, areas that have demonstrated collective leadership and agreed contracts by 23 December within the total resources available to their STP, will also be able to benefit from a system control total that gives you the flexibility to adjust organisational financial and performance control totals between constituent providers and CCGs. NHS England and NHS Improvement will jointly agree this flexibility on a case by case basis. Regional Directors will be in touch with STP leaders early in the New Year to discuss this.

In the coming weeks, we also want to discuss with STP leaders how national bodies can best support you in implementing your plans. We will be providing some direct financial support to STP chairs/convenors. We will also work with STP leaders with the most advanced plans to give you greater direct influence and freedom over how NHS England and NHS Improvement staff and resources - as well as the talent in CCGs, CSUs and other bodies - can be better aligned and deployed in your area to support your STP's implementation.

Transformation Funding

We will once again be allocating the bulk of the available national funding - £1.8bn - to support providers in 17/18 and 18/19. We are also rolling-over the national Vanguard funding into 2017/18 for a final year.

In addition NHS England is making available to STPs support for service improvements in the national priority areas of cancer, mental health, learning disabilities and diabetes. The single process for STPs to request this additional funding is now available at https://www.england.nhs.uk/ourwork/futurenhs/deliver-forward-view/stp/tf-call-to-bid/.

While individual organisations or alliances may bid on behalf of an STP for this funding, it is essential that the STP leadership collectively backs the proposal.

Capital

We will be working with you over the next 8-12 weeks to refine and prioritise capital expenditure. As you know, capital is extremely tight over the next few years, and STP capital proposals currently exceed what we have available. Providers should consider how their use of resources assessment under NHS Improvement's Single Oversight Framework would be affected by the proposed investment. We will identify a long list of schemes that appear to meet these criteria from STPs and operational plans, so no additional submissions are necessary at this stage. Regional teams will be in touch with STP leaders about this long-list. For pragmatic reasons, our initial priority will be on schemes that are of small-medium scale, implementable over the next few years, and that improve productivity or generate wider savings from service redesign over that timeframe. A new capital framework will provide further detail within the next couple of weeks.

2017/18-18/19 contracting

Our most immediate task now is to focus on completing the contracting round by 23rd December. By agreeing deliverable contracts early and quickly, we have an opportunity to cut through the non-value-adding processes experienced in previous years.

In its Autumn Statement, the Government made explicit its intention that all parts of the NHS must live within the resources that it has allocated. *Taking the total local funding envelope as the fixed point, the shared task is therefore to 'reverse engineer' a pragmatic set of funding decisions between programmes of care and individual services.* It is important that this is supported by clear plans that manage cost and risk, not just shift them between organisations.

The 44 STPs, combined with the outcome of the upcoming contracting round, will - in aggregate - become the NHS' agreed medium term plan for the rest of the Parliament, which we will summarise in an NHS FYFV Delivery Plan to be published by 31st March.

We fully understand how complex and difficult this task is, and are deeply grateful to you for your personal leadership at this challenging time.

With thanks, and best wishes.

Simon Stevens
CEO, NHS England

Jim Mackey
CEO, NHS Improvement