

Item: 12

Date	Thursday, 06 December 2018					
Title of paper	Planning for 2019/20: principles and operating model for NW London CCGs					
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Author/s	Jo Ohlson, Interim Director of Acute Commissioning & Huw Wilson-Jones, Interim Director of Acute Commissioning					
Responsible Director	Paul Brown, CFO, NW London CCGs					
Clinical Lead	No clinical lead as this relates to NW London-wide contracting.					
Confidential	<table border="1"> <tr> <td>Yes</td> <td><input type="checkbox"/></td> <td>No</td> <td><input checked="" type="checkbox"/></td> <td>Items are only confidential if it is in the public interest for them to be so</td> </tr> </table>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Items are only confidential if it is in the public interest for them to be so
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The Committee is asked to:

1. **Support** the proposed governance arrangements for the 2019/20 contracting round
2. **Support** the proposed system approach in line with ICS development and likely national planning guidance
3. **Consider** the principles and key objectives
4. **Note** the next steps:
 - i. Review the NWL CCG finance recovery plan and include relevant actions in the contracting round.
 - ii. The paper to be discussed at the CFO group and Partnership operational group for consideration.
 - iii. The CFO group to develop detailed proposals for the Partnership Operational Group to consider.
 - iv. The outputs to be taken to the Joint Committee and Trust Boards for decision.
 - v. Detailed project plan to be developed, including key decision points in the local planning timetable, and agreed at the January governing bodies.
 - vi. To provide a further update to the next and subsequent Joint Committee meetings.

Summary of purpose and scope of report

Each year the CCGs set out their priorities for the coming year and how they will improve the health of the communities they serve. Commissioning intentions are where those priorities are set out by showing what kind of services CCGs would like to purchase in the coming year.

Business Planning outlines the actions, at high level and in summarised form, that the organisation will take to deliver its objectives.

At the 1 November Joint Committee we presented the process we would be following to develop our commissioning operating model. The 2019/20 planning and contracting round is likely to be extremely challenging and the North West London health system is no exception.

This paper sets out the context, principles and governance structures for NWL CCGs during the planning and negotiation round for 2019/20. The principles expressed in the paper will allow a transparent and collaborative approach to contracting with providers across NWL. A timetable of key milestones is also included.

- The Committee is asked to discuss and endorse the plan and it is suggested that this is shared with individual CCG Governing Bodies as a joint work plan.

What are the benefits of this project?

- The early preparation of the business planning cycle allows for a more efficient contract negotiation and CCG budget management for the 2019/20 period.
- The principles expressed in the paper will support a transparent and collaborative approach to contracting with providers across NWL.

Patient, staff and stakeholder engagement

This paper is related to the Commissioning Intentions. It is the responsibility of each CCG to engage with their local residents in developing these plans which has been carried out in each area.

Jargon buster

QIPP – Quality, Innovation, Productivity & Performance projects, a savings programme undertaken by CCGs.

S&T – Strategy & Transformation department.

PbR - Payment by Results (tariff-based payment system for acute hospital patient activities like appointments and operations).

Quality & Safety

Quality and safety work streams will be an integral part of the business planning process as key indicators to be included in provider contracts.

Equality analysis

None required for this paper as it is a technical process for the delivery of Commissioning Intentions.

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Finance and resources
There are no resource impacts directly attributable to this paper. The financial impacts of the implementation of the Business Plan will, naturally, be subjected to the usual governance processes and gateways.

Risk	Mitigating actions
<p>The process could be impacted by staffing capacity to develop the analysis in a timely fashion.</p> <p>Commissioning intentions not informed by patient/public involvement would risk commissioning the wrong type of services.</p>	<p>Consolidating teams by recruiting permanent staff and articulating a planning timetable.</p> <p>CCGs engagement programme to inform intentions throughout the year.</p>

Supporting documents
Planning for 2019/20: principles and operating model for NW London CCGs – word document.

Conflict of interests
There have been no conflicts of interest identified.

Governance, reporting and engagement		
Name	Date	Outcome and where in the report can you find out more
Business Planning and Recovery Group	22.11.18	Discussion and input to paper
NWL SMT	26.11.18	Discussion and input to paper

Planning for 2019/20: principles and operating model for NW London CCGs

1. Introduction

The 2019/20 planning and contracting round is likely to be extremely challenging and the North West London health system is no exception. In line with the development of integrated care systems (ICSs), NHS England (NHSE) and NHS Improvement have indicated in the October planning letter (see below) they intend to move away from control totals for individual organisations. 2019/20 will form a transitional year, with one year, rebased, control totals. A revised financial framework for the NHS will be set out in the Long Term Plan, with detail in the planning guidance to be published in December 2018. A number of principles underpinning the financial architecture have been agreed to date and consultation on changes to the Payment by Results (PBR) tariff for urgent was undertaken in October. Local systems can continue to evolve their own payment systems faster, by local agreement.

The purpose of this paper is to set out:

1. The principles and timetable in the national letter
2. The proposed governance, principles, objectives and timetable for the NWL system for the 2019/20 contracting round

This paper builds on the Commissioning Intentions and Business Planning 2019/20 key work themes presented to the Shadow Joint Committee respectively in September and November 2018 and links to the Financial Recovery Plan paper to be presented at the December meeting.

2. NHS England and NHS Improvement *Approach to planning 2019 16th October letter (Publications Gateway Reference 08559)*

Individual organisations will submit one-year operational plans for 2019/20, which will also be aggregated by Sustainability and Transformation Partnerships (STPs)

- Organisations, and their Boards and Governing Bodies, will need to ensure that plans are stretching but deliverable and will need to collaborate with local partners to develop well-thought-out risk mitigation strategies.
- These will create the year one baseline for the system strategic plans
- Five year commissioner allocations will be published in December 2018

Payment reform

- A revised financial framework for the NHS will be set out in the Long Term Plan, with detail in the planning guidance which will publish in early December 2018. A number of principles underpinning the financial architecture have been agreed to date,
- The regulators consulted on a revised approach to remove, on a cost neutral basis, two national variations to the tariff: the marginal rate for emergency tariff and the emergency readmissions rule, changes in price relativities and to the Market Forces Factor
- These proposals would change the natural 'default' payment models; local systems can continue to evolve their own payment systems faster, by local agreement.

- There is an intention to move away from individual control totals allowing the phasing out the provider and commissioner sustainability funds; instead, these funds will be rolled into baseline resources.
- This process will begin in 2019/20; 2019/20 will be a transitional year, with one year, rebased, control totals;
- 2019/20 will start the process of transferring significant resources from the provider sustainability fund into urgent and emergency care prices. The planning guidance will include further details on the provider and commissioner sustainability funds for 2019/20.

Incentives and sanctions

- From 1 April 2019, the current CQUIN scheme will be significantly reduced in value and will focus on a small number of indicators aligned to key policy objectives drawn from the emerging Long Term Plan;
- The revised approach to quality premium for 2019/20 will be included in December 2018 planning guidance.

Alignment of commissioner and provider plans

- Local systems will need to do more in 2019/20 to ensure that plans and contracts are both realistic and fully aligned between commissioner and provider
- Prior to the publication of detailed requirements in December 2018, commissioners and providers should work together on aligned, profiled demand and capacity planning and detailed, quality impact-assessed efficiency plans;
- an initial plan submission focussed on activity and efficiency (CIP / QIPP) planning will be required mid-January.

Good governance

- Local systems and organisations are expected to adopt a shared, open-book approach to planning;
- Early engagement with board and governing bodies is required to allow adequate time for review and sign-off to meet the overall timetable.

The national timetable is provided in the Annex.

3. Proposed governance, principles and timelines for NWL health system

3.1 Governance

Requirements from the planning letter include collaboration, alignment, open book and risk sharing underpinning 2019/20 contracting. The proposed governance is set out below based on existing committees and groups.

Figure 1: Governance structures

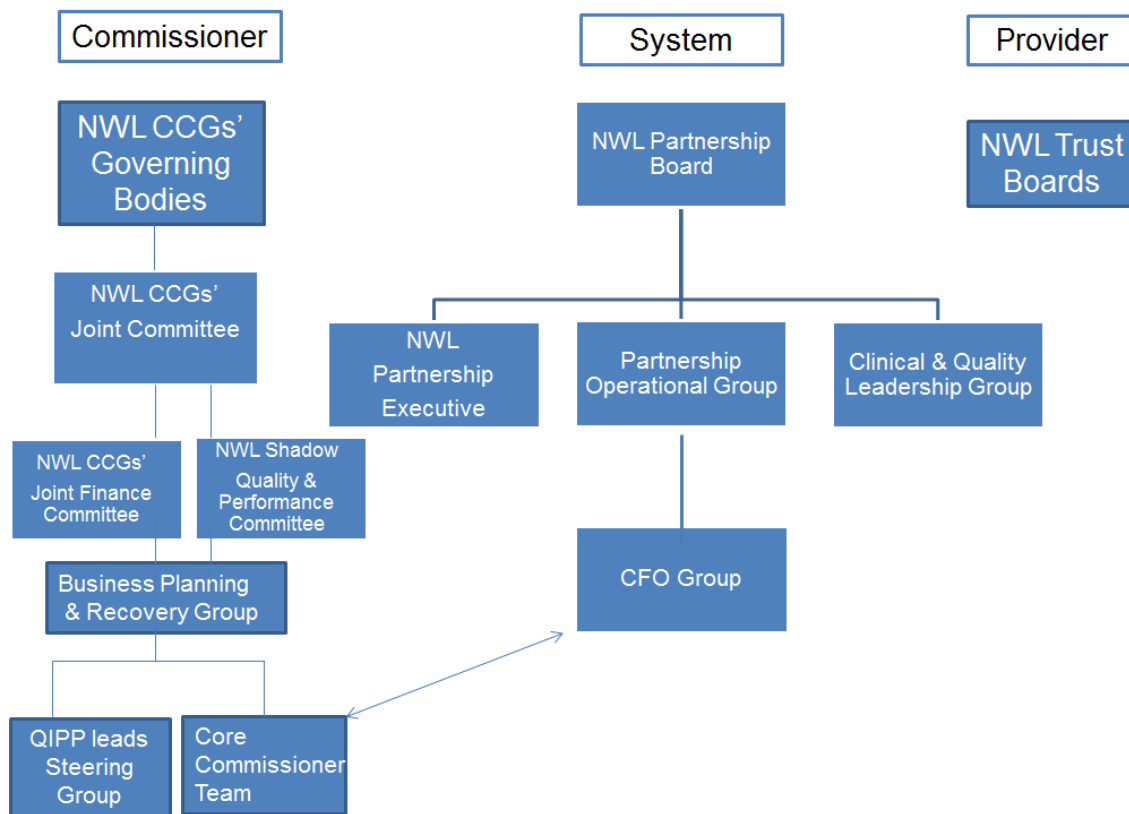


Table 1: Role and membership of groups

Committee/ Group	Role	Membership
NWL Partnership Board	Responsible for developing and ensuring the delivery of partnership programmes that inform contracting of services	SRO, CCG chairs, AO, Trust CEOs, NHSE specialised commissioning, LA officers, lay representation
Clinical & Quality leadership Group	Drives clinical strategy that informs contracting and quality indicators	CCG chairs, medical and nursing directors
Partnership Operational Group	Approves integrated financial and contractual framework put forward by CFO group.	STP SRO, AO, Trust CEOs, STP clinical lead, CFO, STP director, Commissioning director
NWL Partnership Executive	Informal group	SRO, AO, STP director, LA lead, for planning round propose CCG & provider CFOs& Commissioning director join for updates

CFO Group	Drives financial strategy including integrated financial and contractual framework (modelling, contract form, incentives, risk management and alignment of QIPP & CI)	CCG and Trust FDs, Commissioning director
NW London Collaboration of CCGs' Joint Committee	Take decisions on behalf of CCGs, if they can reach consensus, on joining up the approach to commissioning acute and mental health services and collective management of financial risks	CCG chairs, AO, MDs, lay members, Chief Nurse, CFO, STP director, director of commissioning, Healthwatch
NW London Joint Finance Committee	To scrutinise NW London CCGs' finance matters and oversee budgetary issues.	AO, CFO, MDs, CCG finance committee chairs
NW London Shadow Quality and Performance Committee	To oversee joint NW London issues in relation to quality and performance matters. Operating in shadow (non-decision-making) format.	Director of Quality, AO, CFO, MDs, CCG Chairs, Director of Performance, Director of Compliance, Director of Commissioning
Business planning and recovery group	CCG executive group for signing off QIPP, contract options & negotiating strategies	AO, CFO, Dir Comm, Dir Nursing & Quality, Dir Turn around, Director S&T, 3 MDs, Chair QLSG
QIPP leads steering group (QLSG)	Ensures pipeline of QIPP and alignment of QIPP, borough and CCG wide	QIPP leads from each CCG, S&T, Dir Acute Comm, Dir Turn around, BI, Finance
Core Commissioner Team		CFO, commissioning director, acute and mental health commissioning directors, 2 MDs

3.2 Principles and objectives

The planning guidance is likely to reinforce the need for a system led approach to planning encompassing activity, finance and quality. The long term plan and planning guidance are expected to confirm that all STPs will develop into ICSs with a single financial control total (budget), agreed priorities and objectives, in line with national objectives and plans to enable the system to operate within the budget

available. This is expected to engender more collaborative behaviour between commissioners and providers on the agreement of realistic but affordable activity plans supporting contracts, alignment of QIPP and CIP and with well thought out risk mitigation strategies. It is against this background, the following principles and objectives for NWL are being put forward for discussion to shape 2019/20 contracting round:

Principles

- i. Guided by and aligns to NWL Partnership plan of the seven interconnected and five enabler work streams and where programmes are ready with implementation plans, contract agreements support this eg NWL's urgent care strategy based around managing care and conditions proactively and out of hospital as much as possible with prioritised work streams
- ii. We work towards develop a provider and commissioner sector control total to support achievement of system affordability.
- iii. We work towards the system becoming outcomes based with the aim of reducing variation.
- iv. Joint commissioner and provider ownership of delivery of the mental health Five Year Forward View within the context of significant historical variation in spend across NWL and finite funding available.
- v. We consider the breadth of mental health developments, including transformation proposals and integrated care/MCP developments. This work is divergent across the Partnership footprint, depending on individual CCG, LA and other provider arrangements. We will think about the potential impact on pathways, providers and how this should be coordinated.
- vi. A series of generic quality requirements across all providers and set of specific speciality core quality standards for acute, mental health and community services
- vii. Align clinical and financial leadership through the planning round so not lose STP and contract link as per 2018/19;
- viii. Recognise the dis-benefits of having a long and protracted contracting round and seek resolution through the relevant group eg CFO group or partnership executive
- ix. Commission and plan on the basis of achieving Operating plan standards
- x. Determining local growth requirements based on three year average growth values for acute activity and where relevant taking account of SOC1 assumptions for 2019/20 less impact of agreed QIPP and CIP
- xi. Commissioners and providers will work together to identify opportunities on reducing system costs including aligning QIPP and CIP and supporting delivery

of organisational recovery plans. QIPP and CIP plans will be themed to align operational delivery across CCGs and Trusts with clinical oversight through the Clinical Board.

- xii. To put in place measures that allow us to progress Integrated Care System ways of working through a NW London-wide framework that reflects the delivery of care at neighbourhood, place and system level.
- xiii. Commissioner and providers will work together to introduce national prescribed payment reform and understand the whole system impact and mitigate where possible.
- xiv. Trialling new system incentives and contract forms to promote a reduction in system costs and better align incentives to the service models being developed
- xv. Centralised commissioner contracting and finance team for acute and mental health with input from boroughs with single agreed negotiating plan for each provider signed off by BPRG
- xvi. Senior negotiating teams on both sides

Key commissioner objectives

Our commissioner objectives will be informed by the Commissioning Intentions issued in September. Our key priorities are:

- i. To support implementation of our joint outpatient transformation programme, to move off outpatients PBR and agreed demand management of non GP referrals and outpatients; cap and collar and shared commissioner and provider savings
- ii. To a Common ambulatory and short stay tariff across NWL
- iii. To explore a modified PBR contract form for non-elective activity
- iv. To achieve parity for out of area contracts eg in NCL and SEL so NWL can benefit from contractual forms agreed across London

3.3 Local Planning Timetable

The draft local planning timetable below is consistent with national planning assumptions.

	Step or Key Deliverable	Completion Date	Owners	Status
1.	NWL system intentions / CCG Commissioning intentions	30 th Sept	CCG Director of Acute Commissioning	Complete
2.	Agree consistent approach to contracting and setting 19/20 and 20/21 contract baselines along with associated governance arrangements and escalation	15 th Dec 2018	CCGs/Trusts	In progress

	processes			
3.	Agree principles to underpin the planning round for 2019/20.	15 th Dec 2018	CCGs/Trusts	In progress
4.	Agree Forecast Outturn for 2018/19 (methodology to be agreed)	21 st Dec 2018	CCGs/Trusts	In progress
5.	Agree 2019/2020 contract baseline	21 st Dec 2018	CCGs/Trusts	
6.	Agree joint plan to deliver the contract baseline incorporating provider CIP and CCG QIPP plans	7 th Jan 2019 <i>(ahead of initial STP submission on 14th Jan)</i>	CCGs/Trusts	
7.	Update to be provided to the joint committee.	7 th Feb 2019	Joint Committee	
8.	Agree terms for any contract variations post planning and tariff guidance including any MFF changes	28 th Feb 2019	CCGs/Trusts	
9.	Agree 2019/20 contracts (activity and finance baselines and contract schedules)	7 th March 2019	CCGs/Trusts	
10.	Agree HRG-level 2019/20 Indicative Activity Plans and Joint CIP/QIPP Plans (with phasing)	7 th March 2019	CCGs/Trusts	
11.	Local escalation process for baselines not agreed	8 th March – 20 th March 2019	CCGs/Trusts	
12.	2019/21 NHS Standard Contracts signed	21 st March 2019	CCGs/Trusts	

4. Recommendations and next steps

The Joint Committee is asked to:

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Annex

Outline timetable for planning	Date
NHS Long Term Plan published	Late November / early December 2018
Publication of 2019/20 operational planning guidance including the revised financial framework	Early December 2018
Operational planning	
Publication of <ul style="list-style-type: none"> • CCG allocations for 5 years • Near final 2019/20 prices • Technical guidance and templates • 2019/20 standard contract consultation and dispute resolution guidance • 2019/20 CQUIN guidance • Control totals for 2019/20 	Mid December 2018
2019/20 Initial plan submission – activity and efficiency focussed with headlines in other areas	14 January 2019
2019/20 National Tariff section 118 consultation starts	17 January 2019
Draft 2019/20 organisation operating plans	12 February 2019
Aggregate system 2019/20 operating plan submissions and system operational plan narrative	19 February 2019
2019/20 NHS standard contract published	22 February 2019
2019/20 contract / plan alignment submission	5 March 2019
2019/20 national tariff published	11 March 2019
Deadline for 2019/20 contract signature	21 March 2019
Organisation Board / Governing body approval of 2019/20 budgets	By 29 March
Final 2019/20 organisation operating plan submission	4 April 2019
Aggregated 2019/20 system operating plan submissions and system operational plan narrative	11 April 2019
Strategic planning	
Capital funding announcements	Spending Review 2019
Systems to submit 5-year plans signed off by all organisations	Summer 2019