CIPFA BRIEFING

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sorting the plans

The initial raft of Sustainability and Transformation Plans (STPs) look promising as a means of initiating major change. Nonetheless, CIPFA believes that more could be done to check and establish their realism, and to ensure that the most is made of integrated working. It would also be sensible to consult publicly on all the plans in good time for implementation in 2017/18.

CIPFA examined the first nine of the 44 Sustainability and Transformation Plans (STPs – submitted to the Department of Health on 21 October 2016) to be publicly released. That may not be a statistically sound sample, but the geographical and socio-economic spread, which includes Devon, Dorset, London, Liverpool, Bedfordshire and the north east, is wide enough to make it sensible to ask:

- How are the STPs shaping up?
- Can integrated working do more to help make them a success?

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How are the plans shaping up?

The Government's guidance to local partnerships is wide-ranging, with ten questions to be answered. Nine of them focus on clinical practice, engagement and workforce development. Inevitably, given the timescales and scope, there will be some prioritisation between the competing challenges. The overriding driver is to tackle the financial issues so the tenth question is likely to prove the crux: 'how will you achieve and maintain financial balance?'

STPs are the mechanism to deliver the NHS *Five Year Forward View*, particularly the required savings of £22bn nationally[1] and the shift towards preventative spending which will stabilise the financial position in the longer term. In NHS England Chief Executive Simon Stevens' words: "The STPs are a way of getting local NHS leaders, clinicians, local government leaders and communities to look at the changes within the funding envelope that we currently have at our disposal – rather than for each organisation to try and muscle through".[2] The aim should be "to think about the shared agenda and to do that on a multi-year basis rather than a hand to mouth, year by year basis". Moreover, the process itself will say much about the practicalities of achieving full integration by 2020 in line with Government policy.

That leads to the following simple vision of what to look for in an STP:

- How joined up is the plan and will the governance arrangements facilitate moving forward on an integrated basis?
- Does it contain a persuasive analysis of the financial situation: short- and long-term issues, revenue and capital, the extent of risks faced?
- Does it propose realistic ways to tackle the shortfall set out: appropriately scaled, concrete enough to feed into definite action, practical in the timings required, taking account of the risks in implementation?

The STPs released to date are generally good in setting out governance arrangements which will enable joint working to be taken forward.[3] Programme Boards are typical, linked for example, to a Strategic Health and Social Care Partnership Board with joint accountability to deliver the STP.

All the plans identify the shortfall expected in the health system by 2020/21, and make that the basis of their action planning. Many – though it isn't a compulsory part of the STP – add an assessment of social care pressures to get at the whole system problem. Indeed, Birmingham City Council Chief Executive and STP lead Mark Rogers argues that STPs should not focus on the financial gap in the health service, but across both health and social care.

It would make sense to place the health shortfall, accepting it as the main focus, in the context of overall health budgets, setting out the savings requirements across years and the percentage savings that represents. Thus STPs would be able to get a realistic fix on the significance of the challenge. However, none of the nine really spell this out, and several of them don't even quantify the whole system spend.

It is difficult to determine whether these shortfalls indicate a lack of rigour in the planning process, because the separate financial appendices have yet to be made available. But if the point of early publication is to provide meaningful information to the community and encourage them to respond, then that's made harder by the lack of financial background information in most plans and by the further lack of substantive analysis of savings plans in some.

Consequently CIPFA analysis, rather than the STPs themselves, informs the following summary of just how ambitious the nine savings plans need to be:

Scale of health savings in published STPs

	Allocation to CCGs £m	Savings required £m	Savings per year as % of annual local spend	% of NHE £70.3bn to CCGs	% of £22bn*
North Central London	1,868	900	9.6	2.7%	4.1%
South East London	2,305	934	8.1	3.3%	4.2%
Birmingham & Solihull	1,530	582	7.6	2.2%	2.6%
South West London	1,789	659	7.4	2.5%	3.0%
Devon	1,528	557	7.3	2.2%	2.5%
Merseyside	3,597	908	5.0	5.1%	4.1%
Dorset	1,007	229	4.5	1.4%	1.0%
Darlington & Tees	1,395	281	4.0	2.0%	1.3%
Mid Beds, Luton, MK	1,087	203	3.7	1.5%	0.9%
Total	16,106	5,253	6.5	22.9%	23.9%

This shows that the sample as a whole is in line with the national ambition of achieving savings of £22bn. It is clear that the local challenge varies considerably, but even at the lower end of this table, finding savings equivalent to 20% of spend over five years is a major challenge.

All the STPs conclude that major transformation is required in order to deliver what is needed. How soon, though, can such transformation be taken to the point at which it generates significant savings? Most of the plans set out proposals as being necessary to long-term financial stability but don't expect the savings to tackle much of the deficit reduction needed in the plan period. Indeed, investment is needed up front, which is a potential problem given the reducing capital available to the NHS. Merseyside, for example, sets out consultation timetables for all the major change proposals which make it clear that most won't save money until after 2020. Some plans, however, do expect to deliver high proportions of their short- to medium-term requirements by reconfiguring acute services, but without making it apparent how that is realistic. Some plans put forward remodelling plans which have previously proved difficult to implement – the new context may enable these, but the risk is clear, and now that all STPs are to be published, that will be tested through consultation.

That leaves less radical approaches needing to deliver the bulk of the initial savings: demand management rather than hospital closure, for example. It's hard to assess how realistic those plans are, but the confidence generated by what is publicly visible at present is decidedly mixed.

Dangers which need to be guarded against include:

- Optimistic assumptions caused by tailoring savings to the amount required rather than an realistic view of what can be achieved[4]
- Failure to allow adequately for transition and change management costs
- Relying on capital investment which may not be obtainable
- Assuming that providers' 1% contingency requirements will contribute to meeting STP targets
- Trying to do too much at once without sufficient change management capacity

Some plans seem to simply extrapolate existing initiatives which haven't previously saved the sort of amounts needed – with no concrete assessment of why things will be different this time. Others look to be grounded in clear plans which attribute responsibility for practical actions in what looks a deliverable manner.

These are all factors which might appropriately be taken into account by the NHS's central bodies in 'stress testing' the credibility of the plans to feed back into their finalisation.

Even those well-grounded plans will be difficult to achieve. That is hardly surprising: the difficulties faced by the NHS have been well documented. No planning system will in itself make solutions easier, and there remains a potential tension between short-term actions to balance the books now and a separate set of strategies to create sustainable and transformed economies. Although some plans do acknowledge risk factors and seek to mitigate them, none develops a range of scenarios underpinned by sensitivity analysis. Only one of the nine includes a quantified contingency – which is a highly appropriate means of building realism into the plans.

What can integration do to help?

STPs are a key means of taking forward the integration agenda, and a large part of any success will be down to how effectively non-health bodies are leveraged into the planning and delivery. With that in mind, CIPFA held a roundtable which explored how councils and health authorities could help each other through STPs.[5] Four main themes emerged, all of which will have the most potential alongside devolution, but are independent of it:

1. Ensure that the full breadth of local services are included. Social care and public health in particular, but also housing, leisure and policing can help health. In the other direction good mental health services help the police, whereas poor acute services – say failing to recognise urinary tract infections – lead to higher social care costs – say for incontinence.

2. Local government can assist STP delivery. Councils' records in service design, resource allocation, public engagement and communications are generally good and that capacity and capability could be put to use.

3. All should participate actively in joint work which promises to improve the system as a whole. For example, co-commissioning, population health planning and preventative support for older people all have the potential to reduce both health and social care demand.

4. It might be possible to leverage local authorities' more flexible sources of capital – notably through prudential borrowing – to whole system advantage.

It would make sense to explore those possibilities as implementation proceeds, perhaps within the context of constructing an overall view of the public sector revenue account and balance sheet for the area.[6]

Conclusion

There is a history of false dawns in moving the NHS towards a successful localised planning system. STPs bring together the key players in a more integrated way than has previously been attempted, are sensibly aligned to health communities, and are driven by a financial necessity which is a positive as well as a constraint. By and large, the plans now public reinforce that promise, but there are also some signs of potential weakness.

CIPFA recommends

CIPFA recommends that, as they move towards consulting on and finalising their STPs, local partnerships should:

- set out the pressures and savings in both health and social care, and pay attention to how the savings plans for each impact on the other
- put savings plans in context by showing them year by year as a percentage of relevant spend, and where the percentage requirement is high compared with best past performance (nationally 2% per year in the NHS) pay particular attention to deliverability
- quantify the risks of additional pressures developing and of savings not being delivered at the hoped-for scale and pace, leading to broad sensitivity analysis linked to building explicit contingency sums into the STP
- review what integrated working can contribute to the delivery process, and ensure that features in the plan.

References

1 CIPFA believes c£30bn of savings will be needed – See *More Medicine Needed*, CIPFA, 2016 www.cipfa.org/cipfa-thinks. We have adopted the NHS's figure for illustrative purposes.

2 Simon Stevens hits back at 'NHS first' criticism, in *Health Service Journal*, 28 October 2016, www.hsj.co.uk

3 This isn't to say that the practice is straightforward: see the King's Fund: Sustanability and transformation plans in the NHS, Nov 2016 for a full discussion of the issues

4 The King's Fund (op cit p 63) highlights the 'eye-watering efficiency assumptions' assumed from shifting care out of hospitals

5 See also 'Funding a healthy future', CIPFA Nov 2016 www.cipfa.org/cipfa-thinks/perspectives/funding-a-healthy-future

6 CIPFA has developed a methodology for producing such statements: see the example for Scotland at www.cipfa.org/policy-and-guidance/reports/scotlands-future-in-the-balance

CIPFA The Chartered Institute of Public Finance & Accountancy

Registered office: 77 Mansell Street, London E1 8AN
T: 020 7543 5600 F: 020 7543 5700 www.cipfa.org

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