

Shadow Integrated Care Leaders  
Copy to Shadow Integrated Care Finance Leads, NHS England and NHS Improvement Regional Directors and Regional Finance Directors, NHS England  
National Director of System Transformation, NHS Improvement Executive Director of Strategy

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9 February 2018

Dear colleague,

### **System control totals and planning for integrated care systems**

The recently published guidance *Refreshing NHS Plans for 2018/19* requires that all integrated care systems will work within a system control total that is the aggregate required income and expenditure position for trusts and CCGs within the system.

This letter sets out your system control totals for 2017/18 and 2018/19, the expectations and the support available for shadow integrated care systems to prepare a single system operating plan narrative that encompasses CCGs and NHS providers, rather than individual organisation plan narratives.

#### Integrated Care Systems

An integrated care system is where health and care organisations voluntarily come together to provide integrated services for a defined population. This means that the accountable officers of all organisations within the system must agree to become an integrated care system and share the associated responsibilities. NHS England and NHS Improvement also need to satisfy themselves that a proposed integrated care system has effective leadership, relationships and capacity; a track record of delivery; strong financial management; a coherent and defined population; and a clear focus on care redesign.

#### System planning

All sustainability and transformation partnerships have been asked to lead a plan alignment exercise between NHS providers and commissioners (including specialised commissioning). We expect shadow integrated care systems to take a leading role in this process.

Shadow integrated care systems are expected to prepare a single system operating plan narrative that encompasses CCGs and NHS providers, rather than individual organisation plan narratives. Your system operating plan should align key assumptions on income, expenditure, activity and workforce between commissioners and providers. Leaders of shadow integrated care systems, are expected to take an active role in this process, ensuring that organisational plans underpin and together express the system's priorities. All shadow integrated care systems are expected to produce a credible plan that delivers the system control total, resolving any disputes themselves, and a shadow integrated care system will not be considered ready to go live if it is unable to produce such a plan.

Shadow integrated care systems must work to the timetable set out in *Refreshing NHS Plans for 2018/19*. We will make available a plan aggregation tool for 'road testing' by the end of February, which can be used to automatically summarise individual provider and CCG operating plans into an aggregate system view. This tool, which is built in Microsoft Excel and uses a built-in macro, can be run locally by your integrated care system finance lead (if they have access to the individual operating plan templates of all organisations) or centrally by NHS Improvement and NHS England using draft plan templates once they are shared with us.

To reinforce this approach to system planning, NHS England and NHS Improvement will focus on the assurance of system plans for shadow integrated care systems rather than organisation-level plans. We expect that shadow integrated care systems will assure and track progress against organisation-level plans within their system, ensuring that they underpin delivery of agreed system objectives. NHS England and NHS Improvement will support system leaders in this task.

### System Control Totals

The table below shows your system control total in 2017/18 and 2018/19, based on the individual control totals of NHS providers and CCGs. The organisations included in your system control total (and % shares for split organisations) have been confirmed by your finance lead and the relevant NHS England and NHS Improvement regional finance directors. The individual control totals which make up your system control total have already been communicated to NHS providers and CCGs in separate letters from NHS Improvement and NHS England. Please note that your 2018/19 system control total is the sum of individual control totals, whether or not they are currently accepted by individual CCGs or NHS providers.

Table: System control total for Nottinghamshire

Organisation	Included in system control total	2017/18 individual control total (incl STF)	2017/18 system control total (incl STF)	2018/19 individual control total (incl PSF & excl CSF)	2018/19 system control total (incl PSF & excl CSF)
		£'000	£'000	£'000	£'000
Nottingham University Hospitals NHS Trust	100%	(10,714)	(10,714)	7,884	7,884
Nottinghamshire Healthcare NHS Foundation Trust	100%	9,622	9,622	7,422	7,422
Sherwood Forest Hospitals NHS Foundation Trust	100%	(37,623)	(37,623)	(33,972)	(33,972)
NHS Mansfield & Ashfield CCG	100%	505	505	0	0
NHS Newark & Sherwood CCG	100%	3	3	0	0
NHS Nottingham City CCG	100%	(600)	(600)	(500)	(500)
NHS Nottingham North & East CCG	100%	0	0	0	0
NHS Nottingham West CCG	100%	0	0	0	0
NHS Rushcliffe CCG	100%	0	0	0	0
<b>Total</b>			<b>(38,807)</b>		<b>(19,166)</b>

Note: System CT includes STF/PSF but excludes CSF.

Specialised commissioning budgets are not included within your system control total in 2018/19. However, they should be included on a 'shadow' basis as integrated care systems work with NHS England specialised commissioning teams to understand their budgets and agree how specialised commissioning will be incorporated into local governance arrangements. It is currently envisioned that relevant specialised commissioning budgets will be included in system control totals from 2019/20 as an NHS England held budget managed with closer working arrangements.

Integrated care systems will be given the flexibility, on a net neutral basis, and in agreement with NHS England and NHS Improvement, to vary individual control totals for 2018/19 during the planning process and agree in-year offsets of financial over-performance in one organisation against financial under-performance in another. In line with the timetable in *Refreshing NHS Plans for 2018/19* you must complete a system control total change request form (provided as **Annex 1** to this letter) and submit to NHS England and NHS Improvement by **1 March** using the email address in the form if your shadow integrated care system would like to go live in April 2018 and make net neutral changes to individual control totals. These changes will be reflected, on a provisional basis, in the planning forms for NHS providers and CCGs, which are due in draft on 8 March. NHS England and NHS Improvement will confirm acceptance of net neutral control total changes by **29 March**, subject to approval of the final plans submitted on **30 April**.

#### Provider Sustainability Fund/Sustainability and Transformation Fund

**Annex 2** provides a reminder of the 2017/18 Sustainability and Transformation Fund Incentive Scheme for the eight shadow integrated care systems which signed a memorandum of understanding with NHS England and NHS Improvement in 2017/18.

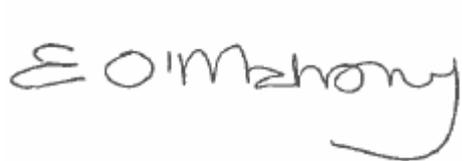
The planning refresh guidance sets out two options for integrated care systems with regard to the Provider Sustainability Fund in 2018/19. Integrated care systems are encouraged to adopt a fully system-based approach to their share of the £2.45bn Provider Sustainability Fund (PSF) and £400m Commissioner Sustainability Fund (CSF) under which no payment will be made unless the system as a whole has

delivered against its system control total. Alternatively integrated care systems can link their share of the additional £650m PSF to their system control total with the remaining £1.8bn linked to individual performance.

Your system will need to agree whether it wishes to go live as an integrated care system in April 2018 and if so, which approach it wishes to take in 2018/19. NHS England and NHS Improvement will make final decisions by the **end of March** on which integrated care systems go live from April 2018 and under which of these two options. We ask that you provide an indicative response by **1 March** using the form provided in **Annex 1**.

Please contact Zephan Trent ([zephan.trent@nhs.net](mailto:zephan.trent@nhs.net)) or Zoe Pietrzak ([zoe.pietrzak@nhs.net](mailto:zoe.pietrzak@nhs.net)) if you have any queries or would like to discuss.

Yours sincerely



**Elizabeth O'Mahony**  
Chief Financial Officer, NHS Improvement



**Paul Baumann**  
Chief Financial Officer, NHS England

## **Annex 1**

[Provided as a spreadsheet attachment with this letter]

## **Annex 2 – 2017/18 STF Incentive Scheme**

The Sustainability and Transformation Fund (STF) Incentive Scheme for 2017/18 was communicated to NHS provider finance directors and chief executives on 29 November.

NHS England and NHS Improvement will use the unallocated/unearned 70% element of the 2017/18 STF to incentivise and reward providers that are able to deliver a financial position that is better than their agreed 2017/18 control total.

For systems which agreed to a 'shadow' accountable care system memorandum of understanding with NHS England and NHS Improvement (which included a commitment to deliver within existing control totals in 2017/18), these incentives will operate as follows:

- Providers will receive an incentive payment of £1 for every £1 agreed above their individual 2017/18 control total.
- In addition, any residual from the 70% of STF linked to control totals at the year-end will be paid as a year-end revenue bonus to providers. For providers within a shadow accountable care system this bonus will be paid where the system meets or exceeds its system control total for 2017/18 as set out in this letter.
- The £ for £ incentive and bonus payments will, where applicable, be paid based on actual full year achievement of an agreed control total position (not on interim achievement).
- Underspends resulting from additional discretionary payments from commissioners or zero sum accounting adjustments between commissioners and providers will be ineligible for STF purposes.
- As in 2016/17, STF payments must result in a pound for pound additional bottom line improvement.