

**GREATER MANCHESTER HEALTH AND SOCIAL CARE PARTNERSHIP  
STRATEGIC PARTNERSHIP BOARD**

Date: 29 April 2016  
Subject: Transformation Fund Update  
Report of: Howard Bernstein

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**PURPOSE OF REPORT:**

This is a short paper to update on the latest position regarding the GM Transformation Fund.

**RECOMMENDATIONS:**

The Strategic Partnership Board is asked to note the contents of the report.

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## **1. INTRODUCTION**

- 1.1 This is a short paper to update on the latest position regarding the GM Transformation Fund.

## **2. BACKGROUND AND CONTEXT**

- 2.1 The Devolution Agreement of November 2014 established the principle of a transformation fund for health and social care. In February 2015 it was agreed that GM would bring forward a Strategic Plan, based upon the Five Year Forward View, which would set out how GM would achieve clinical and financial sustainability during a five year period. This is underpinned by a number of principles agreed in the MoU signed in February 2015 including the below:

- Commitment to the production, during 2015/16, of a comprehensive GM Strategic Sustainability Plan for health and social care. This aligned with the 5 Year Forward View will describe how a clinically and financially sustainable landscape of commissioning and provision could be achieved over the subsequent 5 years, subject to the resource expectations set out in the 5 Year Forward View, appropriate transition funding being available and the full involvement and support of national and other partners;
- The principle of new burdens should also apply, such that where GM is expected to take on a new responsibility during this period, the funding to cover the associated costs will transfer, to the extent where there is such national funding available;
- GM will be able to access any new or additional health and/or social care funding streams that become available during the CSR period;
- No decision about Greater Manchester will be taken without Greater Manchester.

- 2.2 The SR submission identified the need for a fund of £500m to support the delivery of the significant change that GM is preparing to start to deliver from 1 April 2016. Key to this is the implementation of new models of care in line with the Transformation themes which form an important element of the blueprint for a radical transformation of health and social care to achieve clinical and financial sustainability.

## **3. THE NATIONAL POSITION**

- 3.1 Nationally, there are a number of sources of transformation funding within NHS England's allocations. These include an element of CCG allocations, transformation funding within primary care, and the Sustainability and Transformation Fund, this being the largest element. The STF totals £2.139bn of which £1.8bn relates to the Sustainability funding to bring the NHS provider trust sector back into financial balance. The STF will grow from £2.1bn in 2016/17 to £2.9bn in 2017/18, rising to £3.4bn in 2020/21, with an increasing share of the growing fund being deployed on transformation.
- 3.2 The NHSE transformation funding is to support delivery of the Five Year Forward View (FYFV). It will be used to fund initiatives such as the spread of new care models through and beyond the Vanguards, primary care access and infrastructure, technology roll out, and to drive clinical priorities such as diabetes prevention, learning disability, cancer and mental health.
- 3.3 In the main, GM will not have to bid for these funding sources as most of the funds have been rolled into the GM Transformation Fund. The fund is aligned to the delivery of the GM Strategic Plan which incorporates the delivery of the priorities for the region which are fully aligned with the FYFV. For the remainder of the country

the Sustainability and Transformation Plans or STPs will become the single application and approval process for being accepted onto programmes for 2017/18 onwards, but for 2016/17 only, to enable timely allocation, the limited additional transformation funding will continue to be run through separate processes.

- 3.4 GM and the rest of the health economy will be required to achieve the FYFV objectives with a cross partner prevention plan, increased investment in out of hospital care, how the FYFV targets around seven day services. In particular: (i) improving access and better integrating 111, minor injuries, urgent care and out-of-hours GP services; (ii) improving access to primary care at weekends and evenings; and (iii) implementing the four priority clinical standards for hospital services every day of the week will be achieved and support the accelerated delivery of new care models. All parties will be required to demonstrate how these and other changes return local systems to financial balance.

#### 4. THE GM FUND

- 4.1 The final agreed amount for the Transformation Fund for GM is shown below.

	16/17	17/18	18/19	19/20	20/21	Total
TF (£m)	60	120	150	70	50	450

- 4.2 In reaching the revised funding profile there were also a number of discussions on how the GM Strategic Plan aligns with the national targets in the areas set out below. This then underpinned the development of the principles that transformation should not be funded twice.

- Developing and implementing new models of care
- Seven day services in hospitals
- Primary care access and transformation
- Improvements in cancer care, mental health (including CAMHS), maternity services, and dementia care
- Investment in prevention, tackling childhood obesity and diabetes

- 4.3 A set of principles governing the Transformation Fund were agreed which were signed off by the Programme Board and included in the financial chapter of the GM Strategic Plan. They are as follows:

- The TF currently proposed by NHSE totals £450m.
- The governance of the TF will be the responsibility of the Strategic Partnership Board. The TF will be focussed on the delivery of the transformation programmes described in the Plan; all proposals will be independently verified to demonstrate value for money, strategic fit and robustness.
- The TF will be separate from the conventional funding to CCGs etc, but at the appropriate time CCGs will be expected to agree with NHSE how their budgets are supporting the transformation programmes.
- NHSE has the right to determine the financing of the TF. However there must be the necessary degree of flexibility to enable the TF deliver the transformation programmes set out in the Plan. To the extent that any national programmes are used to support the financing of the TF, then the TF will only fund those aspects of proposals which are wholly consistent with the transformation programmes in the Plan. To the extent that any proposals from these national programmes do not correspond to these programmes then these will fall for consideration by NHSE separately.

- Deficit management will be the responsibility of the NHS and will be outside the funding scope of the TF. GM will play a full part to ensure that detailed deficit arrangements are aligned to the transformation journey.
  - The TF will be subject to a performance management framework. Once the detailed profile has been agreed, GM will produce a full range of outcomes across health and social care to be delivered by the TF which will form part of the performance management framework, for agreement by HMT, NHSE, DoH etc
- 4.4 There is now a need to ensure there is clarity around what the Transformation Fund is expected to fund.

## 5. NEXT STEPS

- 5.1 Following the latest discussions with NHSE the following has been agreed:
- 5.2 **Vanguards** – The transformation fund includes Vanguard funding. National funding has been confirmed for the Cancer Vanguard, a contribution to the Salford/Wigan collaboration Vanguard and half of the HMR Test Bed. All Vanguards with a GM element of funding are currently going through the local assessment process which will be informed by the national assessments by the Vanguard Team and determine the funding for this year.
- 5.3 **Primary Care Transformation Funding** – Schemes approved in 2015/16 but not spent in that year are expected to be picked up from the Transformation Fund along with any new proposals. An analysis of the 2015/16 schemes is required to translate commitments into a cash spending profile. The same will be required for 2016/17 bids. There is a separate £4.2m capital allocation which can also be used for this purpose.
- 5.4 **Funding for Primary Care Access (previously Prime Minister’s Challenge Fund)** - For 2016/17 the NHSE planning assumption was that PMCF would cease and that GM would need to fund the continuing costs of improved access. The National team has notified practices directly to say arrangements should be extended into 2016/17 which has created an expectation of funding. £9.4m has been included recurrently in the direct commissioning plan to support the funding of 7 day access in the GM CCG localities. GM is relatively advanced in rolling out improved access and discussions are continuing with the NHSE team as part of their plans for further roll out.
- 5.5 **GP Forward View** – The recent announcement has been welcomed by GM. General Practice forms a key part of the integrated neighbourhood care models that are being developed Overall national expenditure on general practice is expected to rise by a minimum of £2.4bn by 2020/21.
- 5.6 Much of this funding growth will be through core primary care allocations, which are held by CCGs under delegated commissioning arrangements in GM. The elements covered by the ‘Sustainability and Transformation’ funding package will largely be included in the GM Transformation Fund. However the document makes it clear that “As part of agreed devolution arrangements, Greater Manchester has been allocated a transformation fund which includes an appropriate share of NHS England funding for primary medical care initiatives. It will be for Greater Manchester to determine how it is spent in the local area.”

## **6. OTHER PRIORITY AREAS**

6.1 The other areas that the Transformation Fund will cover are set out below:

- Mental Health and CAMHs - The mental health standards are being delivered as part of the Mental Health Strategy and it was anticipated that there would need to be investment from the Transformation Fund in this area.
- Seven Day Services and Maternity Services – There is an expectation that a significant proportion of the seven day service standards will align to the Healthier Together work and the process to produce the pre-consultation business case. This will need to be an early focus of the work as part of the Standardising Acute Care theme.
- Cancer – Again there is an expectation that this will be an early focus of the work as part of the Standardising Acute Care theme, including through the Cancer Vanguard. The first priority has to be to deliver compliant services.
- Diabetes, Childhood Obesity and Prevention all align with the work in the first transformation theme for Whole Population Health and planned investment in these areas.
- Dementia - There is a clear alignment to the Strategic Plan and the GM Mental Health Strategy. Work is required to progress the work to finalise the Dementia United Model and settle the commissioning and funding questions between locality plan submissions and the Transformation Fund.

6.2 In addition:

- It has been confirmed that where an NHS Trust covers an area outside GM, where the net patient flows are material, the Trust will still be able to access any funding streams within the TF that have national bidding processes.
- It has been confirmed that GM will be able to bid for additional funding streams . These are expected to include funding for ICT and the Pharmacy Integration Fund.

## **7. CONCLUSION**

7.1 This paper summarises the position for the Transformation Fund. It is felt that this provides a strong platform to support the processes underway for the assessment of locality plans and issues to be considered when the transformation fund is allocated.

## **8. RECOMMENDATIONS**

8.1 The Strategic Partnership Board are asked to note the contents of the report.

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