

Commons Select Committee on Health Sustainability and Transformation Partnerships inquiry

A Submission by:

**The Chartered Institute of Public
Finance and Accountancy**

January 2018

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

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1. Executive Summary

- 1.1 CIPFA agrees with the widespread consensus that integration of health and social care is a positive goal. Sustainability and Transformation Plans (STPs) are a potentially helpful means of driving this agenda forward, but their implementation has not yet in practice given rise to confidence that they will deliver as required.
- 1.2 In that context, CIPFA suggest how the arrangements might be strengthened.

2. Background and Context

- 2.1 CIPFA agrees with the widespread consensus that integration of health and social care is a positive goal. A joined-up offer of help can lead to:
 - a smoother and more positive customer experience
 - the identification of more efficient and effective care paths by optimising care across the whole system
 - savings through reducing duplication, improving co-ordination and tapping in to economies of scale
- 2.2 CIPFA believes that STPs are a potentially helpful mechanism to power integration. However, the key is what happens in practice, which has been sufficiently problematic to make STPs, like the Lansley reforms, start to look like something to be worked around rather than a mechanism which helps with the shared agenda.

3. Problems to Date

- 3.1 The difficult birth of STPs has often included inadequate involvement of local government and other partners, problems with consultation, and a suspicion that – although established as bottom-up assessments of local requirements – they are driven by central demands for savings incompatible with continuing the same level of service delivery.
- 3.2 In this context, as in others, CIPFA stands for:

- realistic assessment of financial position to inform the right action, incorporating sensitivity analysis, risk assessment and contingency planning
- long-term planning for a sustainable position
- examining the case for preventative investment up front
- maximum transparency and public accountability

3.3 Evidence suggests that STPs are not yet achieving the above, as¹:

- Plans have been produced in accordance with frameworks that require bottom-up action delivers to top-down assumptions, which may not be deliverable within the wider policy constraints in place. There are signs that CFOs are under pressure to sign off on savings plans they believe to be unrealistic
- The focus – as reinforced by NHS England - has been on short-term acute-related measures and tackling in-year financial pressures. The concentration on the short term has led to:
 - little sign that the investments are being made in preventive measures that might make the system financially sustainable in the long term
 - a ‘business as usual’ attitude towards forming plans, which is damaging the potential for sustainable savings to be delivered – i.e. concrete, transformational changes to properly achieve the ambitions set out for STPs when they formed
 - a lack of a statutory basis to STPs, which makes it easier to proceed without full engagement and to blur assessment of progress
 - little response to critical issues, such as whole system workforce shortages, and lack of action to achieving long-term financial sustainability, which should include: hanging care pathways, shifting from acute to community, identifying the right capital investments
 - not enough upfront investment. CIPFA believes there will need to be greater levels of capital investment to ensure that to the systems

¹ More detail can be found in CIPFA’s briefing [Reality Check: Next steps in developing sustainability and transformation plans](#) and the survey of CFOs reported as [Home truths - CFOs on the path to integration](#)

and infrastructure are in place for success, as well as revenue investment to stabilise budgets in the longer term and ensure there is sufficient change management capacity for success.

- 3.4 The STP ratings demonstrate that the transformation plans have made a promising start towards service integration. However, they also highlight – in line with the points above - that improvements need to be made and urgently.

4. Proposals for Improvement

- 4.1 That picture suggests that the back-up for STPs needs to be strengthened. CIPFA believes that:

- All NHS inspection should be carried out at the level of the STP footprint, not at the organisational level.
- The Treasury should release the shackles it places on NHS capital investment, and indeed on the preventative revenue investment that represents the only long-term hope of reaching a financially sustainable position.
- There needs to be a more realistic split between short-term necessities (to stay within control totals) and longer-term investment (which may well not be in place as required, in this instance it should be flagged as an issue for negotiation). That may in turn require the Government to make a more realistic assessment of the balance between service expectations and resources availability in the NHS.
- There needs to be more contingency planning to ensure the STPs are achievable.

- 4.2 Given that is currently unrealistic to expect any significant legislative changes, it is likely that such strengthening of STPs in the context of moving towards Accountable Care Systems will be the best means of engaging with the agenda. That should in time help reduce the complexity and wrangles caused by the internal market and provide a helpful whole population context for tackling the difficult issues.