The document, *The NHS in England: the operating framework for 2009/10*, was published in December 2008. The operating framework sets out the Department of Health’s priorities in the light of the NHS Next Stage Review and the specific policy, business and financial arrangements expected of the NHS for the year ahead. This briefing details the key points of the operating framework, as well as the key announcements of the Pre-Budget Report and the primary care trust allocations for 2009/10 and 2010/11.

**Key points**

- No new national targets.
- National priorities are the same as last year.
- … but there are new areas of work associated with them.
- The average allocations growth for PCTs in 2009/10 is 5.5 per cent.
- … but there is a requirement for an additional efficiency saving in 2010/11 which could be as much as £1.5 billion.
- Organisations and communities will need to find ways of meeting challenging efficiency targets.
- The next two years are a crucial period of preparation for difficult times ahead with predicted prolonged periods of low growth.

**Background**

2009/10 will be a pivotal year for the NHS as implementation of the NHS Next Stage Review gathers momentum and the additional capacity and ‘reform levers’ are used to transform services to deliver high-quality care for patients and value for money for the taxpayer.

The operating framework for 2009/10 does not set any new targets, but sets four challenges for the year ahead:

- to continue to deliver on the national priorities that matter most to patients and the public
- to invest additional resources to prepare for the need to make substantial efficiency savings in 2010/11 and for a tighter financial climate after that
- to start to put in place the foundations that will help deliver the ten strategic health authority (SHA) regional visions and put quality at the heart of the NHS
- to develop new ways of working and leading that reflect the evidence base and principles for driving large-scale transformational change.
Key priorities for 2009/10

There will be no change to existing priorities and no new national targets, although there are some new requirements in existing priority areas. However, the NHS must be ambitious in continuing to make improvements, going beyond expectations wherever possible. The focus should be on systematically improving quality across the NHS.

The five national priorities for 2009/10 are those established through the previous operating framework:

- improving cleanliness and reducing healthcare associated infections (HCAIs)
- improving access through the 18-week referral to treatment pledge and improving access to GP services
- keeping adults and children well, improving their health and reducing health inequalities
- improving patient experience, staff satisfaction and engagement
- preparing to respond in a state of emergency, such as an outbreak of pandemic influenza.

Cleanliness and healthcare associated infections
Organisations that have not achieved a 50 per cent reduction in MRSA should retain this as their immediate goal. Those that have met the target must continue to reduce rates. Primary care trust (PCT) contracts with provider organisations must include targets to reduce infection rates and improve cleanliness.

From April 2009, all elective admissions must be screened for MRSA. This should be extended to cover emergency admissions no later than 2011. Once national targets are achieved they will become national minimum standards.

Improving access
From December 2008, the minimum expectation of consultant-led elective services will be that, generally, no one should wait more than 18 weeks from the time they are referred to the start of their hospital treatment. PCTs and providers should plan how they will maintain this and ensure that the patient experience reflects it.

Performance will continue to be measured against minimum operational standards of 90 per cent (admitted patients) and 95 per cent (non-admitted patients).

Providers will be expected to accept all clinically appropriate referrals online and ensure that enough appointments are available so patients can book directly.

During 2009/10 the NHS will move to the Secondary Uses Service (SUS) – the single source of comprehensive data to enable a range of reporting and analysis.

PCTs are encouraged to look at new service models, including self-referral, for allied health professional services and community services, and promote their use. They should also review the workforce mix with a view to improving the accessibility and experience of services.

PCTs should maintain the reductions in waits for direct access to audiology and hearing aid services they planned for delivery in 2008/9.

Informatics planning 2009/10

Alongside the operating framework, the Department of Health has published further detail to support the development of local informatics planning. The operating framework for 2009/10 outlines the need for local informatics planning, with board-level ownership and support to deliver information-enabled service transformation.

Informatics planning for 2009/10 is set in the context of the NHS Next Stage Review, the Health Informatics Review and the drive to achieve world-class commissioning standards. The achievement of this vision for the NHS relies upon the provision of integrated information across health and social care.

The guidance (see ‘Further information’ on page 8) sets out the Department of Health’s expectations of PCT commissioners, SHAs and providers of NHS-funded care in respect of informatics planning.
Every PCT should ensure it achieves and maintains the minimum access standards for GP services and continues to improve GP services. This includes ensuring that opening hours reflect patient needs. During 2009/10 PCTs should also ensure there is timely implementation of GP-led health centres and new GP practices where needed.

PCTs need to continue to develop NHS dental services so that they meet local needs for access, quality of care and oral health. This will include reviewing dental commissioning strategies.

**Keeping adults and children well, improving their health and reducing health inequalities**
The aim should be to focus on improving health as well as treating sickness, which will involve working with other local agencies. Organisations need to deliver greater equity in health outcomes and address the differences within and between different communities. Tackling health inequalities should be put at the centre of service delivery.

Well-being and prevention services remain a priority. The standard contract for 2009/10 includes the requirement that providers of abortion services should provide contraception advice and services after an abortion.

Over the next two years everyone with a long-term condition should receive help to manage their condition and be offered a personalised care plan.

Some new requirements are included in the operating framework in four areas previously identified in 2008/9:

- **cancer** – patients should not wait more than 31 days for radiotherapy by December 2010
- **stroke** – the National Stroke Strategy and SHA visions committed to improving stroke care should be implemented
- **maternity and neonatal services** – by the end of 2009 there will be a choice of how to access maternity care, type of antenatal care, place of birth, and place of postnatal care; PCTs should develop more responsive services
- **children** – reducing obesity remains a key objective; PCTs should promote breastfeeding; PCTs should review the transparency of their services in line with the Child Health Strategy; all NHS organisations will be expected to keep their safeguarding children arrangements under review; SHA workforce plans should support improved health outcomes for children.

**Experience, satisfaction and engagement**
The operating framework stresses the importance of PCTs fully engaging and involving citizens as they work towards becoming world-class commissioners. Commissioner and providers should work together to respond to the views and experience of patients and implement the new complaints system.

Staff empowerment and engagement is also important, and all NHS organisations need to sustain and build on the work they have done. PCTs should endorse the commitments to staff in the NHS Constitution on quality work, well-being, learning and development, and involvement and partnership. The Care Quality Commission will use an indicator for staff satisfaction in its periodic assessments.

**Emergency preparedness**
PCTs should work with NHS organisations and others locally to put in place plans to enable an effective response to major incidents. They should also test, review and improve their plans to deal with a pandemic influenza outbreak.

**Priorities determined and set locally**
Developments in the last year within the context of the NHS Next Stage Review should help PCTs develop and implement their local plans:

- **alcohol** – PCTs should consider the impact they can have on hospital admissions for alcohol-related conditions through their services
- **dementia** – PCTs should work with local authorities to consider how they could improve dementia services
- **end-of-life care** – PCTs need to take account of the End of Life Care Strategy and local SHA visions
- **mental health** – PCTs and providers should adopt the principle of providing care in the least restrictive environment and as close

**Tackling health inequalities should be put at the centre of service delivery**
to home as possible. In addition, by April 2010, no 16–17 year-olds should, generally, be treated on adult psychiatric wards

- military personnel, their dependents and veterans – PCTs and providers should give priority access to veterans for service-related conditions
- mixed-sex accommodation – PCTs should work with local providers to deliver reductions in the number of patients in acute, general or community hospitals who share sleeping or sanitary accommodation with members of the opposite sex
- people living in vulnerable circumstances – the Department of Health will be testing ‘fit for work’ services, including improved advice from GPs and a new ‘fit note’
- people with learning disabilities – PCTs should ensure they secure general health services that make reasonable adjustments for people with learning disabilities.

Enabling high-quality care across the NHS

Enabling all parts of the NHS to focus consistently and systematically on improving the quality of care requires long-term transformation that touches all parts of the system, starting from the front line. This transformation will come about by:

- developing and embedding a new approach to change
- putting in place a series of enablers for high-quality care.

A quality service is defined as a service that is safe and effective and one where the patient experience is good.

The ‘bottom up’ approach to change is based on four principles:

- co-production – all parts of the system working together to shape and implement change
- subsidiarity – taking decisions at the right level
- clinical ownership and leadership
- system alignment – all parts of the system pulling in the same direction.

The quality framework

Embedding the quality framework is a priority for all parts of the NHS. In 2009/10 progress needs to be made in seven areas to improve quality:

- bring clarity to quality – this includes an enhanced role for the National Institute for Health and Clinical Excellence (NICE) from 2009/10; in time, NICE will become the home for all national standards
- measure quality – embedding measurement for improvement should be a priority for all NHS organisations
- publish quality performance – from April 2010 onwards, healthcare providers delivering services on behalf of the NHS, starting with acute trusts, will be required to publish an annual ‘quality account’
- recognise and reward quality – all PCTs will need to agree with NHS providers how to link payment to quality in their 2009/10 contracts; acute contracts should include a Commissioning for Quality and Innovation (CQUIN) scheme linking payment to the achievement of specific quality improvement and innovation goals (see page 6); in the first year these schemes may focus on goals for improved data collection and quality measurement; the other standard contracts have the option of including a full CQUIN scheme, but are only required to agree a quality improvement plan in 2009/10
- raise standards – all SHAs will have regional medical directors for 2009/10
- safeguard quality – from April 2009, this will become an important role of the new Care Quality Commission
- stay ahead – innovation must be central to the NHS; all providers of NHS care must increase their participation in research; SHAs will ensure that NHS trusts work with the NIHR Comprehensive Clinical Research Network; from 31 December 2008, there will be a new duty on SHAs to promote innovation.

Empowering patients to improve quality

In order to contribute to improvement, patients need good information on the quality of services. PCTs should contribute to the development of NHS Choices by...
integrating it into local support and advice for their patients and by encouraging GP practices to improve the information about services.

PCTs should improve awareness so that people know they have a choice of provider and GP, and they should continue to develop their expert patient programmes.

Once the services covered by the new legal right of choice about care are announced, SHAs and PCTs must prepare for when it comes into force, possibly as soon as April 2009.

PCTs should identify local priorities with their communities and keep local people up to date with how the PCT and partners are performing.

Commissioning for quality
Commissioners are the key to delivering the local visions set out in the NHS Next Stage Review. They will demonstrate their competence through having a coherent strategic plan, and must provide strong support for practice-based commissioning. They need to develop a full understanding of the benefits and costs associated with the services that they source for their communities. Three new standard contracts have been developed for implementation in 2009/10:

- mental health and learning disabilities
- community services
- ambulance services.

The Pricing Framework for Community Services will inform contracting for 2009/10. PCTs should have community service portfolios covering, initially: health and well-being; children and families; acute care provided in the community; long-term conditions; rehabilitation; end-of-life care.

The standard contract for NHS acute services has been refined to take in key components of the NHS Next Stage Review that relate to the NHS Constitution and the CQUIN payment framework. From April 2009, PCTs should implement the revised version of the standard contract for their agreements with all providers already on it, and transfer onto it the independent sector providers and NHS foundation trusts whose existing contracts are due to expire on or before April 2009. PCTs that implemented the standard contract in 2007 should use the contract variation process to introduce the required amendments.

Leadership and a high-quality workforce
The National Leadership Council will have a key role to play in 2009/10 in helping local organisations develop the right set of talents and skills to drive forward the quality agenda.

NHS organisations need to take on board the findings of Working for a healthier tomorrow, which include the responsibility of the NHS towards its own staff. SHAs should put in place learning and development agreements with the NHS and other service providers.

Developing high-quality providers
The quality framework for community providers will be piloted from June 2009, prior to national implementation from April 2010.

There is a commitment to accelerate progress in 2009/10 so that all NHS trusts achieve foundation status at the earliest opportunity.

By April 2009, PCT provider services should be in a contractual relationship with their PCT, providing sufficient separation from commissioning roles to avoid potential conflicts of interest.

The 2009/10 tariff for acute services is based on a new classification – HRG4 – that has been designed to take greater account of case-mix complexity (see page 6).

Informatics to support quality
The introduction of the Summary Care Record (SCR) will improve patient care, particularly for those with a long-term condition or who require urgent care. SHAs will agree a timetable for implementing the SCR with PCTs as commissioners.

Quality and safety of patient care will be improved through better data quality. Data quality metrics for the NHS number, patient demographics, secondary uses and other key priority areas will be routinely published and monitored.

NHS organisations will need to demonstrate compliance with information governance standards.
**Financial framework for 2009/10**

The aggregate surplus from 2008/9 will be carried forward to 2009/10. This will result in some £800 million over the next two years. Each SHA area will determine and agree with the Department of Health the level of accumulated surplus deployment required for 2009/10. The total 2009/10 surplus for the NHS is expected to be about £1.35 billion.

The average allocations growth for PCTs in 2009/10 is 5.5 per cent, with a minimum growth floor of 5.2 per cent. For 2010/11, average allocations growth is also 5.5 per cent, with a minimum growth floor of 5.1 per cent. This represents a total increase in PCT direct funding of £8.6 billion over the two years, over which time no PCT will receive less than 10.6 per cent growth over the two years.

In 2008/9 £500 million is available to fund PCT local capital schemes. That amount will be made available again in 2009/10, together with £100 million brought forward from 2010/11 to upgrade up to 600 GP surgeries to support training in practices.

In 2010/11 PCT local capital scheme funding will increase to £565 million. Additional capital funding to PCTs to support central initiatives is currently being discussed with SHAs.

There are no changes in 2009/10 to the capital regimes in the PCT or NHS trust sectors.

**Payment by results**

The proposed tariff for 2009/10 has substantial differences from tariffs in previous years. A new set of healthcare resource groupings (HRGs) will take effect from April 2009 – HRG4.

To help trusts adjust to the new tariff, the full range of potential changes will not be introduced in 2009/10. Tariffs for A&E services will remain based on the structure of HRG3.5 and there will not be a mandatory tariff for procedures delivered in outpatient clinics in 2009/10.

From 1 April 2009, PCTs will retain the responsibility and the funding available to them.

**Using the Commissioning for Quality and Innovation (CQUIN) payment framework**

The NHS Next Stage Review included a commitment to make a proportion of providers’ income conditional on quality and innovation, through the Commissioning for Quality and Innovation (CQUIN) payment framework. Guidance on using the CQUIN payment framework was published at the same time as the operating framework (see ‘Further information’ on page 8).

It sets out what local schemes should cover, explains how the framework is funded, gives an outline of the timetable and how the process for using the framework might work, and describes the support and assurance arrangements for local schemes.

The guidance should be read in the context of the 2009/10 operating framework, the revised acute contract and new contracts for community, mental health and ambulance services. These require commissioners and providers to ensure that all contracts for 2009/10 link payment to quality improvement. For the acute sector, this should be through a CQUIN scheme linking payment to the achievement of specific, locally determined goals. In community, mental health and ambulance services, PCTs and providers have the option of developing a CQUIN scheme or linking payment to an agreed quality improvement plan. This option will be available in 2009/10 as an interim stage. From 2010/11, all organisations will need to develop full CQUIN schemes.

In 2009/10 the financial resources that PCTs will be able to link to CQUIN schemes will equate to 0.5 per cent of a provider’s annual contract income. Providers have a right to have the opportunity to earn this money, but it will not automatically flow to them. The intention is to make quality improvement goals integral to what commissioners pay for. However, the guidance emphasises that CQUIN is just one element of the wider quality framework and is not the only vehicle for commissioners and providers to agree quality improvement initiatives.
to enable them to pay the relevant Market Force Factors (MFF) element of tariff payments directly to providers. The MFF is non-negotiable and the new MFF indices for all providers are included on the Payment by Results website. The impact of MFF changes from 2008/9 has been capped at 2 per cent.

Only two top-ups to the tariff remain – for orthopaedics and for specialised services for children. All providers are eligible for the orthopaedic services top-up but, as in 2008/9, only eligible providers will be able to claim the top-up for specialised services for children.

Independent sector organisations providing services under free choice must also be paid appropriate tariff plus MFF.

The tariff includes an uplift of 1.7 per cent to reflect 2009/10 prices. This includes an efficiency requirement of 3 per cent. The uplift of 1.7 per cent should be used as the benchmark for contracted services that are currently outside the scope of the national tariff.

The uplift for 2009/10 does not include a quality element. Providers will have the opportunity to secure additional income from commissioners through their local arrangements under CQUIN.

Providers will submit activity data monthly, and the information supplied as of 30 days after the end of the month will be the basis for payment reconciliation.

**Efficiency**

PCTs and NHS trusts will be expected to explore the opportunities identified under the Cross-Government Operational Efficiency Programme, where further efficiency savings can be found from 2010/11. The programme covers shared services in back office operations, increased use of collaborative procurement, a more commercial and efficient use of assets, and the further development of local empowerment and incentives to foster and disseminate front-line innovations.

**Confederation viewpoint**

When the operating framework for 2009/10 was published our first reaction was relief that there were no substantial new targets. The Department of Health had clearly made a significant effort to keep new targets and ‘must dos’ to a minimum.

But closer examination of the priority areas reveals that whilst some of the headings are the same they have new areas of work associated with them, such as the new priorities around general health services for people with learning disabilities.

The non-directive language in the framework is also welcome, but this could leave room for stakeholders with interests in particular areas to interpret the suggestions as requirements.

While the NHS is in a strong position to weather the immediate down-turn, and the uplift in PCT allocations for the next two years is over 10 per cent, the future is less certain. There will be a requirement for an additional efficiency saving in 2010/11 which could be as much as a further £1.5 billion. There will also be an increase in employers’ National Insurance from April 2011 which will have a significant impact on wage bills. The 1.7 per cent uplift for providers seems tight and, combined with the uncertainties of the changes in the tariff and MFF, creates a challenging environment. The lack of any solution to the increased revenue costs of PFI caused by the technical adjustments in their treatment will be an added pressure for some providers. The longer-term position seems less secure and beyond this spending review the NHS is much more likely to be facing a prolonged period of very low growth – probably following overall growth in public spending (1.3 per cent in 2011/12, falling to 1.1 per cent in 2013/14).

The next two years are therefore a crucial period of preparation for difficult times and as much of the surpluses as can be sensibly spent
will be needed. Both the Pre-Budget Report and the operating framework are optimistic about improved efficiency, although both seem to relate to top-down modelling exercises and make assumptions about operational efficiency, procurement, the use of assets, length of stay, shifting work out of hospital etc. But history tells us that these often bear little resemblance to what is possible locally. This means that organisations and communities will have to find their own ways of meeting these challenging efficiency targets. More radical approaches are going to be required and increasingly these will have to be across the whole pathway of care. Ensuring that the system management arrangements are aligned in ways that support this will be vital. Ensuring high-quality local and clinical leadership to design and implement these changes will be even more necessary.

For further information on the issues covered in this briefing, contact nigel.edwards@nhsconfed.org

### Further information

- **The NHS in England: the operating framework for 2009/10**
  - [www.dh.gov.uk](http://www.dh.gov.uk) (Gateway ref 10967)
- **The Pre-Budget Report 2008**
  - [www.hm-treasury.gov.uk/prebud_pbr08_index.htm](http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm)
- **PCT allocations.** [www.dh.gov.uk](http://www.dh.gov.uk)
- **Informatics planning for the NHS in England 2009/10**
  - [www.dh.gov.uk](http://www.dh.gov.uk) (Gateway ref 10988)
- **Using the Commissioning for Quality and Innovation (CQUIN) payment framework**
  - [www.dh.gov.uk](http://www.dh.gov.uk) (Gateway ref 10852)
- **High-quality care for all: the NHS Next Stage Review.** NHS Confederation briefing issue 168, July 2008 [www.nhsconfed.org/publications](http://www.nhsconfed.org/publications)
- **Working for a healthier tomorrow.** Dame Carol Black’s review of the health of Britain’s working age population, Department of Health, March 2008

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- influencing policy, implementation and the public debate
- supporting leaders through networking, sharing information and learning
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