

Evidence by Chris Hopson, Chief Executive of NHS Providers, to the Commons Health Committee discussion of STPs and the current financial plight of the NHS, October 13 2016. From Hansard.

Q 36 Chris Hopson: If we are diving into STPs, the concern we have is this. We think it is a very important process. It is a process that has lots of good in it. The idea of asking a local health and social care economy to come together and plan on a long-term strategic basis seems to us to be really important. Our members report growing relationships and effective relationships in many of the STPs.

However, there are two big risks that need to be managed. The first is that we are going at breakneck speed here. I heard Sir Amyas's comment about the need, but in some cases these organisations have not really spoken to each other before, and if you really want to get to a quality of plan they have to be given time. The other danger that virtually all our members say to us is that they are now being required to meet a 2020-21 financial allocation that is after our famed U-bend of where the funding is going to drop, so they are now looking at a set of figures that, to be frank, just look completely undeliverable.

Our members very clearly asked the question in June/July, "Do you want a plan—any plan—that balances to that very reduced figure, or do you want us to tell you how far we can get?" The answer came back very clearly, "Do not submit a plan—you are not allowed to submit a plan—that does not balance to the 2021 figure."

Our members are saying to us that they are spending quite a lot of time creating plans that, in their view, are not deliverable and usually involve major structural service changes because that is the only way they can create a balanced plan. Our view is that that risks blowing up and destroying a process that seems to us to have a huge amount of fundamentally positive benefit. That is a consistent story that we are getting from virtually all our members.

Q37 I would echo the time one. The vast majority of people we talk to are saying it is just not possible to get to a quality of plan that we would like within the proposed timescale.

The second thing people say to us clearly is that we have now been given this 2021 figure, which we have to balance, which is, as I say, after the plus 1.3%, plus 0.3% and plus 0.7%. It is a scary figure that has, in most STPs, hundreds of millions of pounds of gap in it, and effectively our members are saying they want to get a better balance.

Please do not misinterpret everything that I am saying, because every one of our members is up for a realistic, stretching efficiency challenge to get things better, but the problem is the size of financial hole that is now being created in 2021. If you are told you have to balance and you cannot submit a plan if you do not balance, that means that people are coming up with, to be frank, vastly over-ambitious plans that effectively rely on either vastly over-

ambitious demand management plans or, more often, service reconfigurations that we know are not going to happen because they will not command the required political support and there simply is not the capital available, which comes back to that fundamental conundrum that I put in the letter to you, which is that we have now reached a point where you cannot make the circle square. Our members are trying to make the circle square by coming up with some very over-ambitious service reconfiguration plans that we know are not going work.

If that is going to be the financial envelope—and the Government have the right to set the financial envelope—we need a proper, more effective debate about what other ways we are going to use to close that gap. But the bit that nobody can deny is that, if you look at those figures that people are being asked to balance to in 2021, we are talking about hundreds of millions of pounds of gaps. The highest one I have come across is over £1 billion. Yes, of course, there is stuff like better prescribing, but we are not going to reach that kind of gap without doing something very different. Our members are saying, “Please do not force us into coming up with undeliverable silly plans because you are focusing on this financial gap.”