

The Sustainability and Transformation Fund and financial control totals for 2016/17: your questions answered

March 2016

Q1. Will commissioners sign off the Sustainability and Transformation Fund (STF) allocations?

A. No. The allocation of the fund has been calculated by NHS Improvement (Monitor and NHS Trust Development Authority) and agreed with NHS England nationally. The Sustainability and Transformation funding allocated to clinical commissioning groups (CCGs) will be ringfenced as pass-through payments to the relevant provider in addition to normal contractual payments.

Q2. Will commissioners sign off the STF performance trajectories?

A. Yes – via NHS England, jointly with NHS Improvement. NHS England and NHS Improvement have in place a joint assurance process for 2016/17 operating plans which aims to ensure provider and commissioner activity, performance plans and contract values are aligned and robust.

Q3. Will commissioners ask for the Sustainability and Transformation Fund to be spent on delivering increased volumes of activity?

A. No. The full impact of the STF needs to flow to providers' bottom-line positions to stabilise the financial position of the provider sector. It cannot result in any costs to providers. Volumes of care will need to be contracted for in the usual way. The STF is a ringfenced pass-through payment and cannot be used to offset the cost of extra volumes of care required or any other elements of usual contractual arrangements.

Q4. Please can you confirm that the control total includes receipt of the STF?

A. Yes, the control total is after receipt of the STF.

Q5. What can a provider do to challenge the control total, if they think it is not possible to deliver?

A. The control totals have been calculated consistently across the NHS provider sector. NHS trusts and NHS foundation trusts should work through all possible actions that could be taken in 2016/17 to deliver the control total and safe services, and be clear about the bridge from 2015/16 to 2016/17. There was not the headroom available in the fund for better than expected performance against the expected breakeven position and in general terms we do not expect to amend control totals. Representations made by trusts about their individual figures will however be considered before the final allocations and control totals are confirmed.

Q6. Can providers who do not sign up to the control total still access the targeted element of the STF?

A. No. NHS trusts and NHS foundation trusts will not be able to access the targeted element of the STF unless they have accepted and agreed the control total and the conditions of the fund.

Q7. Can trusts and CCGs agree a system control total instead of individual ones to foster system-wide working?

A. We strongly encourage health systems to work closely together to manage within the level of resources available. Any requests to move to health system control totals would need to be reviewed and approved nationally through NHS England and NHS Improvement.

Q8. Is the Sustainability and Transformation funding recurrent?

A. The £1.8 billion STF resources are part of the recurrent real-terms uplift for the NHS in 2016/17 of £3.8 billion. Further guidance will be issued in due course on the application of this funding in 2017/18 and thereafter. For 2016/17 planning NHS providers should treat the STF as non-recurring income.

Q9. If a provider meets all but one of the conditions of the fund will they receive no funding for that quarter or a proportion of it?

A. Details of how the assessment of delivery against the criteria of the fund is still to be finalised and what impact this will have on the funding that the trust is entitled to receive will be communicated once agreement has been reached.

Trusts should work on the basis that they must achieve all the criteria of the fund, including individual improvement trajectories, in order to receive the funding and they should prepare plans on this basis.

For financial performance the release of funding will be judged on the year-to-date position which will be within a tolerance of the profiled 2016/17 operating plan. The tolerance levels will be confirmed when NHS Improvement confirms final allocation of the general element of the STF in time for final plans due on 11 April.

The financial control total criterion will be judged on a cumulative basis, and thus providers who do not fulfil it in a particular quarter (but satisfy all other criteria) may, where appropriate, get backdated access to the fund, if they achieve it cumulatively in a subsequent quarter.

Q10. How will the release of funds in arrears at Q4 work in practice? Should providers assume the income and cash will be available before the end of March?

A. Management of the year end access to the fund will be agreed by the end of February 2017 based on an assessment of compliance with the fund criteria.

Q11. If the conditions for accessing the fund are not achieved what will happen to the funding?

A. Any funding not allocated at the start of the year will be transferred to the targeted element of the fund and be available for distribution to providers who are delivering the associated conditions and who can improve their bottom-line financial position by more than or equal to the extra STF they will receive. Funding that is held back in year because conditions are not met will be held as a central reserve against budget pressures.

Q12. Can you provide more details on how the double jeopardy between the STF and sanctions will operate?

A. If a provider does not deliver the agreed, contracted recovery trajectory for the standards listed below they will not receive the STF. However they will not be subject to standard contract sanctions on these standards (ie there will be no double jeopardy).

In accordance with the principles established in the joint dispute resolution process local sanctions can only be applied if agreed between commissioners and providers. If agreement cannot be reached, then the default position is that no local sanctions can be applied. If local sanctions are agreed they are outside the scope of double jeopardy.

The sanctions covered by double jeopardy are:

- a. % of service users on incomplete RTT pathways (yet to start treatment) waiting no more than 18 weeks from referral
- b. % of service users waiting less than six weeks from referral for a diagnostic test
- c. % of A&E attendances where the service user was admitted, transferred or discharged within four hours of their arrival at an A&E department
- d. % of service users waiting no more than two months (62 days) from urgent GP referral to first definitive treatment for cancer
- e. % of Category A Red 1 ambulance calls resulting in an emergency response arriving within eight minutes
- f. % of Category A Red 2 ambulance calls resulting in an emergency response arriving within eight minutes

- g. % of Category A calls resulting in an ambulance arriving at the scene within 19 minutes
- h. zero tolerance RTT waits over 52 weeks for incomplete pathways
- i. trolley waits in A&E longer than 12 hours
- j. all handovers between ambulance and A&E must take place within 15 minutes with none waiting more than 30 minutes
- k. all handovers between ambulance and A&E must take place within 15 minutes with none waiting more than 60 minutes
- l. following handover between ambulance and A&E, ambulance crew should be ready to accept new calls within 15 minutes and no longer than 30 minutes
- m. following handover between ambulance and A & E, ambulance crew should be ready to accept new calls within 15 minutes and no longer than 60 minutes.

Q13. Are there any situations, other than double jeopardy, where a trust will not be subject to the usual contractual sanctions?

A. There is local flexibility over the application of sanctions for Red 2 and A19 ambulance standards, dependent on whether trusts are part of the Ambulance Response Programme. More details of this can be found in the Standard Contract.

Q14. If providers are delivering the core standards recovery trajectory but not the constitutional standard will they be fined?

A. No. Performance will be judged against the recovery trajectories that will form part of the NHS standard contract for 2016/17.

Q15. In some circumstances factors outside the provider's control jeopardise delivery of the recovery trajectory. If this is the case will providers be able to access the Sustainability and Transformation Fund?

A. The recovery trajectories agreed with NHS England and NHS Improvement and included in the NHS standard contract will be predicated on a number of assumptions agreed between commissioners and providers. These will be detailed in the schedule and any variances from these assumptions that materially impact on performance may be considered in the quarterly review process on an exceptional basis.

Q16. Are mental health providers receiving Sustainability and Transformation funding?

- A. Mental health providers are not receiving allocations from the general element of the fund in 2016/17 but will be able to bid for the targeted element. Details of the targeted element of the fund will be announced in time for final plans due on 11 April.

In 2016/17 the STF is concentrating on sustainability more than transformation and 2015/16 results show acute emergency care is under the greatest financial pressure. This is not money to fund service enhancements, but to sustain services facing significant financial challenges.

Mental health providers should also note the Prime Minister's announcements on 11 January 2016, when close to £1 billion of commitments for mental health services over the spending review period was confirmed.

Q17. How was the allocation of the Sustainability and Transformation Fund calculated?

- A. See [The Sustainability and Transformation Fund and financial control totals for 2016/17: methodology](#) for details of how the allocation was calculated.

Q18. Are the surplus/deficit control totals referred to in the letters to NHS trusts and NHS foundation trusts based on each sector's usual bottom-line financial performance measure?

- A. Yes. For foundation trusts the control totals included in the letters are the surplus/deficit pre impairments and transfers. For NHS trusts the control totals are the adjusted financial performance measure. Gains/losses from asset disposals have been excluded from the control total. See question 22 for guidance on the treatment of donations.

Q19. Are there control totals for 2015/16 and if so what is their basis?

- A. No control totals have been set for 2015/16. However, the STF in 2016/17 is only being made available on the assumption of a deficit not greater than £1.8 billion in the provider sector. Providers have been asked to continue their commitment to taking the actions necessary to improve the 2015/16 financial position with the aim of improving the position in Q4.

Q20. What process do NHS trusts and foundation trusts have to go through to accept the STF allocation, the control totals and associated conditions?

- A. NHS providers should submit a board approved plan on 11 April 2016. These plans should include the notified STF amount and include a surplus/deficit position in line with the 2016/17 control total. See question 18 for a definition of the measurement of surplus/deficit positions. The plan narrative should also reference the STF and an update on how the trust plans to meet the associated conditions.

Q21. Will NHS Improvement publish control totals and fund allocations? Is my organisation required to disclose its indicative control total and provisional fund allocation in response to FOI requests?

A. NHS Improvement will publish final control totals and provisional fund allocations as part of its report on final annual operating plans. NHS Improvement does not intend to publish the indicative control totals which are intended for further consideration by NHS Improvement and the trust, to inform a final decision on the control total. We cannot advise individual organisations on how they should respond to freedom of information (FOI) requests; however trusts may wish to consider whether it is appropriate to withhold the figures pending NHS Improvement's publication. The provisional allocations of the general element of the fund are set out in [*The Sustainability and Transformation Fund and financial control totals for 2016/17: methodology.*](#)

Q22. Will donations be factored into the control totals for NHS foundation trusts?

A. For NHS foundation trusts the original control totals, communicated to trusts on 15 January 2016, assumed the same level of donations in 2016/17 as forecast at Month 6 out-turn for 2015/16. Due to the volatility in donations received from one year to the next, NHS Improvement has issued adjusted control totals for NHS foundation trusts excluding the impact of donations received for property, plant and equipment and intangible assets, and depreciation on donated assets. The adjusted control totals have been communicated to NHS foundation trusts by email through their final annual plan review operational planning template. This adjustment is only for the purposes of setting and monitoring control totals and does not replace the existing financial performance measures in place for NHS foundation trusts.

For NHS trusts the impact of donations and depreciation on donated assets is not included in the adjusted bottom-line financial performance measure and so this adjustment will not be needed.