Oxford University Hospitals
NHS Foundation Trust

Trust Board Meeting : Wednesday 13 May 2020

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Title	**Update on the Annual Business Planning Process 2020/21**

Status	A paper for information
History	This is a new paper

Board Lead	Jason Dorsett, Chief Finance Officer			
Key purpose	Strategy	Assurance	Policy	**Performance**
Confidential	No			

Executive Summary

1. This paper provides an update on progress to date with annual business planning and sets out the next steps for the planning process.
2. While two sets of guidance has been issued by NHS Improvement and England on the approach that should be taken by providers in the context of the COVID-19 pandemic for the period April-July 2020, final guidance has not been issued for the remainder of the year. The approach taken by OUH will be subject to any further guidance issued.

Recommendation

The Trust Board is asked to note this report.

Update on the Annual Business Planning Process 2020/21

1. Purpose

1.1. The purpose of this paper is to provide an update:

- on progress with the development of annual business plans
- details the next steps required

2. Overview

2.1. NHS England and NHS Improvement (NHSI/E) issued Operational and Contracting Guidance for 2020/21 on 31/1/20[1]. This guidance was superseded by a letter from Sir Simon Stevens of the 17/3/20, issued in response to the COVID-19 pandemic[2]. For the period 1 April to 31 July 2020, this letter set out :

- a range of operational measures that should be taken by providers in response to the pandemic e.g. postponement of all non-urgent elective operations for at least three months, expanding critical care capacity
- the financial arrangements that would apply to Commissioners and providers
- the suspension of the operational planning process for 2020/21, advising that publication of local plans should be deferred to the Autumn

2.2. Further guidance issued on 29/4/20, set out further actions that the NHS should be taking in its second phase of response to COVID-19[3]. Importantly this focuses on providing capacity for urgent clinical services, including :

- Urgent and routine surgery and care
- Cancer
- Cardiovascular Disease, Heart Attacks and Stroke
- Maternity
- Screening
- Switch-on of services by scaling up the use of technology-enabled care

2.3. For the period August-March 2021, no national guidance is yet available.

3. Approach Pre-COVID-19

3.1. Building on the approach taken to develop 2019//20 plans, a series of Divisional Business Planning meetings took place with each of the Divisions to iteratively develop realistic, integrated workforce, activity, financial and quality plans. Three rounds of meetings took place in December 2019, January and March 2020.

3.2. At this time, this process resulted in the agreement of :

- realistic growth assumptions by staff group and grade

[1] https://www.england.nhs.uk/wp-content/uploads/2020/01/2020-21-NHS-Operational-Planning-Contracting-Guidance.pdf
[2] https://www.england.nhs.uk/coronavirus/wp-content/uploads/sites/52/2020/03/urgent-next-steps-on-nhs-response-to-covid-19-letter-simon-stevens.pdf
[3] https://www.england.nhs.uk/coronavirus/wp-content/uploads/sites/52/2020/04/second-phase-of-nhs-response-to-covid-19-letter-to-chief-execs-29-april-2020.pdf

- growth assumptions by activity type (A&E attendances, non-elective and elective admissions, day cases, new and follow-up outpatient attendances, diagnostic imaging)
- the methodology and assumptions that would underpin income and expenditure budgets, including indicative efficiency targets, the approach to allocating any growth funding and the process for establishing affordable workforce limits

3.3. This approach to workforce, activity and financial planning relied heavily upon historical trends, ways of working and existing strategies to deliver services to performance standards. Planning in the current environment requires a very different approach.

4. Commissioner Contract Negotiations

4.1. In line with existing guidance, for April-July 2020, income from all commissioners will be replaced with a financial allocation calculated from month 9 2019-20 levels of agreed income with inflation applied. In addition to this the Trust is required to apply monthly retrospectively for additional covid-related expenditure.

4.2. As for the planning process above, the standard contract negotiations were in train with all commissioners and for the majority resulted in an anticipated contract level specifying activity and income targets. Oxfordshire Commissioning Group would have agreed a block contract for approximately £379m, and NHSE Specialised Commissioning (Wessex) would have agreed a contract level of some £404m but be subject to an improvement target of approximately £13m. The nature of the agreement would have been subject to further discussion.

4.3. In the absence of national guidance it is now unclear whether the provisional contracts will take effect from 1 August 2020 or a different payment mechanism will apply e.g. provider block contracts determined by NHSI/E or place based budgets to support system working. It is highly unlikely that the Trust will be able to meet its activity levels which were attained prior to covid-19.

5. Implications of COVID-19

5.1. The COVID-19 pandemic has profoundly altered the environment in which OUH is currently working. In the short-term the volumes and types of patient referrals have changed, as have clinical models of care, the capacity required and its location.

5.2. It can be anticipated that:

- The requirement to treat COVID-19 patients will continue for the foreseeable future and certainly for the remainder of this financial year, with the winter months presenting particular challenges. There will be a continuing need :
  - to separately stream COVID-19 and non-COVID-19 patients from the JR and HGH ED
  - for additional critical care, NIV capacity and inpatient beds to support COVID-19 patients
- Based on recent experience the volumes of COVID-19 patients requiring critical care and non-elective care are likely to be lower than national planning models

have predicted for Oxfordshire and future planning assumptions will need to recognise this.

- ED attendances and non-elective admissions have reduced significantly against historic levels. While there is uncertainty over the timing and scale, it can be anticipated that there will be a rebound in emergency demand at some point.
- OUH will need to plan capacity for both COVID-19 and increased volumes of non-COVID-19 patients (recognising that OUH is currently closed to routine GP referrals, the government's intention to implement an exit strategy, improve testing and contact tracing)
- Reliance on insourced and outsourced capacity is likely to be required. This is recognised in the most recent guidance. Consideration is being given nationally about whether the national contract with the independent sector should be extended after the end of June 2020.

5.3. Recent changes in models of care e.g. additional critical care capacity, use of technology for patient consultations and ways of working e.g. increased off-site working present the OUH with opportunities to embed change.

6. Next Steps

6.1. The need to revisit historic planning assumptions is recognised and is in train including:

- Capacity and demand modelling for emergency/urgent bed capacity, critical care and theatre capacity is developed for the remainder of this year, accommodating the requirement to separately stream COVID-19 and non COVID-19 patients. This will enable decisions to be made on opening up elective capacity.
- Workforce availability and capacity are reassessed, recognising that reliance can no longer be placed on historic strategies
- Embedding beneficial changes in models of care is embedded e.g. using technology to conduct outpatient appointments i.e. "digital first"
- Revisiting the financial envelope in which OUH is operating

6.2. A number of priority areas for action have been identified , which will feed into plans, as follows :

  - Cancer capacity - optimising use of the Churchill and independent sector capacity
  - Reopening trauma capacity to meet demand
  - Diagnostics – addressing the backlog of scans
  - West Wing theatre works – progressing the ventilations works in a timely manner

6.3. Supported by engagement with system partners, this approach will enable plans to be developed for the remainder of this financial year.

7. Recommendation

7.1. The Trust Board is asked to note this report.

Jason Dorsett, Chief Finance Officer
April 2020