HFMA introductory guide
Fourth edition

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New for 2017

Building a solid foundation

A guide to developing good governance

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Hitting refresh

SHUTTERSTOCK

Circumstances have changed since the *Five-year forward view* was published, and the plan has been refreshed to reflect the financial realities and demands on the service. Seamus Ward reports

It was no surprise that the NHS in England chose to refresh its five-year plan recently. Compared with earlier periods, there has been relative stability. We have not had a change in health secretary, for example. But in the past two and a half years since the publication of the *Five-year forward view* there have been significant increases in demand, rising cost pressures and an unforeseen crisis in social care that has impacted on capacity in the NHS.

As the refresh, known as *Next steps on the five-year forward view*, was published, the House of Lords Committee on the Long-term Sustainability of the NHS called for an Office for Budget Responsibility-style organisation to be set up for the health service (see box overleaf). The proposed new body would advise governments on health and social care needs in the long term, looking at changing demography, workforce, skills gaps and the funding of health and social care compared with demand.

The Lords believe a more proactive NHS could prevent problems such as shortages of key staff or rises in demand. Certainly, as the next steps document points out, increased demand has been a feature of the NHS in recent years.

Next steps on the five-year forward view looks forward to next year's 70th anniversary of the establishment of the NHS, with its sights firmly set on this financial year and next. It leaves out 2019/20 and 2020/21 – years that were included in the original plan and the subsequent spending review settlement.

NHS England chief executive Simon Stevens (pictured) says the document sets out 'practical care improvements for the next few years. We do not underestimate the challenges but, get these right, and patients, staff and the tax-paying public will notice the benefits.'

The document points out that new treatments for a growing and ageing population mean the pressures on the service are greater than ever. Even so, treatment outcomes are better and patient satisfaction is higher than a decade or two ago, it adds.

Waiting times are still low compared with the past, though they are growing, and the budget is increasing slowly, so it was the right time to take stock and look at how the current challenging environment impacted on the service, it says.

While the next steps document sets out many of the objectives for the NHS in the next two years, it does not seek to be comprehensive. Its task is to outline the main improvement priorities over the next two years within the constraints needed to achieve financial balance. Indeed, finance and efficiency play a key role in the refresh – as we reported last month, *Next steps* includes a 10-point mandatory efficiency plan – though it does not mention the £30bn funding gap or the £22bn efficiency target set out in the original *Five-year forward view.*

It is also pragmatic – pointing out there must be trade-offs to reach financial balance. At least in the short term this means an acceptance that A&E performance against the four-hour target is hard to achieve in the current climate.

Emergency services are struggling to cope with rising demand – as can be seen by monthly statistics showing the NHS overall has missed the A&E four-hour performance target. But, as the refresh points out, up to three million A&E visits could have been better provided elsewhere in the system. There are difficulties admitting sicker patients into hospital, often because of delayed discharge of patients medically well enough to leave hospital but without adequate support in the community.

A&E relief

The refresh promises action to relieve the pressure on A&E over the next two years. This includes freeing up 2,000 to 3,000 hospital beds by working closely with community services and councils. Patients with less severe conditions will be offered alternatives to traditional A&E – a new network of around 150 urgent treatment centres, GP appointments and more clinicians taking calls on NHS 111.

As announced in the recent Budget, hospitals will be given £100m in capital funding to establish clinical streaming in A&E by October. Last month, the Department of Health announced more than £55m of the fund would go to 70 hospitals.

Mapping a return to achievement of the four-hour target, A&Es have been told to treat, admit or transfer at least 90% of patients within four hours before September this year. The majority should then meet the 95% target by the end of the current financial year. The whole service should return to the 95% standard during 2018.

GPs will be important not only in seeing patients that are diverted away from A&E, but also by offering more appointments in the evening and at weekends to stop patients going to A&E in the first place. Additional appointments should be available across half of the country by March 2018 (this is a stretching target, going beyond the NHS England Mandate of 40%) and the whole country by 2019.

This will require an increase in primary care clinicians and the report says in the next two years the NHS is on course to recruit 1,300 clinical pharmacists and 1,500 more mental health therapists to work with an additional 3,250 GPs.

Cancer remains a priority and there will be a renewed emphasis on early diagnosis, which is so often vital to the success of treatment. The refresh document says new rapid assessment and diagnosis centres will be opened and cutting edge linear accelerators will be used throughout the country to help at least an extra 5,000 people survive cancer over the next two years.

Next steps reiterates many of the recent announcements on mental health services, including the expansion of the availability for talking therapies for common mental health conditions, extra support to new mothers and greater emphasis on addressing the physical health needs of people with severe mental illnesses.

The numbers of frail, older people needing care is a key pressure on hospital beds and A&E. The refresh document says integrated care vanguards have seen some success in slowing the growth in emergency hospitalisations and reducing the amount of time this group of patients spend in hospital. This is particularly noticeable for those aged over 75.

However, it stresses the need not to over interpret the figures. It compares the most recent 12 months for which complete data is available (the 2016 calendar year) with the 12 months prior to the vanguards commencing (the year to September 2015). While growth in emergency hospital admissions and emergency inpatient bed days in non-vanguard areas across England was 3.2%, in primary and acute systems vanguards (where GP, hospital, community and mental health services are joined together) it was 1.1%. In multispecialty community providers – where community services are better integrated and specialist care is moved out of hospital – it was 1.9%.

The refresh document calls for an acceleration of the integration work and says a number of STPs are ready to fully integrate their funding and services through accountable care systems (ACSs). The centre will back this move and the ACSs will gain new powers and freedoms, including a devolved transformation funding package from 2018, potentially

"The five-year plan reinforces a stark truth: you get what you pay for"
Chis Hopson, NHS Providers

Reaction

While the original five-year plan was met with almost unanimous praise, reaction to the *Next steps* document was a little more mixed.

NHS Providers chief executive Chris Hopson said the report was pragmatic, though it would mean more patients will have to wait longer in A&E and for routine surgery than they should. He said two pressing issues were not addressed in the report – how the NHS will close the estimated £1bn gap in 2017/18 and the need to work out what can be delivered in 2018/19, when headline growth slows even further.

'The plan reinforces a stark truth: you get what you pay for. Trusts will do all they can to transform and realise efficiencies as quickly as possible. But if NHS funding increases fall way behind demand and cost increases, NHS services inevitably deteriorate. That is clearly now happening,' he concluded.

King's Fund chief executive Chris Ham welcomed the clear course set for the NHS over the next two years. He added: ''Hospitals are now under pressure all year round and so the ambition to improve A&E performance and other key services within the current budget is extremely ambitious. Putting the onus on the NHS and local authorities to work together to improve social care and free up hospital beds is the right approach. But with growing pressures on both services, expecting 2,000 to 3,000 hospital beds to be freed up is optimistic.'

NHS Confederation chief executive Niall Dickson said the public must be clear about what to expect from the NHS.

'We have to acknowledge there are significant risks and in some respects it is a leap in the dark. We have no alternative but to embark upon such fundamental change but to do so when services are under enormous pressure and money is so tight is without precedent.'

The document confirmed a move away from competition,

Nuffield Trust chief executive Nigel Edwards said. 'But the legal framework under which the NHS is operating pushes against this, promoting competition and discouraging team working. This is therefore a heroic attempt to work around laws that are not fit for purpose. While nobody wants another top down reorganisation, legislative change of some kind in the future is a certainty,' he added.

bundling together national funding for the *General practice forward view*, mental health and cancer.

ACSs will manage funding for their populations and have shared performance goals and a control total across providers and commissioners – this will mean moving beyond what the document describes as 'click of the turnstile' tariff payments where appropriate, and effectively abolishing the annual contracting negotiations.

There will be moves to boost frontline staff numbers, including at least 6,000 more nurses by 2020. There will be an increased emphasis on e-rostering and job planning to ensure the NHS has the right staff and at the right time. While staff numbers have increased, they are under more pressure. The NHS will also use technology to help people take a more active role in their health.

HFMA members have expressed concern over the governance and support mechanism in STPs and from April all NHS organisations have become part of Sustainability and Transformation Partnerships – conveniently using the same acronym – that will include a board drawn from its constituent organisations. Decision-making mechanisms will be established and, if an organisation is standing in the way of necessary local change, NHS England or NHS Improvement could take action to ensure the change goes ahead. Metrics that align with the NHS Improvement single oversight framework and NHS England's annual clinical commissioning group improvement and assessment framework will be used to judge the success of STPs. These are due to be published in July.

Next steps attempts to reflect the changes in the NHS since the FYFV was published. But the elephant in the room is the £30bn efficiency gap and £22bn target

The *Next steps* document is clearly more than a tweak of the original *Five-year forward view* as it attempts to reflect the changes in the NHS since the latter was published. But the elephant in the room is the £30bn efficiency gap and £22bn target – for so long now the focus of all national-level discussions.

Of course, the figures were always indicative and subject to changes in circumstances so their omission may make no difference – as *Next steps* clearly states, the efficiency drive (through the mandatory 10-point plan) and financial and clinical sustainability are still paramount.

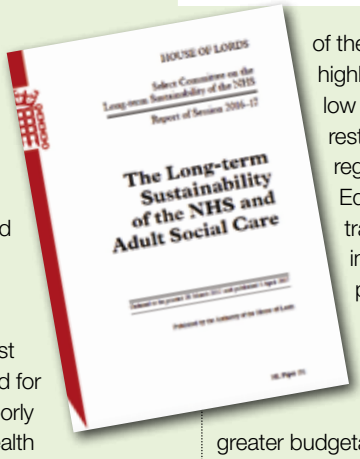
Lords leap into sustainability debate

The *Five-year forward view* is well supported as a basis for making the NHS more sustainable, but is the only example of long-term strategic planning, according to a House of Lords committee. The peers concluded this was 'clearly short-sighted', *writes Steve Brown.* 'Without a longer-term strategy for service transformation, which goes beyond 2020, any short-term progress achieved through the *Five-year forward view* will be put at risk,' it said.

The report from the Lords Select Committee on the Long-term Sustainability of the NHS said this short-sightedness spanned successive governments. It called for a new independent Office for Health and Care Sustainability to be established to examine health and care needs over the next 15-20 years – a health version of the Office for Budget Responsibility. The body would report to Parliament on 'the impact of changing demographic needs, the workforce and skills mix in the NHS and the stability of health and social care funding relative to demand'.

There was a lot of support for the proposed new body. In a blog, HFMA director of policy Paul Briddock said it was 'hard not to see the attraction' of a body that could help keep everybody 'focused much more on the long term direction of travel as well as the short term operational necessities'. Chris Ham, chief executive of the King's Fund said that 'regular independent assessments of funding needs – like the Wanless reports during the early 2000s – could play a key role' in a move to longer term planning.

The committee insisted a tax-funded, free-at-the-point-of-use NHS remained the 'most appropriate model'. However, it added that, in coming years, this 'will require a shift in government priorities or increases in taxation'. Past funding was also criticised for being 'too volatile and poorly co-ordinated between health and social care' resulting in poor value for money and resources allocated in ways that don't meet patient needs. Future funding should increase 'at least in line with growth in GDP'.



The committee highlighted social care pressures as a big threat to the NHS's stability, to the extent that it broadened the scope of its review. 'The funding crisis in adult social care is worsening to the point of imminent breakdown,' it said.

Although it acknowledged additional funds announced in the spring Budget, it said this was 'clearly insufficient to make up for many years of underfunding and the rapid rise in pressures on the system'. More funding was needed between now and 2020 and beyond that funding increases should 'as a minimum' be aligned with the rate of increase in NHS funding.

The lack of a comprehensive, long-term strategy for workforce was described as the 'biggest internal threat to the sustainability of the NHS' – with the report highlighting problems such as low morale, prolonged pay restraint and over-burdensome regulation. It called for Health Education England to be transformed into a 'new single, integrated strategic workforce planning body for health and social care', looking 10-years ahead on a rolling basis. It should be supported by a protected budget and given greater budgetary freedom.

Too little attention had been paid to training the existing workforce and a 'radical reform' of many training courses for medical recruits was 'desperately needed'. Danny Mortimer, chief executive of NHS Employers agreed the need to retain a strong, skilled workforce in the health and care system was of 'paramount importance'. 'Managing pay costs remains a key part of meeting the financial and service challenges,' he said. 'Employers understand that a continuation of pay restraint over the longer term is of growing concern to our workforce.'

The committee's 34 recommendations for change included examining alternatives to the current 'small business' model for GP services, the integration of NHS England and NHS Improvement, a review of the impact of pay on morale and retention and more incentives to adopt new technology and innovation. It also called for a ringfence around national and local public health budgets for at least the next 10 years.