

TRUST BOARD IN PUBLIC		Date: 25th August 2016	
		Agenda Item: 1.6	
REPORT TITLE:		CHIEF EXECUTIVE'S REPORT	
EXECUTIVE SPONSOR:		Paul Simpson Deputy Chief Executive & Chief Finance Officer	
REPORT AUTHOR (s):		Gillian Francis-Musanu Director of Corporate Affairs	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		N/A	
Action Required:			
Approval ()	Discussion (√)	Assurance (√)	
Purpose of Report:			
To ensure the Board are aware of current and new requirements from a national and local perspective and to discuss any impact on the Trusts strategic direction.			
Summary of key issues			
National/Regional:			
<ul style="list-style-type: none"> National tariff proposals for 2017/18 and 2018/19 Single Oversight Framework Consultation – Next Steps 			
Local:			
<ul style="list-style-type: none"> Launch of the Kent Surrey and Sussex School of Physicians Associates 			
Recommendation:			
The Board is asked to note the report and consider any impacts on the trusts strategic direction.			
Relationship to Trust Strategic Objectives & Assurance Framework:			
SO5: Well led - Become an employer of choice and deliver financial and clinical sustainability around a patient focused clinical model			
Corporate Impact Assessment:			
Legal and regulatory impact	Ensures the Board are aware of current and new requirements.		
Financial impact	N/A		
Patient Experience/Engagement	Highlights national requirements in place to improve patient experience.		
Risk & Performance Management	Identifies possible future strategic risks which the Board should consider		
NHS Constitution/Equality & Diversity/Communication	Includes where relevant an update on the NHS Constitution and compliance with Equality Legislation		
Attachment: N/A			

TRUST BOARD REPORT –25th August 2016 CHIEF EXECUTIVE'S REPORT

1. National/Regional Issues

1.1 National tariff proposals for 2017/18 and 2018/19

On 3rd August NHS England and NHS Improvement jointly published proposals for the national tariff as part of a consultation. Summary of proposals include two major changes:

- To set a national tariff for two years which would include two price lists, one for 2017/18 and the second for 2018/19
- To move from using HRG4 currency design to using phase 3 of HRG4+. HRG4+ is more detailed than HRG4, and better accounts for different levels of complexity. It also better reflects current clinical practice because the design is based on more recent cost and activity data. They propose to retain the same currency design for the second year.

NHSE/NHSI is also proposing a number of other changes to complement the move to HRG4+ currency design. These include an update to top-up payments for specialised services, removing the interventional radiology best practice tariff (BPT), and adding four new national prices.

Proposals include model prices for 2017/18 (based on HRG4+) by using the same method adopted by the Department of Health for the 2013/14 Payment by Results (PbR) tariff, with updated inputs and further adjustments. For the second year of the proposed two year tariff (2018/19) the proposal is to roll these prices over with some adjustments.

The consultation advises that options are being considered to limit financial volatility for providers and commissioners that may arise from a change of currency, or from inadequacies in costing data, particularly for orthopaedic services. However, the extent of the impact described in the consultation has a very wide range of variation with big winners and big losers for Providers.

The prices published alongside the consultation document are the prices for 2017/18 scaled to 2016/17 levels. This means the intention to equalise the funds that would be paid for the same group of patients under both years' prices prior to overall adjustments (for example, for inflation or efficiency). This should allow providers and commissioners to develop a clear understanding of how the proposals in the consultation document would affect them when benchmarked against 2016/17 levels.

Other proposals for currency design include updating the maternity pathway, (which is implied as not currently covering costs) updating the high cost drugs and devices lists, and introducing, changing and removing certain BPTs. The proposals include simplifying the method for calculating BPTs. Again, the proposal is that these aspects of currency would remain the same in the second year of the tariff (2018/19).

Proposals to reintroduce the “gain/share” on specialised commissioning were removed at the last minute but the marginal rate 70% payment for emergency activity remains.

For locally determined prices, the proposal will require commissioners and providers to link a proportion of payment for mental health services to locally agreed quality and outcome measures or agree an alternative payment approach consistent with the rules for local pricing.

Prior to the statutory consultation, they will work with the service through their enhanced impact assessment to identify unplanned or undesirable effects from the proposals in this document. NHSE/NHSI will also continue to work with a range of stakeholders to develop final policies and resolve known issues with their proposals.

Responses to the consultation are due by 12 noon on 26th August 2016. A full copy of the consultation document is available at:

https://improvement.nhs.uk/uploads/documents/TED_final_1.pdf

1.2 Single Oversight Framework Consultation – Next Steps

NHS Improvement noted that over 170 responses were received in relation to the consultation on the single oversight framework. The plan is to shortly publish the final framework and their responses to the comments received. The Framework will take effect soon after publication.

2. Local Issues

2.1 Launch of the Kent Surrey and Sussex School of Physicians Associates

We celebrated the launch of the Kent Surrey and Sussex School of Physicians Associates (PAs). SASH is the largest employer of PAs in the region and we are recognised, by Health Education England Kent Surrey Sussex as being a centre of excellence for PAs. It is this recognition that has led to the development and launch of the School of PAs which is the first of its kind. On behalf of the Board I would like to say well done to everyone involved in this fantastic initiative and we look forward to seeing the school grow.

3. Recommendation

The Board is asked to note the report and consider any impacts on the trusts strategic direction.

Paul Simpson
Deputy Chief Executive & Chief Finance Officer
July 2016