

Scrutiny Board (Health) – 22 March 2011

NHS Operating Framework 2011/12

Introduction

The Operating Framework sets out the priorities for the coming year and a framework for the mid term (subsequent three years). The over-arching goal identified is to build strong foundations for the new healthcare system outlined in the Government White Paper: Equality and Excellence in the NHS. The key elements of the Operating Framework are:

Maintaining and improving quality and outcomes

The NHS' core purpose remains the delivery of improved quality for our patients. By quality the NHS means improving safety, effectiveness and patient experience.

The NHS Operating Framework sets out the national priorities for service delivery for 2011/12 and beyond. These include maintaining performance on key waiting times, continuing to reduce healthcare associated infections, and reducing emergency readmission rates.

There are over 100 performance measures that will be used to monitor progress in delivering priorities. There will also be monitoring through assurance reporting on a range of new service priorities e.g. autism, dementia, treatment of military veterans

Leeds Perspective: Generally confident of delivery of quality agenda: There are some challenging targets, notably Infection Control and Stroke and some of our ambitious public health targets around reducing health inequalities.

Financial control and QIPP

2011/12 is the first year of the new comprehensive spending review period. Whilst the NHS has fared better than some other government bodies:

- PCTS will get an uplift of around 2.2% the financial framework
- PCT allocations also include funding of £150 million for reablement and separate allocations totalling £648 million in 2011/12 to support social care.

However healthcare costs inflate by around 4% year on year (new drugs treatment, demographics). There will therefore be a need to save an estimated £20 billion in efficiency savings for re-investment in improving quality. The NHS Operating Framework expects that PCTs will maintain tight financial control through delivery of significant cost savings programmes known as QIPPs.

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To provide some financial risk management (called headroom), all PCTs are required to ensure that at least 2 per cent of their budgets are only invested non-recurrently (i.e. that expenditure is not committed year on year). This money can cover costs such as redundancy, one of start up costs of new initiatives and invest to save schemes where money will not be required on an ongoing basis (or where savings greater than costs in longer term)

Leeds Perspective: Whilst the challenge for Leeds is significant, NHS Leeds is relatively well placed when compared to many health economies. This is due to its robust approach to securing value for money from its healthcare providers and robust control of management and organisational running costs over the last year in preparation for the challenges ahead.

NHS Leeds has established a Health and Social Care Transformation Board to ensure that the city takes a whole systems approach to the delivery of a sustainable health system. The Board is a partnership between NHS Leeds, GP commissioning consortia, Local Authority and major service providers. The Transformation Board is looking at how we deliver efficiencies whilst continuing to improve the quality of services for patient and public.

Developing the new system

PCTs are to be disestablished in 2013/14 and are therefore expected to make progress on laying the foundations for the new health and social care system. This includes establishing the following bodies in shadow form in 2011/12.

- GP commissioning consortia
- The new NHS Commissioning Board
- Health and Wellbeing Boards
- New Public Health England service.

In addition, PCTs must support all large providers to become Foundation Trusts. This is because all NHS provider organisations must achieve Foundation Trust status by 2012 or risk being broken up or absorbed by other existing trusts or private operators.

Leeds Perspective:

Commissioning Change: NHS Leeds is working with all partners to ensure that we maintain the skills and capabilities in all of our workforce to support a smooth transition that will enable the new commissioning organisations to continue to commission high quality services for the people of Leeds . NHS Leeds has 3 established Consortia who are part of the pathfinder vanguard who are being supported to develop capacity and capability to undertake their new roles.

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Healthcare Provider Development: There are two providers in Leeds that are required to achieve foundation Trust status i.e. Leeds Hospitals NHS Trust and the newly formed Leeds Community Healthcare Trust. Both must achieve foundation Trust status within 2 years and NHS Leeds is working hard to support them to achieve that status.

Accountability in 2011/12

Whilst in the longer terms Health Authorities and PCTS will be closed, in the short term Strategic Health Authorities will continue to play a key role during the transition period.

SHAs will remain accountable both for delivery of high quality care within available resources, and for making progress on the transition to the new system across their region.

Primary Care Trusts will remain statutorily accountable for delivery of services and financial balance until 2012/13. However, because of the broader drive to reduce running costs across the system and maintain commissioning system stability, the Operating Framework sets out plans for a managed consolidation of PCT capacity to create such clusters across all regions of the NHS.

NHS Leeds is fortunate in that it is not required to form part of a cluster. This means that there is a degree of stability in the system whilst we move towards the new commissioning arrangements. We are also working with other organisations to make sure that, in the event of senior managers leaving, we can maintain the capacity and capability in house.

NHS Leeds
March 2011