

Securing Sustainability

Planning Guidance for NHS Trust Boards
2014/15 to 2018/19



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Foreword – David Flory

In 2009 the NHS recognised that the future fiscal environment would be far tougher than had been experienced in the previous decade and set out plans for providers and commissioners to prepare to operate in more austere times than many had experienced before.

That preparation has ensured that healthcare providers have managed the financial transition by delivering greater levels of productivity than ever before – treating more patients with less money, ensuring the patients and communities they serve can access the care they need.

However the combination of the tighter financial environment and rising patient expectations creates real challenges for every NHS Trust Board, and over the last year, the NHS as a whole has had to take a hard look at the quality of services it provides to ensure that they continue to meet the standards patients expect.

So as we go into the new financial year, NHS Trust Boards will need to have an even sharper focus on the long-term than they've ever been required to before if they are going to be able to ensure they can deliver sustainable, high quality services going forward.

The work undertaken by the NHS Medical Director throughout the year on the future of Emergency Care provision and 7-day working, alongside the introduction of the Better Care Fund, will fundamentally affect how NHS Trust Boards view the future sustainability of their services as well as the measures they need to undertake – both today and tomorrow – to achieve the highest quality care when delivering services.

Securing Sustainability – Planning Guidance for NHS Trust Boards 2014/15 to 2018/19 sets out what NHS Boards should focus on to be able to continue to deliver high quality care today whilst taking the necessary action to ensure they can continue to do so in the future.

Collectively, we must face the challenges ahead with the same high aspiration and energy that has been so evident in the NHS over the last five years, working respectfully with colleagues in the broader system and keeping a firm eye on what matters – improving care for patients today and in the future.

David Flory

Introduction – recognising the environment

The NHS is in one of the most challenging periods in its recent history. The tight fiscal setting, coupled with rising patient expectations, set against significant structural change in how the NHS is run and regulated creates a challenging environment for everyone who works in the NHS.

Against such a backdrop, being clear on what patients can expect from their NHS provider is critical, both in terms of the services that are delivered today as well as what local communities can expect in the future.

Securing Sustainability – Planning Guidance for NHS Trust Boards 2014/15 to 2018/19 sets out, for the first time, a framework to enable NHS Trusts to look in more depth at how they plan to continue to deliver high quality services in a sustainable way, not just over the coming year but over the next five years.

Planning for the future in this way can only be credible where there is real evidence of delivery today, and for some NHS Trust Boards that means delivering short-term improvement to be able to achieve long term sustainability.

Tackling both of these things is made all the more testing when set against the significant challenges ahead for every provider that won't just impact in the next year but will be significant in the medium to long term, for example:

- How quality is monitored, assessed and regulated is broader and deeper than ever before;
- The guidance for NHS providers on safe staffing set out in the "How to Guide" on nursing, midwifery and care staffing capacity and capability which will create dual pressures on both the budget and recruitment of high quality staff;
- The establishment of the Better Care Fund (previously the Integration Transformation Fund) will release more funding to innovate for services outside hospital but potentially also create new pressures on funding flows into acute provider organisations; and
- The shift toward seven-day working and the impact that will have both on budgets and on the time and focus leadership teams are going to need to commit to making that change a reality.

To enable every NHS Trust Board to have the headroom to address these key challenges, they need to be able to go into the new financial year with absolute clarity on their outturn position on both performance and finance for the current financial year and, despite the lack of predictability

encountered by some NHS Trusts as the new NHS architecture takes time to settle locally, it is imperative that NHS Trust Boards now lock down their outturn position for 2013/14 to enable that planning to take place effectively.

Shifting to a long term focus

These pressures cannot and must not be faced in isolation and should be planned for well in advance, so the shift to a five year plan – worked up in conjunction with local and national commissioners' five year plans – is designed to help set a local and national roadmap for the key decisions that need to be taken to ensure we can collectively set the right environment for the NHS to continue to succeed to deliver high quality care for patients.

Whilst looking ahead at the next five years means a much more challenging planning round for the NHS than we have seen before, it should help create a sense of urgency in local health economies around describing what future health services need to look like in order to set out plans to achieve that future state.

Introduction – recognising the environment

Throughout the planning process we all need to recognise the profound changes that have occurred in the NHS and the impact those changes have on the assumptions made by both commissioners and providers. Throughout the year a number of events have significantly altered the environment in which we operate – the publication of Robert Francis’s report and recommendations following events at Mid Staffordshire NHS Foundation Trust, the creation of the new Chief Inspector of Hospitals regime along with subsequent reports by Berwick, Cavendish and Clwyd/Hart.

The combination of these changes in environment and the tight fiscal setting means it is going to be more important than ever that provider organisations have access to good quality support and development, something the NHS Trust Development Authority will strengthen over the coming year.

Maintaining aspiration

Delivering high quality care for the patients and communities that rely daily on the NHS and the services it provides, coupled with the need to describe and deliver a sustainable future for those services, remains the priority, as does the achievement of NHS Foundation Trust status as a key aspiration for high-performing organisations.

The ultimate goal of the NHS TDA is to support organisations to achieve sustainability and thereby become Foundation Trusts or a suitable alternative solution. The five year plans submitted by NHS Trusts are critical to this work.

For many organisations it will be possible, if challenging, to produce a balanced five year plan and therefore proceed with a Foundation Trust application.

A minority of NHS Trusts have already concluded that they are not sustainable in their current form and are therefore involved in a transaction process to ensure sustainability – it is possible that more organisations will join this group when the demands they face over a five year period become clearer.

However, for a third category of organisations, achieving sustainability will depend on a significant change to the pattern of services locally, which may not yet be fully recognised by or agreed with commissioners. The planning process needs to be used as a platform to engage with commissioners on the nature of changes that are needed to secure sustainability for these organisations.

Essentially, where NHS Trusts have the potential to achieve sustainability, but require a significant change of service patterns to do so, we want the nature of that change to be clearly set out in their five year plan. In doing this, it is vital that NHS Trusts distinguish between changes which are agreed by commissioners and those which are yet to be agreed.

In assessing the plans of NHS Trusts, the NHS TDA will consider the credibility of the assumptions made by NHS Trusts before determining whether to support their plan. Where the plan requires significant service change which has not yet been agreed with commissioners, the NHS TDA will support NHS Trusts to take those vital discussions forward



High quality care, delivered every time

With the context around what good quality looks like in the NHS provider sector having changed so dramatically over the last 12 months, it is more essential than ever for every NHS Trust Board to be clear on what it will deliver for patients and to what standard.

Every member of staff in every provider organisation should know what their role is in delivering safe, effective, caring and responsive services in a well-led environment and every NHS Trust Board should be able to articulate what their organisation does to ensure those services are delivered to the standard patients expect. That is why, in this year's planning guidance, we have identified the key areas we expect each NHS Trust Board to focus on to ensure they can achieve the quality standards their communities expect, today and in the future.

The process of developing five year plans should enable Trust Boards to work with their commissioners to develop a realistic picture of what the future of healthcare looks like in each health economy and what changes need to be made to services in order that they can be delivered to a required standard of quality in a sustainable way.

There is, however, an increasing recognition that this may not always be possible for every service that is currently delivered.

One of the key lessons from Robert Francis' Report is that where services cannot be delivered safely and to a high quality, the NHS needs, instead of trying to maintain sub-standard services, to have the difficult conversation about either stopping providing those services or significantly changing the way they are delivered.

Those conversations should, of course, be commissioner-led, but where Trust Boards feel it may no longer be possible to provide a safe service in the future they will be expected to take the necessary mitigating action. However, before any provider organisation reaches that point they would be expected to have explored all avenues available to them to improve the service.

In 2014/15 and beyond, the NHS TDA will ensure that even more of our resources are focused on the support we provide to NHS Trusts to help them develop services to a high standard and to learn from good practice elsewhere in the NHS.

High quality care, delivered every time

An integrated approach to quality

Securing Sustainability: Planning Guidance for NHS Trust Boards 2014/15 to 2018/19 aims to support NHS Trusts to deliver one integrated quality, delivery and workforce plan which helps drive absolute clarity on what is expected to be delivered as well as helping NHS Trust Boards to look in a more structured way at what is affordable as well as what development needs they will have throughout the next year.

To ensure we create the best environment for NHS Trusts to succeed, we will be focused on three things:

- *Clarity of expectations* – both on what is required to be delivered and helping NHS Trust Boards understand whether they have the right evidence to assure themselves against that delivery;
- *Alignment with the broader system* – the changes in the quality landscape means it is more important than ever to ensure that how we view quality is aligned with both commissioners and the Care Quality Commission, both in terms of the indicators we collect and the judgements we take;

- *Focus on support to deliver* – we want to know, in much more detail than before, about those areas NHS Trust Boards need to improve on, so that we can work with them and other providers in the system to facilitate development opportunities and drive best practice through the sector.

Getting the basics right

The foundations for high standards of health care are set out in the rights and pledges in the NHS Constitution, the expectations and priorities in the Mandate from the Government to NHS England and the measures in the NHS Outcomes Framework.

The NHS TDA will want to continue to be assured that every NHS Trust Board has a plan to meet these expectations, much of which will be articulated through the quality standards in their contracts with commissioners.

Ensuring there are robust plans in place to deliver against all of the commitments in the NHS Constitution creates the space for NHS Trust Boards to focus on becoming leading edge and developing innovative approaches to securing even higher quality services for their patients. Conversely, when Trust Boards fail to deliver against core standards they can often find much of their focus being consumed

in delivering recovery plans, as we have seen with those organisations that have incurred significant pressures on delivering A&E standards and Referral to Treatment standards this year.

The NHS TDA will continue to analyse a wider set of real time performance indicators and seek to intervene early to avoid the deterioration of performance and national quality and service standards.

Having the right focus on quality

With all of the changes that have occurred this year, the quality landscape is more complex than ever before. To support Trusts to plan effectively to deliver high quality care and to take into account the key lessons from recent high profile reports, we have identified a range of areas for Trusts to provide assurance against, grouping them under each of the CQC's five themes – safe, effective, caring, responsive and well led – to make the connection to how the quality of services will be ultimately judged. This will not only support a more rigorous planning approach on quality than before, but will also enhance our ability to support Trusts throughout the year.

Ensuring services are safe

No service should be unsafe. The consequences of running unsafe services have been starkly reported in events that have occurred in a few provider organisations over the last year. Every NHS Trust Board should have robust governance processes and assurance in place to ensure that no service falls below the minimum levels of safety – something every patient using services would rightly demand.

We will expect NHS Trust Boards to demonstrate a Board to ward reporting and learning culture, making use of the patient safety thermometer and having robust processes around Serious Untoward Incidents and Never Events. The importance of the need to be open and transparent is underscored by the forthcoming legislation to introduce the Duty of Candour.

We will also expect every Trust to have made progress toward reducing avoidable deaths and to have systems in place to review and learn from all deaths in hospital as well as ensuring that early warning systems are in place for recognising and responding to the deteriorating patient.

The importance of ensuring safe staffing is critical. All Trusts need to ensure a robust approach to workforce planning, sign off, monitoring and reporting that ensures sufficient staffing capacity and capability throughout the year to support the provision of safe, high quality services. Whilst there are specific expectations set out in the *National Quality Board's Safe Staffing 'How to Guide' for Nursing, Midwifery and care staff*, Trust Boards should assure themselves that the whole clinical staff is sufficient to deliver safe care.

Every patient expects to be treated in a clean environment, so each NHS Trust should be able to demonstrate continued improvement on driving down Healthcare Associated Infections, particularly MRSA and *C.Difficile* rates.



Ensuring services are effective

Making sure that services are effective does not just lead to better outcomes for patients, but also has an impact on the public purse, helping to ensure vital resources are not being spent in a wasteful way.

To support improved outcomes and quality of life in treatable conditions such as stroke and heart disease, Trusts should ensure full participation in all national clinical audits for services they provide and should also use tools such as NICE Quality Standards to regularly self-assess the services they provide against best practice.



Organisations should also be able to demonstrate they are supporting prevention and the reduction of admissions/re-admissions to hospital, fostering integration with strong relationships with social care and working on Every Contact Counts. This is made even more important with the impending changes planned around the new Better Care Fund.

Trust Boards need to be able to clearly demonstrate work towards the introduction of 7 Day working and identify the impact this will have both on quality and cost within the services they provide

Ensuring services are caring

Patients, carers and members of the public must increasingly feel like they are being treated as vital and equal partners and should be confident that their feedback is being listened to and see how this is impacting on their own care and the care of others.

NHS Trusts should be working towards providing patients with the chance to provide real time feedback, learning from leading-edge organisations and adopting good practice in their own Trust.

Over the last few months, the NHS TDA has been working closely with a number of different NHS Trusts to identify measures we will routinely look at as an indication of what patients think about the care and services each Trust provides, including CQC patient experience measures.

The NHS TDA will bring these together in a single framework to be published in the 2014 Accountability Framework which will enable Trust Boards to view data and benchmark performance against other NHS Trusts. The indicators will include:

- CQC risks for caring, including the overall CQC risk rating and compliance against Outcome 1 – ‘respecting and involving people who use services’;

- Friends and Family Tests relating to inpatient, A&E and the combined score;
- Patient surveys: inpatient, A&E, cancer, maternity, community and mental health;
- Written complaints; and,
- Patient-led assessments of clinical environment (PLACE).

Trusts should continue to support implementation of the relevant recommendations of the Chief Nursing Officer’s nursing strategy, Compassion in Practice, in particular to embed the 6Cs.

Ensuring services are responsive

The NHS Constitution clearly sets out, on behalf of patients and the public, the basic requirements around core standards that each NHS Trust is expected to deliver.

Ensuring that services are responsive to those requirements – whether that is to minimise cancelled operations

or to ensure waiting times are met in accident and emergency departments – is a key responsibility of every NHS Trust Board.

We expect robust plans to be in place to ensure that all the core standards are met throughout the year and, where problems arise, adequate plans are in place to tackle those quickly and effectively.

We would also expect that NHS Trusts will work towards reform of their complaints processes in line with recommendations from the Clwyd/Hart Review and that strong governance arrangements are in place to ensure effective practice in Child and Adult Safeguarding.

Ensuring services are well-led

A key part of the CQC's new inspection process is the assessment of how well-led an organisation is, which will include scrutiny of culture, leadership and governance.

The consideration of leadership and governance is also a central part of the FT assessment process and of the NHS TDA's broader oversight of NHS Trusts. The NHS TDA is working with the CQC and Monitor to develop a single, shared framework that describes the features of a well led organisation. This work will be complete by April 2014.

There are already a range of different areas that the current evidence suggests are key characteristics of well led organisations.

In terms of **culture**, NHS Trust Boards should clearly be able to demonstrate a process to engage and understand the views of staff, for example trainee doctors and nursing staff, as well as having a clear appraisals process in place with continued professional development for staff and revalidation for doctors. We would expect to see evidence of a clear programme in place for this, for example, Listening into Action.

On **governance**, all Trusts should regularly assess the robustness of their quality governance processes using Monitor's Quality Governance Framework and, once introduced, the new joint assessment framework being developed by the Care Quality Commission, Monitor and NHS TDA.

We would expect every NHS Trust Board to demonstrate how they approach quality improvement in their organisation, what

methodology they use and the key improvements they intend to deliver over the next two years across the five CQC domains.

NHS Trusts also need to be able to demonstrate the intelligent use of **information** and understand how a Trust Board is using trends, variance and benchmarking data to drive up standards, with a Board-level lead on quality information who will also be responsible for ensuring the Trust Board meets the requirements set out in Caldicott 2.

We would also expect to see real evidence of **collaboration**, with the effective use of partnerships and connections to clinical networks, participation in clinical senates and Academic Health Science Networks and ensuring staff can be released to support improvement across the wider NHS.

Listening to patients, stakeholders and staff

Every healthy NHS Trust Board should have a planned strategy on engagement that they should risk rate and update on a regular basis.

This year we would like NHS Trusts to develop a broad engagement strategy that should include plans to report on engagement with patients and carers, staff, stakeholders and communities. Each Trust Board should have a well-developed plan for **patient engagement** that is understood and embedded across their organisation. Simply depending on an annual patient survey, albeit important, is not a sufficient measure of patient satisfaction.

In terms of **staff satisfaction** there is strong evidence that where staff are well supported and where their well-being is a priority for their organisation there is a significant and positive impact on outcomes for patients and service users.

All Trusts should have a process in place for gathering, analysing, reporting to the Board and acting on staff feedback. This should include the national staff survey, but all Trusts should have more frequent local surveys in place covering all staff groups.

Each NHS Trust is part of a broader local health and social care economy and has a key responsibility to play a full and active role in the development of local strategies which impact on health. We would therefore expect that every NHS Trust Board, as part of their broader engagement strategy, has identified its key **stakeholders** and has a clear and demonstrable plan to routinely engage with them.

Ensuring that **local communities** are fully engaged with the local health and social care strategy and, in particular, any plans to change the way care is provided, is critical to creating the conditions to succeed.

We would therefore expect, again as part of their broader engagement strategy, that a clear communications plan is in place, including how NHS Trust Boards plan to communicate with their local communities and, critically, how they regularly measure the success of that engagement.



Planning for sustainable services

Every NHS Trust must develop and start to implement bold and transformational strategic plans that respond to the substantial challenges faced by the sector.

These plans must address the significantly tightened financial position of the sector and the impact of the 2015/16 Spending Review whilst improving outcomes for patients. Trust income will reduce further and Trusts will not be able to respond to this through additional productivity and efficiency savings alone.

Going forward, strong relationships with all partners in the system will be essential. The stark financial outlook must be the catalyst for providers and commissioners to move away from incremental annual plans and instead develop longer term plans in partnership that respond to the key challenges faced by the NHS.

In many instances these aligned plans will show that continuing to provide high quality and affordable services to patients will require a contraction in secondary care services with an expansion of less expensive models of care delivered closer to home.

NHS Trusts will need clarity in commissioning plans to give them confidence to reduce hospital capacity in a planned and managed way. Therefore strategic commissioning intentions given to NHS Trusts must be supported by decisive actions, predictable payment policies and clear activity plans.

Sustainable and resilient

2013/14 saw the introduction of the new commissioning landscape and revised financial rules. There has been a significant increase in the number of NHS Trusts in deficit. The sector analysis is compelling with all Mental Health, Community and Ambulance Trusts currently on track to deliver a planned surplus or better in 2013/14. The Acute sector has experienced a dramatic reduction in planned income and a pronounced increase in the number of planned and forecast deficits.

All Trust Boards must agree plans that demonstrate how their Trust will continue to provide high quality, sustainable services, being explicit about the risks in the plan and associated mitigating actions and identifying any service impact.

Individual NHS Trusts in deficit must move at pace to return to surplus and it will be difficult for Trusts to credibly propose recovery plans that extend past the second year of this 5 year planning period (2015/16).

We therefore expect all NHS Trusts in recovery to demonstrate their plans to return to financial balance by the start of the year 2016/17 at the latest with the necessary actions and timeframe for delivery, including where service sustainability indicates the need for a change in current configuration or organisational form.

Financial Plans

NHS Trusts must prepare five-year strategic plans (2014-19), the first two years of which are at operating plan level of detail. The NHS TDA, Monitor, NHS England and the Local Government Association have aligned planning processes and confirmed a set of planning assumptions that should be used that build on those set out in the joint letter titled 'Strategic and Operational Planning in the NHS' published November 2013.

The development of consistent and coherent 5 year strategic plans across Local Health Economies (LHE) needs to be informed by a financial planning framework of common assumptions. These assumptions are set out in the document 'Monitor Guidance Annual Planning Review 2014/15' and NHS Trusts are expected to use these assumptions in their plans. We will need to understand with NHS Trusts how the key planning components of provider cost inflation and efficiency requirement impact in individual Trust plans over the five year period.

The significant focus on winter preparedness this year has included the distribution of an additional £400 million funding, a level of which has been directly invested in NHS Trust services. NHS Trusts should not anticipate receipt of additional winter funds in future years unless formally agreed with their local commissioners.

Planning for sustainable services

We expect all NHS Trusts to set aside a minimum of 0.5% of turnover as a contingency to manage financial risk each year.

We expect all NHS Trusts to implement the National Tariff for 2014/15, including local prices, variations and modifications in a manner consistent with 'Enforcing the National Tariff' guidance from Monitor.

The national tariff for 2014/15 has been confirmed by Monitor. The provider efficiency ask is clear – a gross efficiency requirement of 4%, a tranche of which is delivered through lower prices to commissioners. This is set out in NHS TDA Technical Guidance published alongside this document.

Indicative tariff planning assumptions for years two to five of the planning period are set out in the document 'Monitor Guidance Annual Planning Review 2014/15'. These assumptions have been agreed between Monitor and NHS England and NHS Trusts are expected to use them. It is clear, in these future years, NHS Trusts will need to actively engage with commissioners to agree how the efficiency requirement for the system is delivered through increased provider productivity and service change. The 2014/15 National Tariff Payment System guidance can be found at www.monitor.gov.uk/NT

Financial plans should ensure that the buildings we treat patients in, the equipment that we use and the information systems that we rely on are in the necessary condition to facilitate the delivery of modern patient care and are able to respond to future service strategy needs.

NHS Trusts should pay particular attention to the condition of their critical infrastructure and the risk it presents to service quality in their capital planning as well as the financial impact of the approaches they are developing in response to the expiry of national IT agreements during 2015 and 2016.

Cash planning is an essential component of good financial planning. We expect NHS Trusts to significantly improve the quality of cash planning and forecasting in 2014/15.

Commissioning for Quality and Innovation

A CQUIN scheme will be in place for 2014/15. Its aim remains to secure improvements in the quality of services and better outcomes for patients. Providers will be able to earn up to 2.5% of their annual contract outturn, excluding any income for high cost drugs and devices excluded from national prices.

Having agreed a CQUIN scheme with their commissioner, we expect every NHS Trust to implement the scheme fully.

Separate guidance has been published by NHS England on the CQUIN scheme that can be found at www.england.nhs.uk

Delivering taxpayer value

The increased demands on public sector funding mean it is more important than ever to be able to demonstrate taxpayer value. Over the last few years, provider organisations have responded to sustained expectations to deliver efficiency: this needs to continue and to be reflected

in plans consistent with national planning assumptions.

NHS Trust efficiency plans and cost improvement programmes will be tested through the planning process against national and local health economy requirements.

Delivering efficiencies – whether that be through eliminating waste in an organisation or modernising the way care is delivered – cannot be achieved at the expense of quality. Cost improvement programmes must be quality impact assessed by Nurse and Medical Directors before they are agreed by NHS Trust Boards to ensure that operational and quality standards are maintained through and beyond implementation.

Costs of change and Better Care Fund

NHS England planning guidance continues the policy of requiring commissioners to hold a percentage of their annual allocation for non-recurrent expenditure purposes, such as the costs of service change and transformation.

Where transformational change programmes are agreed in secondary care it is appropriate for NHS Trusts to access this funding to cover the cost of implementing these changes, including double-running impact, and this should be agreed during the planning process.

The percentage is being increased in 2014/15 from 2% to 2.5% of total allocation to fund the acceleration of the transformation programme and prepare for the Better Care Fund. NHS Trusts must have access to these funds and so they need to

Planning for sustainable services

be appropriately reflected in their plans. The clear expectation is that all providers likely to be affected by the introduction of the Fund will be fully engaged by CCGs and Local Authorities to develop a shared view of the future shape of services.

Business Processes

A high quality and productive NHS needs a payments system and national contract that offers the right levers and incentives.

All NHS Trusts are expected to enter into contracts with their commissioners for the provision of sustainable, high quality services using the NHS Standard Contract.

The NHS TDA does not expect NHS Trusts to enter into any variations to the NHS Standard Contract terms or any variations from the National Tariff for 2014/15 unless this has been agreed between commissioners and the NHS Trust in a manner consistent with the approaches outlined in national guidance.

The contract needs to be clear on the volume of activity being commissioned and how that activity has been priced in accordance with the National Tariff 2014/15.

The assessment and mitigation of in-year risk will be a key component in how NHS Trust plans are assessed and we expect to see a risk management strategy clearly demonstrated in NHS Trust plans.

The NHS TDA is providing NHS Trusts with a self-assessment checklist for use in the contracting process when assessing the requirements of commissioner offers.

It is expected that NHS Trusts will align their plans with those of the wider local health economy. In order to test the alignment of key assumptions NHS TDA, NHSE and Monitor will reconcile provider and commissioner plans both for the two and five year submission review phases.

We also expect all NHS Trusts to have a signed contract with their commissioners for the provision of NHS services by 28 February 2014. Where an NHS Trust enters into dispute with their commissioners we would expect the NHS Trust Board to resolve the dispute through local negotiation swiftly using the mechanisms in the Standard NHS Contract as appropriate. Inability to resolve disputes locally will be seen as failure by both parties involved and will be escalated into a dispute resolution process run jointly by the NHS TDA and NHS England.

Penalties

The contracts held by NHS Trusts reflect the agreement they have entered into with commissioners.

Our expectation is that when an NHS Trust signs their contract they are committed to its delivery in full. There will be tensions and pressures between NHS Trusts and their commissioners that make contract delivery more challenging; it is a clear sign of an organisation's health and capability how it responds to those pressures.

We do not expect NHS Trusts to agree any local fines or other amendments to the NHS Standard Contract unless they are acceptable to all parties and are permitted by national guidance.

The NHS Standard Contract includes mandatory fines that commissioners are required to levy on providers of NHS funded care in respect of a limited number of operational standards. No NHS Trust should plan for failing these standards.

Developing and progressing to Foundation Trust status

Whilst achieving high quality services for patients remains our core ambition for NHS Trusts, it must be achieved alongside sound business planning and strong financial control to support sustainability. The NHS TDA is providing clear and detailed guidance on all the key aspects of financial planning, including guidance on turnaround plan preparation.

There are a number of high performing NHS Trusts who have developed excellent practice in financial planning and the NHS TDA has worked with these to share good practice across the sector. Working nationally and locally through our Delivery and Development Directorates, we will continue to ensure good practice and innovative financial solutions are shared.

We will also confirm an intensive support package for certain economies with the most significant financial and/or quality challenges. This is currently being jointly developed by NHS TDA, Monitor and NHS England.

Supporting the delivery of high quality services – making development central to our agenda

Supporting NHS Trusts to develop and improve to deliver high quality, sustainable services going forward remains a central priority of the NHS TDA and significant progress has been made in 2013/14 in creating an environment where best practice is shared and adopted.

Underpinning this approach, throughout the year we have encouraged organisations to come forward and identify areas where they need support, providing them with examples of best practice and pairing them with high performing organisations. In addition we have worked with a range of national support bodies to create tailored programmes of support for NHS Trusts.

Last year we asked each NHS Trust Board to identify those areas where it needed development support. This was the first time a national organisation had audited development needs across a specific health sector and the results were used to underpin our programme of activity throughout the year, including:

- A tailored programme of diagnosis and support from the NHS Leadership Academy for a group of NHS Trusts needing leadership development;
- Tailored programmes of support on Accident & Emergency, Referral to Treatment and patient experience allow sharing of best practice, the development of improvement plans and benchmarking of data;
- A range of different clinical support offers, including support on key issues such as infection control;

- The development of a programme of support for aspirant Foundation Trusts in conjunction with the Foundation Trust Network;
- Pairing struggling organisations with high performers to support improvement through the special measures programme.

Creating an even greater focus on improvement and development

The pressures provider organisations face will be even greater as we move forward and the need to provide tailored support and development is now more important than ever.

We will expect, as each NHS Trust Board works through their response to this planning guidance and set out their plans for the next five years, that they are clearly identifying areas where they need further development support. We will work closely with each organisation to enhance and sign off those development plans by the end of September 2014, and where necessary, we will:

- Work closely with national improvement bodies to deliver tailored programmes of support for NHS Trusts;

- Explore with the Department of Health whether additional resources can be identified to enable an even greater focus on improvement and development;
- Ensure that even more of our resources are overtly focused on supporting and developing NHS Trusts.

In return, we expect NHS Trust Boards to provide a much more detailed description of their development needs which should directly link to their overall organisational development plans. We will work closely with each NHS Trust, through the Delivery and Development teams, to understand whether those improvement needs can be met through existing mechanisms or whether the NHS TDA needs to play a role in developing a specific package of support.

Streamlining progress to success

The fundamental changes to the way in which we measure quality have led to the number of Trusts being awarded Foundation Trust status slowing over the last period.

Throughout the calendar year three Trusts, West Midlands Ambulance Service, Kingston Hospital and Western Sussex Hospitals, have all attained Foundation Trust status.

Supporting the delivery of high quality services

Over the last year we have worked hard to understand what more we can do to streamline and make more effective the process for developing and assessing NHS Trusts on their journey to FT status.

While the fundamental requirements for FT status as set out in *Monitor's Guide for Applicants* remain consistent – centred on high quality services; sound strategic and business planning and strong governance and leadership, we have worked to ensure that the assessment process can, in future, work in a more effective way. Going forward:

- **NHS Trusts will work with the NHS TDA to ensure they are ready for the assessment process** and are providing high quality services underpinned by a strong business plan. The NHS TDA will provide development and support for NHS Trusts, alongside its routine oversight, to help them prepare for the assessment process;
- **The first part of the formal assessment process will be a thorough inspection of the Trust by the Chief Inspector of Hospitals.** Aspirant Trusts will be inspected alongside other organisations as part of the Chief Inspector of Hospital's routine programme. Once the CQC's new ratings system is fully rolled out, an overall rating of 'Good' or 'Outstanding' will be required to pass to the next stage of the assessment process. In the

meantime, the Chief Inspector of Hospitals will indicate in the inspection report whether a Trust's FT application should proceed;

- **Trusts that meet the CQC requirements will quickly move forward in the application process, culminating in consideration by the NHS TDA Board.**

The Board will assess the organisation's overall readiness for FT status, including its business plan, FT application and quality of services. If the NHS TDA Board is satisfied that the Trust is ready to proceed then it will offer its support, on behalf of the Secretary of State, for the organisation to move to Monitor for assessment. The NHS TDA will aim to reach a decision on applications as soon as possible after the CQC report is published and will aim to give that approval within six weeks of publication, even where that requires the NHS TDA to hold a special Board meeting. Organisations already with Monitor for assessment will receive their CQC inspection during the Monitor phase and will not be required to go back to the NHS TDA for approval;

- **Monitor will then undertake its assessment process as set out in the *Guide for Applicants* to determine whether the organisation should be authorised as a Foundation Trust.** Monitor has agreed that they will normally

aim to reach a decision on an application within four to six months of receiving a referral from the NHS TDA.

Our review has also considered some of the more detailed elements of the assessment in order to streamline and align them as effectively as possible. Changes we have agreed include:

- **Bringing forward Monitor's assessment of quality governance** so that it takes place at an earlier stage in the process. The existing Monitor team will undertake this assessment while the Trust is still working with the NHS TDA to develop its application. This will provide Monitor with an earlier insight into aspirant Trusts and will help to reduce the number of organisations which struggle to pass Monitor's final assessment due to quality governance concerns;
- **Streamlining the different aspects of financial assessment and Historic Due Diligence** to ensure that they occur at the most appropriate point in the process and add as much value as possible;
- **Embedding public and patient involvement more thoroughly into the process** by broadening the basis of the public consultation which Trusts undertake.

Key milestones for the planning process

We recognise that the requirements for this year's planning round – not least being set in the context of delivering a plan for the next five years – will be challenging for every Trust Board.

To this end we have split the requirements for submissions into three parts:

- completion of plans for the first two years by the end of March 2014;
- completion of the full five year plan by 20 June 2014;
- completion of development support plans by 30 September 2014.

We wrote to every Board jointly with NHS England, Monitor and the Local Government Association early in November this year to set out key planning expectations and parameters, to enable Trusts, commissioners and local authorities to get a head start on aligned planning activity prior to issuing this guidance. This should have enabled early conversations to take place between NHS Trusts and key partners in preparation for the planning submission this year.

Throughout January – March the NHS TDA will hold a series of engagement events with Chief Executives, Finance Directors, Nurse and Medical Directors and Communications Directors to support Trust Boards through the planning round. In March we will bring Chief Executives and Chairs from every Trust together to set out the scale of the challenges that have been identified through the submission of the two-year plans and look ahead at the challenges we face in submitting the five year plans by June.

Each Trust plan will be reviewed by the NHS TDA and NHS Trusts should adhere to the following timetable:

31 December 2013	Planning timetable: Each NHS Trust is expected to produce its own timetable for the development of its operational and strategic plan, including key Board milestones and commissioner meetings. This is to enable the process for plan development to be clear to all involved and aligned with the expected commissioning timetable.
28 February 2014	Contract signature: Contracts signed with commissioners covering both heads of terms and detailed activity profiles. This will form the basis of a full two year plan submission to the TDA.
31 March 2014	Two year plan completion: Each NHS Trust is expected to produce its two year Board-signed off and commissioner-aligned Operating Plan covering finance, quality, workforce and delivery. Provider operational budgets set and all two year cost improvement plans reviewed and signed off by the Medical Director and Nursing Director.
20 June 2014	Five year plan completion: Five year Board-signed off and commissioner-aligned Integrated Business Plan (IBP) and Long Term Financial Model (LTFM) produced.
30 September 2014	Development Support Plans agreed and signed off between each NHS Trust and the NHS TDA.

The detailed timetable for plan submissions throughout the planning process is set out in the NHS TDA Technical Guidance for strategic and operational plans. The key submission dates are as follows:

- 13 January 2014: First draft submission of Operating Plan by NHS Trusts
- 5 March 2014: Full two-year plan collection from NHS Trusts
- 4 April 2014: Final two year plan collection from NHS Trusts
- 20 June 2014: Providers submit five year Board-signed off and commissioner-aligned IBP and LTFM
- 30 September 2014: Development support plans submitted by NHS Trusts



Trust Development Authority



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