SUSTAINABILITY AND TRANSFORMATION PLANS (STPs)

What, why and where next?

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The NHS is facing one of the most challenging periods in its history. A toxic combination of ever rising demand and stagnant funding growth means that the service is facing a funding gap of more than £22 billion over the coming years. Meanwhile, the pressure on the social care system is even more acute, with many councils raising eligibility thresholds and making cuts to social care budgets.

Sustainability and Transformation Plans (STPs) – which are local health and care reform plans, authored jointly by NHS and local government leaders to improve outcomes and drive greater efficiency in their local area – are one of the government's main responses to this problem. These plans rightly focus on decentralising power within the NHS, investing in leadership and relationships (over incentives or structural change) to drive improvements, and on local health and care organisations coming together to overcome the silos created by the 2012 Health and Care Act.

Although these plans vary in content, they have (by and large) correctly identified the most promising reform solutions, including the reconfiguration of the acute sector, the movement of care into the community, and the delivery of an upswing in prevention, with reform to commissioning, workforce, estates and local innovation infrastructure all considered key enablers. However, going forward, there are a range of challenges that stand in the way of STPs realising their vision for improved health outcomes and greater efficiency.

In particular, they:

- face a deficiency in leadership, especially at the national level, which means that the public is either unaware of the reform plans or is misinformed about them, leading to unnecessary opposition
- risk getting engulfed by the funding pressures on the service, with much of the existing funding being channelled into maintaining existing ways of working or filling in deficits, rather than enabling the reform agenda
- have no statutory powers with which to deliver their reform agendas, with the fragmentation created by 2012 Health and Social Care Act retained – making STPs a workaround – rather than addressed directly.

POLICY RECOMMENDATIONS

Leadership

1. National leaders across all political parties – especially the prime minister and health secretary – should back the reform agenda and lead a high profile public engagement exercise to make the case for it, especially controversial and little understood hospital reconfigurations.
2. STP leads – who are currently voluntary and part time – should be appointed into formal paid positions and given a budget for a support team and office staff. This would recognise their important role in the system and the huge amount of work involved in the process.

Funding

3. The government should create a new hypothecated 'NHS tax', by raising income tax and national insurance for the highest paid to provide a further £3.9 billion a year to tackle the funding crisis in the NHS, and reform pensions tax relief to deliver a £3 billion a year cash boost to social care. The former should be channelled through the transformation element of the Sustainability and Transformation Fund, in order to help close the remainder of the funding gap.

Power

4. The government should offer STPs powers akin to a devo-health deal, but within the STP framework. This would include appointing a new accountable chief officer with delegated powers over some specialised and primary care commissioning, as well as introducing a shared control total for the area alongside the local area's share of the Sustainability and Transformation Fund.
5. Existing national legislation should be amended – in particular Section 75 of the NHS Act 2006 – to better enable the pooling of budgets and commissioning functions locally. As reform progresses, the creation of new national legislation should be considered to give the regional (STP) level a formal role in the system, codify place-based health and care, soften emphasis on organisational silos, and move from competition to collaboration.

For the full report, including all references, data sources and notes on methodology, see: www.IPPR.org/publications/stps

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