SCOTTISH EXECUTIVE

Health Department

Dear Colleague

REGIONAL PLANNING

1. INTRODUCTION

This guidance sets out a framework for NHS Boards' engagement in Regional Planning of health services.

It will support collaborative working to plan and deliver health care where it is appropriate to do so at a regional level. It provides NHS Boards with a basis on which to fulfil the statutory duty to co-operate for the benefit of the people of Scotland contained in the National Health Service Reform (Scotland) Act 2004. In practice, this requires effective inter-Board co-operation in the planning and delivery of services for population groups which span more than one NHS Board area. Regional Planning will be an increasingly important feature of health care delivery in Scotland. It is not only about the planning of highly specialised services. There will be a significant number of services where integrated patient care is best delivered through collaboration between NHS Boards.

Effective Regional Planning is essential to support the delivery of a modern, integrated and sustainable NHS. Ministers expect to see a step-change in the development of regional approaches to service improvement. Regional Planning Groups will be able to use the attached framework to ensure a more systematic approach to planning and delivering the health care services which are best provided to the people of Scotland at population levels above that of the individual NHS Board. Accordingly, Regional Planning requires NHS Boards to recognise the benefits of sharing their responsibilities and resources in respect of such regional services. It also requires linkages to be made between Regional Planning groups and regional Managed Clinical Networks, which are involved in the redesign of services.

The framework has been developed by NHS Board Chief Executives and has been subject to consultation with NHS

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Boards and the Scottish Partnership Forum. NHS Boards should implement the arrangements set out in the framework with immediate effect. Boards will be required in September 2005 to provide a report to Ministers on progress with regional planning.

The new approach to regional planning provides an opportunity for a step-change, leading to greater co-operation across NHS Board boundaries, shared provision of services and greater pro-activity. It will facilitate the deployment of professional staff beyond their NHS Board of employment. The regional agendas set by Regional planning Groups will also be important in informing work on the National Framework for Service Change. The National Framework will have regard to progress made with regional planning and the scope for it to play an increasingly prominent role in service planning and delivery.

2. BACKGROUND

The need for regional planning was identified in '*Rebuilding our National Health*' (2001) and HDL (2002)10 *"NHS Scotland: Guidance on Regional Planning for Health Care Services"* set out the role of Regional Planning groups as:

"Planning, funding and implementing services across NHS Board boundaries;
Harnessing the support and potential of Managed Clinical Networks;
Developing integrated workforce planning for cross-Board services
Regionally harmonising NHS Board service plans
Planning emergency response across NHS Board boundaries." (para. 4.1)

The White Paper '*Partnership for Care*' set out Scottish Ministers' view that only through "better planning and co-operation at regional and national level" will it be possible for the NHS to provide the full range of modern health services. '*Partnership for Care*' highlighted the need to integrate workforce planning, service planning, redesign, education and training, recruitment and retention, role development and reward. It also paved the way for the new duty of co-operation referred to above.

3. THE NEW FRAMEWORK

The new framework will enhance and develop the regional planning already undertaken by Boards. It assumes that the membership of the three Regional Planning Groups (North, West and South East) remains as at present but recognises that the complexity of the NHS means that membership of one Regional Planning Group (RPG) should not prevent individual NHS Boards from linking up with other RPGs or other NHS Boards to access specialist services. Accordingly, the guidance focuses on the processes for promoting inter-Board provision of services, rather than on structure. The framework comprises three distinct elements:

a means **to create an agreed regional planning agenda** each year within the context of individual Board's responsibilities for the wider involvement of the community, health council, local authority, local clinicians and the development of a local health plan.

rules of engagement for decision making within a Regional Planning Group.

a financial framework setting out the financial principles underpinning the inter-Board provision of services and supporting arrangements.

Detailed proposals for each of these three elements of the regional planning framework are set out in the annexes to this letter.

4. BENEFITS OF REGIONAL PLANNING

Regional Planning will be applicable across a wide range of services. It will form the basis for collaboration between NHS Boards on specialist services but also on the vast majority of acute care. For example, the expert Group on Acute Maternity Services identified that regional planning was essential in this area. Similarly, NHS Boards will wish to work together to plan and deliver a number of diagnostic and treatment options in a range of other acute services. Collaboration may include working together to ensure clinical sustainability of services, equitable access to services, better pathways of care or combined service provision. It should also include out-reach from centres to support local services – often across NHS Board boundaries. Regional Planning should assist NHS Boards to deliver their individual health plans while at the same time ensuring a more joined-up approach to service provision for Scotland overall. Regional Planning Groups will be expected to work together to develop a co-ordinated approach to service provision wherever appropriate.

Regional Planning will include both service planning and workforce planning and provides an opportunity to align work on service redesign and reconfiguration with workforce development.

5. GOVERNANCE ISSUES

The creation of a duty to participate in regional service and workforce planning will have implications for the governance arrangements within and between individual NHS Boards.

Internal Governance Arrangements: NHS Boards will require to ensure that the appropriate internal governance arrangements exist to ensure the work plan of the RPG supports the local health plan and decisions reached at the RPG have the support of the NHS Board. In particular, it will be important to be clear about the accountability arrangements and delegated authorities to Chief Executives to make operational decisions within the overall framework of priorities agreed by NHS Boards. Boards will also require to ensure that partner NHS Boards are aware of the implications and possible impact of local Health Plans in one area on planning partners.

Regional Arrangements: The RPG will require to ensure that clear arrangements exist for ensuring that the work of the RPG supports that of the collaborating NHS Boards. This will include involvement of Board members and other stakeholders in establishing the Regional

Agenda; regular reports of activities and progress for consideration at NHS Boards; and the involvement of clinical and other staff in Clinical and specialist planning groups.

6. FUNDING

Annex 3 to this letter sets out a financial framework. It identifies a number of principles that will underpin the provision of regional services, an approach to the costing of service provision and a commitment to develop for the longer term a more refined and more stable approach to costing.

7. DISPUTES

Annex 3 also contains a process for resolving disagreements related to the duty now placed on NHS Boards to participate in co-operative working across Board boundaries. The strong expectation is that NHS Boards will work constructively to reach agreement, using conciliation where necessary. The formal dispute process Disputes will be considered by an independent panel appointed by the Minister. The procedure should be used sparingly but where it is appropriate, the conclusions will be binding on all parties.

8. RESOURCES REQUIRED

The development of robust structures to support regional planning will not in itself ensure the delivery of results. The task of creating a regional planning agenda is complex and needs to be inclusive of a wide range of planning partners. The implementation of that agenda – by establishing and servicing planning or service redesign teams drawn from NHS Boards in each region are also tasks that must be resourced if Boards are to fulfil their duty. In considering and approving a regional planning framework NHS Boards need to take into account how it will be resourced and the contributions which existing staff in NHS Boards can make to achieving results.

NHS Boards must consider, not only the resource implications of working regionally but also the resources required to make the process work. Regional Planning will only work well if appropriate leadership, management, planning, clinical and financial time are dedicated to the process.

9. ACTION REQUIRED BY NHS BOARDS

- NHS Boards should give immediate effect to this framework for regional planning.
- NHS Boards should participate fully and constructively in the planning process set out in the Annexes to this letter.

- NHS Boards should review existing service level agreements for inter-Board provision of services.

- NHS Boards should satisfy themselves that the Regional Planning Group in which they participate is properly resourced to plan and review regionally provided services and to take forward the agreed agenda.

- NHS Boards should agree delegated authorities with Chief Executives to enable them to take the operational decisions required to make regional planning work effectively.

Yours sincerely

IAN GORDON
Acting Head of Department

Regional Planning Framework
Annex 1– Methodology for Creating Regional Agenda

Background

NHS Boards have long standing statutory responsibilities to obtain the healthcare and treatment required for the residents of the Board area. The new duty of co-operation contained in the National Health Service Reform (Scotland) Act 2004 requires Boards to work across current geographical boundaries. They may need to do so in order to:

- implement national priorities for NHS Scotland;
- examine the sustainability of services;
- improve patient pathways of care and enable more appropriate access to services;
- allow local access to services previously available only in specialist centres where providing that local access will improve the clinical outcomes;
- assess the regional implications of NHS Board Service Plans, including the case for migrating more complex activity to tertiary centres;
- develop capacity in workforce planning and development which support changing models of care;
- co-ordinate campaigns on health improvement or lifestyle issues in order to maximise benefits;
- review the provision of emergency healthcare services at a regional level;
- commit to develop public involvement strategies at a regional level;
- promote service redesign through a sponsoring or supervisory role in relation to appropriate MCNs;
- tackle issues that are common to all Boards.

At the same time, NHS Boards are required to work with planning partners in the wider community – local authorities and the voluntary sector – to develop "Joint Futures". NHS Boards also have a responsibility to involve staff in decisions that might affect them and to work with patients in design of services. The emphasis is on partnership working across organisational and geographic boundaries to ensure an integrated, seamless service that meets the health and social care needs of the population.

In order to enable decision making in Regional Planning Groups, NHS Boards need to put in place mechanisms for partnership working across boundaries and to develop a shared planning agenda.

2. Creating the Annual Regional Planning Agenda

An annual process is needed to ensure that the wide range of planning partners of NHS Boards are involved in developing and agreeing the agenda for regional planning. This framework requires each NHS Board to:

1. develop a Local Health Plan, from which the individual service and workforce strategies and plans will flow. These plans are based on both national and local priorities. These plans should also identify those issues which can only be addressed through wider working – regionally or nationally.

2. contribute to an Annual Regional Planning Workshop (ARPW) in which health service planning partners come together across the region, to agree the regional agenda for the year ahead and longer term priorities for action.

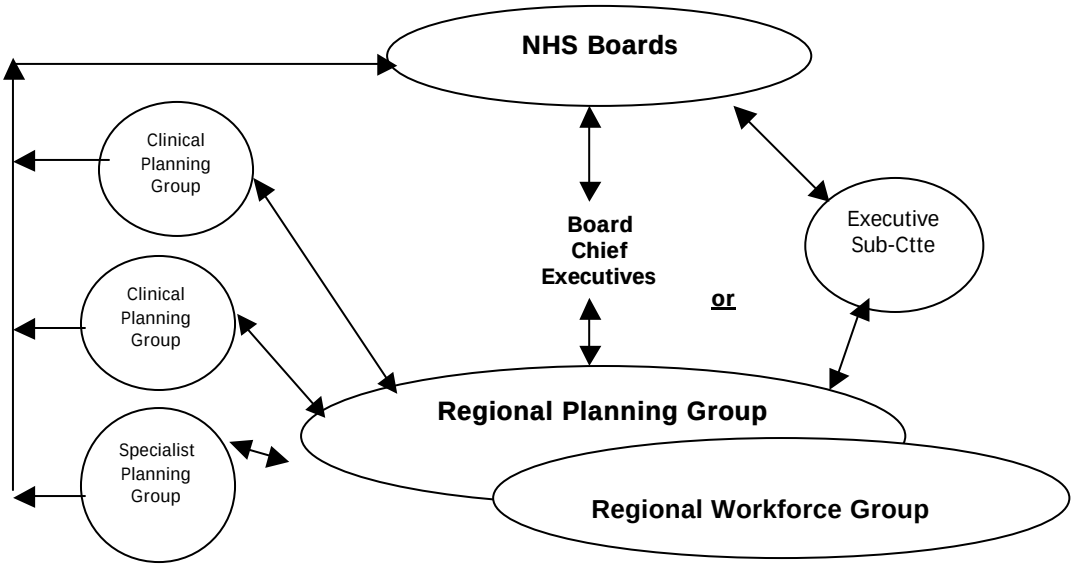
3. ratify the regional work programme and the priorities for both the ensuing year and the longer term, drawn up by the Regional Planning Group (RPG) in response to the ARPW. This is likely to include the establishment of sub-groups involving clinicians and other staff from across the region to provide clinical, professional and planning advice to the RPG.

4. delegate authority to make decisions on the implementation of the agreed work programme, identified through the annual planning process to the RPG via the Board Chief Executives who constitute the RPG. The RPG will also manage and prioritise ad-hoc/in-year initiatives within the agreed regional agenda, ensuring that the NHS Boards are appraised appropriately.

5. consider reports from the RPG via the Board Chief Executive to ensure that the RPG is successfully achieving the regional work programme. While NHS Boards delegate authority to the Regional Planning Group to act on their behalf, the accountability and responsibility for the decisions of the RPG rests with NHS Boards and it is the responsibility of the Board Chief Executive to ensure that individual NHS Boards are kept appraised of progress of the RPG.

3. Machinery for Regional Planning

The machinery for regional planning is described pictorially below.



Board Chief Executives will be the core members of the Regional Planning Group however the RPG will have arrangements for involving the wider community across NHS Boards, including Divisional Chief Executives, other Executive Directors, Employee Directors and the clinical community, in its widest sense. SEHD Special NHS Boards, including post-graduate deans, may also be represented on the RPG. Each RPG will agree appropriate membership arrangements.

The Clinical Planning Groups will be established to provide the Regional Planning Group with clinical, professional and planning advice. These may be established as sub-groups of the planning group or as regional MCNs. These groups will be clinically led, involving local clinicians, health professionals, patient and staff representatives, supported by the Regional Planning Group resource. Regional Planning Groups may also establish other Specialist Planning Groups e.g. workforce, finance or professionally specific to provide specialist advice. These groups should be established in partnership and an appropriate Executive/Chief Officer would lead these groups.

In circumstances where there are regional actions which have significant revenue and capital implications or entail major changes of service, each NHS Board may wish to participate in regional planning through an Executive Sub-committee in place of the Chief Executive acting alone.

4. Planning Process/Timetable

Current Guidance (NHS HDL (2002) 73) on Local Health Plans (LHP) provides for LHPs to be prepared on an annual basis, to integrate with the Accountability Review process, and to facilitate the Community planning partnerships. Each LHP is prepared to adhere to a 3-year planning time-scale. NHS Boards will delegate authority to Board Chief Executives to act on their behalf in the RPGs. The RPGs have delegated authority to act in areas of identified competence however the accountability for the actions and decisions of RPGs will be retained at local NHS Board level. It is therefore necessary to ensure that the Regional Planning cycle reflects the local planning Cycle. (Note: Financial Planning timetables operate on a 5-year time-scale). In view of the strategic agenda faced by RPGs there may be a need to take a longer term view of the planning priorities and work on a five year cycle, in line with the financial planning cycle.

The table below summarises the current local and proposed planning cycle for RPGs. It should be noted that although presented in a tabular form, this table describes an annual cycle.

Month	LHP Timetable	Regional Timetable
September	National Priorities Identified by SEHD	• National priorities for regional working identified by BCE Group/SEHD/constituent NHS Boards.

September - February	Planning Period NHS Boards & Community Planning Partners	• RPGs - Regional Planning event involving all stakeholders to identify Regional implications for following year. • RPGs & NHS Boards to identify regional implications of NHS Board service plans. • RPGs & regional MCNs identify & agree regional implications of MCN service plans • RPGs identify regional implications of national priority implementation plans • Regional Consultation event to consult on outcomes.
March	LHPs approved by NHS Boards	• Approved LHPs submitted to RPGs • Regional planning agenda developed by RPGs.
May-July	Assessment of LHP as part of Accountability Review	• Regional planning agenda approved by constituent NHS Boards. • Assessment of regional planning activity as part of NHS Board Accountability Review

5. Annual Planning Event

Stakeholder involvement is crucial to the development of the regional planning agenda. The process of involvement will take place over the autumn/winter months, culminating in an agreed agenda being concluded by February of each year. Stakeholders will include:

- Board Chairmen and non-executive Trustees;
- Board Chief Executives;
- Divisional Chief Executives;
- Medical Directors;
- Directors of Nursing;
- Directors of Planning, Finance, Public Health and HR;
- Senior Clinical staff from both acute and primary care sectors;
- Clinical leaders of Regional MCNs;
- Partnership Representatives (nominated by the Scottish Partnership Forum)
- Employee Directors;
- LHCC/ CHP clinical and managerial leads;
- Community Planning partners;
- Voluntary organisations; and
- Patient/public representation.

6. Prioritisation Process

The White Paper identifies that a key task for regional planning groups will be to consider the sustainability of services, to ensure the continued availability of clinical expertise to meet patient needs. To achieve this, regional planning groups should "identify the best way to configure acute hospital and other services at a regional level in order to provide the best service possible to the people of the area." (Para.43, p41)

Effective regional planning will depend on both positive collaborations between NHS Boards and the development of a manageable agenda. A clear process for prioritisation must support this.

Tools for prioritisation should allow decision-makers to make informed choices based on the level of benefit to be achieved and the investment required. The challenge for Regional Planning Groups will be to balance regional and local priorities and to make choices between clinical specialities, care groups, acute and primary care and cost pressures to deliver a manageable programme of regional planning and service redesign activity appropriate to the needs of their populations, which supports the agenda within collaborating NHS Boards.

There are a range of prioritisation methodologies within local health systems currently in use across Scotland, which range from complex score-based methodologies to pragmatic judgmental systems. All systems have three factors in common:

- The extent to which the proposal delivers against the identified objectives;
- The evidence base;
- The supporting financial framework – costs, investment and/or disinvestment required or necessary.

Regional Planning Groups should agree the methodology appropriate for the RPG for use in prioritising the work plan, as identified through the stakeholder events.

Regional Planning Framework
Annex 2 - Rules for Decision Making in Regional Planning Groups

1. Background

Regional Planning is seen as key in pursuing the redesign agenda and developing more sustainable patient-focussed solutions for hospital services.

A regional approach to planning will not succeed unless individual NHS Boards have ownership of the process and are assured of the openness and transparency of the decision-making processes used at regional level. This framework for decision-making, approved by individual NHS Boards will assist in that process by addressing the roles and responsibilities of both NHS Boards and Regional Planning Groups and ensuring clarity around the potential accountability issues.

Regional Planning Groups should, on the basis of the framework, reach binding agreements on how regionally provided services will be organised. The remainder of this annex sets out the rules that guide the decision making at regional level.

2. Rules of Engagement in Decision Making within Regional Planning Groups

1. Each Regional Planning Group (RPG) will have delegated authority from member NHS Boards to make decisions within the agreed Regional Service and Workforce Planning Agenda (see annex 1 for methodology for creation of Regional Planning Agenda) and to prioritise the implementation of these taking into account the agreed objectives for regional planning set annually at the Regional Planning Conference. The RPG will also manage and prioritise ad-hoc/in-year initiatives, ensuring that the NHS Boards are appraised appropriately.

2. The membership of each RPG comprises the Board Chief Executives of the NHS Boards involved. Other organisations/groups may attend the RPG, if the RPG wishes, but the representatives of these groups do not have executive authority. Since individual NHS Boards may be members of more than one RPG, decision-making within the RPG (see paragraph 1-11 below) will need to take account of participating NHS Boards.

3. The Regional Planning Group will have the authority on behalf of the constituent NHS Boards to:

- Develop and progress a co-ordinated approach to service delivery for and on behalf of constituent NHS Boards;
- Facilitate commissioning and monitoring of services which extend beyond NHS Board boundaries services between members and outwith the region;
- Develop strategic workforce solutions which support service delivery models;
- Commit and monitor resources, within the agreed financial framework, for the purposes for which it was approved;
- Determine commissioning policy;
- Agree a prioritisation framework for the RPG, reflective of those within individual NHS Boards;
- Commission reviews/research to inform decisions;
- Agree, monitor and update action plans;
- Develop delivery plans (often in collaboration with other RPGs) for highly specialised services;
- Performance manage regional managed clinical networks;
- Establish sub-groups as appropriate.

4. Authority to act on behalf of the NHS Board within the RPG will be delegated to each Board Chief Executive (BCE) or delegated deputy; however he/she must be clearly identified. The level and scope of delegated authority should be agreed and defined.

5. Decisions will be reached by consensus at meetings and will be binding on member Boards if based on this framework.

6. Once a decision is reached, each Board is bound by collective responsibility.

7. All NHS Boards will require to ensure that their internal governance arrangements take account of the need to collaborate with other NHS Boards at regional level. The RPG must also ensure that clear communication arrangements exist between the RPG and the collaborating NHS Boards.

8. Authority to act on behalf of the NHS Board may exceptionally be delegated to an executive sub-Committee of each relevant NHS Board, which would then meet together as the Regional Planning Group for the purpose of reaching decisions which required significant expenditure commitments (or controversial service changes) above the level conventionally delegated to Chief Executive.

Regional Planning Framework
Annex 3 – Financial Framework

1. Principles underlying Financial Framework

NHS boards are funded to provide services for their residents. For a range of reasons including specialisation, distance of services and patient choice, patients often receive services from health boards other than the one they are resident in. Clearly there need to be financial transfers to reflect this. The difficulties of the last few years has been with the financial aspects and, in particular, relative contributions to be made for each individual NHS board that have proven to be a major hurdle in achieving effective regional planning and provision of services. Board Chief Executives have therefore collectively identified the need for more explicit guidance to NHS Scotland on the financial transfers.

The financial framework needs to reflect the following principles:

- Successful regional planning will be dependent on a culture of risk and cost sharing to ensure that the widest possible range of health services are available to the whole population of Scotland.

- Financial flows need to reflect the changing nature of healthcare and support a modernised approach to healthcare delivery.

- Financial transfers should reflect the amount of services provided and actual costs of providing those services. This may be on the basis of a portfolio of services but there should be no subsidisation of services.

- There should be an incentive for NHS boards providing services to residents of other boards to do so with maximum efficiency.

- There should be regional risk sharing arrangements, to cope with circumstances where patient numbers crossing boundaries are higher or lower than expected, and to cover treatments which are rare but extremely expensive to treat when they do occur.

- A national tariff based on consistent and reliable costing systems and improved information on activity disaggregated at the level of Healthcare Resource Groups (HRGs) will be developed which will set a benchmark for the costs of activity within each HRG.

2. Short Term Action

Until we have reliable information on a continuous basis as described above, we will need to rely on the type of periodic exercise looking at costs and activity that was carried out in southeast Scotland. A similar exercise is being carried out in the west of Scotland and one should also take place in the North of Scotland. These exercises establish a baseline for costs and activity which can be updated each year to reflect changes in input costs, efficiency and activity. National guidance on changes in input costs and realistic efficiency improvements will be prepared so that these can be reflected in financial transfers on a consistent basis and then taken into account in considering the national tariff.

3. Capital

Any business case for capital investment in a regional service should take account of the provisions of HDL (2003) 39. It would require to be approved by the relevant NHS Boards through the Regional Planning Group in order to allow letters of support to accompany the business case.

4. Resolving Disagreements

It is recognised that until the NHS Reform (Scotland) Act 2004 there has been no formal duty to participate in Regional Planning and subsequently individual NHS Boards have been able to opt-in or out of regional planning and inter-NHS Board services, at will. This freedom can undermine the sharing of costs and risks of service change.

Agreements between NHS Boards are not legally enforceable. As a result, disputes that have arisen in connection with regional services and routine cross boundary flows have been referred to SEHD for resolution, in the absence of any other means for independent arbitration or judicial resolution. Resolving such disputes has been hampered by wider political considerations and some disputes have remained unresolved for several years.

If the Regional Planning arrangements are to be effective, there must be robust mechanisms for ensuring collective discipline and a more efficient method of dispute resolution.

A two-stage process will be implemented for resolving disagreements which occur between collaborating Boards within Regional Planning Groups or between Regional Planning Groups.

Step 1: Conciliation

Prior to implementation of any formal mechanism to resolve disagreements it is expected that all parties to the disagreement will enter into a conciliation process, facilitated by an agreed independent expert in the disputed area. This expert will arbitrate to determine whether a compromise/solution may be found which is acceptable to all parties. If this fails then the disagreement will move to the formal procedure.

Step 2: Formal Disputes Resolution Process

The principles and methodology for disputes resolution in Primary Medical Services (Scotland) Act 2004 will apply.

- Any NHS Board within RPG may refer the dispute by written request to the Minister, who will establish an expert panel to adjudicate in the area of disagreement;
- The panel will be given a clear time-frame to conclude its deliberations;
- All parties to the disagreement will have the right to make both written and verbal submissions to the panel;
- The panel will have the right to take evidence from any party who it deems relevant.
- The panel will make a determination on both the evidence presented and any other expert knowledge it deems appropriate;
- The panel will advise the Minister of their decision, in writing; within an agreed time-frame;
- The decision of the panel will be binding on all parties;
- The Minister will implement the decision and may enforce any unresolved financial issues through top-slicing of budgets.