

31 January 2011

Richmond House  
79 Whitehall  
London  
SW1A 2NS

**To:**

All Chief Executives in NHS Trusts in England  
All Chief Executives in NHS Foundation Trusts in England  
All Chief Executives in Primary Care Trusts in England  
All Chief Executives in Strategic Health Authorities in England

**Cc:**

All Chairs of NHS organisations in England  
All Chief Executives of Arm's Length Bodies in England  
All Chief Executives of Local Authorities in England  
Monitor  
Care Quality Commission

Gateway Reference: 15520

In line with our commitment in the 2011/12 Operating Framework, I am writing to you with the guidance to support the establishment of PCT clusters. Maintaining our grip on quality and finance in the short term, whilst enabling the creation of the new system envisaged in *Excellence and Equity: Liberating the NHS* is an unprecedented challenge. We have decided to create clusters in order to sustain our focus on this challenge, rather than allowing an unplanned erosion of PCT capacity and capability whilst the new system develops. The formation of clusters will also create space for emerging GP consortia, the number of which is growing rapidly with 141 pathfinder consortia now identified.

We have chosen to create a national timeline and framework for the formation of clusters, although the process will be driven locally and regionally. This national consistency is important for two reasons. Firstly, it is necessary during the transition to keep a particularly tight grip on finance, performance and quality in order to hand over a strong platform to GP consortia. In order to decentralise in the long term we must centralise some aspects of our business in the short term. Secondly, the end-point for the current national and regional tiers of the system is a single organisation covering the whole country and supporting a vibrant system of local consortia: the NHS Commissioning Board. That is very different from the current system of separate statutory organisations, and it is therefore important to develop a more consistent and uniform approach during the transition.

The introduction of cluster management arrangements will require significant continued commitment and high standards of professional behaviour as we move through a rapid and difficult period of change, particularly for PCT and SHA staff. I will do all I can to ensure we are supporting people through this change. But I also want you to share my determination to ensure that we maintain the quality of care, and financial stability through this period. The period leading up to the establishment of the clusters will be a major test of this determination: it is one which we must respond to positively in the interest of our patients.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Nicholson'.

Sir David Nicholson KCB CBE  
NHS Chief Executive