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Dear Colleague,

Publication of *Liberating the NHS: Legislative Framework and Next Steps and the 2011-12 Operating Framework*

I am writing to inform you that today we have published the Government's response to the NHS White Paper, *Equity and Excellence: Liberating the NHS*, along with the NHS Operating Framework and PCT Allocations for 2011/12.

I wanted to take this opportunity to thank you and your colleagues for the considerable time, effort and enthusiasm with which you have engaged with the consultation. I also wanted to set out some of the key headlines within the Operating Framework which will enable emerging consortia to take on increasing commissioning responsibilities and ensure that they have access to financial and other support to help them develop as consortia.

Attached is a letter Sir David Nicholson has sent today to all NHS Chief Executives, which I wanted you to have early sight of. This sets the commissioning changes in the context of the vision for the new healthcare system as a whole. It also sets out Sir David's priorities for 2011/12, along with a transition roadmap, which aims to maintain performance and quality during the first full year of transition to the new system architecture.

The consultation response, *Liberating the NHS: Legislative Framework and Next Steps* reaffirms the Government's commitment to the White Paper reforms and shows how the reform proposals have been developed in the light of consultation. The richness and diversity of consultation responses have provided a valuable perspective, demonstrating very significant support and enthusiasm, but also identifying some concerns and issues we need to work through with stakeholders.

The insights and suggestions we heard in consultation have helped the Government strengthen the proposals in several areas. Equally importantly, they have also helped refine the approach to implementation, in order to create flexibility, empower local leadership and support the significant cultural change that respondents highlighted would be needed to make the reforms a success.

The overall vision set out in *Equity and Excellence: Liberating the NHS* received widespread support, and therefore the principles for reform remain the same, namely:

- putting patients at the heart of the NHS: transforming the relationship between citizen and service through the principle of *no decision about me without me*;

- focusing on improving outcomes: orientating the NHS towards focusing on what matters most to patients – high quality care – not narrow processes;
- empowering local organisations and professionals, freeing them from bureaucracy and central control, and making NHS services more directly accountable to patients and communities.

However, as a result of the views and comments received, there are several key areas where the Government's approach has been modified. In particular some specific examples are that the Government will now:

- allow a longer and more phased transition period for completing the reforms to providers;
- use the programme of GP consortia pathfinders to test a number of the key issues involved in introducing GP commissioning;
- strengthen the role of health and wellbeing boards in local authorities, and enhance joint working arrangements through a new responsibility to develop a "joint health and wellbeing strategy" spanning the NHS, social care, public health and potentially other local services; and
- extend councils' formal scrutiny powers to cover all NHS-funded services, and give local authorities greater freedom in how these are exercised.

The reforms to the commissioning architecture and in particular, the development of GP consortia, are absolutely at the heart of the White Paper's vision for the NHS – and in 2011-12 all pathfinders and emerging consortia will have a critical role to play. The Operating Framework aims to maintain and improve the quality of service as a new landscape of organisations, accountabilities and relationships develops, while supporting emerging consortia in their development and in taking on increasing responsibilities on behalf of PCTs during the transition.

Arrangements for 2011/12

Consortia will be given a development fund of £2 per head, which should be in addition to and can be used alongside existing practice based commissioning funding. This can be used flexibly to fund, for example, clinical backfill, training and organisational development.

PCTs will be undergoing significant changes during 2011/12 both to support the transition towards the new commissioning arrangements and to ensure a sustained focus on quality and productivity during the transitional period. While individual PCTs will necessarily continue to retain their statutory duties and accountabilities, these will increasingly be discharged through PCT 'cluster' arrangements. This means that as consortia take on more responsibility and more staff are working more closely with them, the capacity and skills in PCTs will be best used.

These PCT clusters will sit within a **national, regional and local** framework of support and accountability.

PCT clusters will work with consortia to identify staff whose future role may be to support commissioning. As a minimum all emerging consortia will be offered individuals who can support them in the following roles:

- a qualified or accredited senior finance manager;
- an organisational development expert/facilitator;
- an individual with expertise of appropriate governance arrangements/corporate affairs; and
- a commissioning expert to support emerging consortia in their assessment of those commissioning activities they will carry out themselves, those where they may choose to act collectively, and/or

where they may choose to buy in commissioning support from external organisational both during the transition and beyond.

Of course, in many areas we expect that emerging consortia will agree with their PCT that many more staff are working closely with the consortia on their behalf. The clusters will also ensure that the full range of commissioning support is available to consortia during the transition period.

Once consortia take on their full statutory responsibilities and receive their full allocations it will of course be up to them to decide from where they source their commissioning support. The Operating Framework sets out the expectation that GP consortia will have an allowance for running costs that could be in the range of £25 to £35 per head of population by 2014/15. During the transitional period, where pathfinders and other groups of GP practices are carrying out commissioning responsibilities on behalf of PCTs, it is essential that they have experienced financial, organisational, governance and commissioning support at their disposal, along with access to a range of other back office functions. This will help support a successful transition and enable emerging consortia to focus on providing clinical leadership to the commissioning process and shaping the care their patients can receive.

Nationally, the NHS Commissioning Board will be established in shadow form as a Special Health Authority in 2011/12 and will become fully operational from 1st April 2012. As part of its responsibilities, it will need to work with GP practices to ensure there is a comprehensive system of GP consortia and to ensure that consortia have access to the right support.

SHAs will remain accountable **regionally** during 2011/12 for both operational delivery and the transition to new commissioning arrangements. They will oversee the development of PCT clusters and ensure local coherence across the new architecture – including relationships between GP consortia pathfinders and local health and wellbeing board early implementers. **Locally**, PCT clusters will be accountable to SHAs in 2011/12 and then to the NHS Commissioning Board in 2012/13.

The role of pathfinders in all of the above will be critical to success. Their pioneering work will enable all of us to learn, reflect and improve the design of the eventual commissioning architecture over the transition period. If you are not already a pathfinder, you should be considering now how you will group together into consortia, what your objectives will be and the best operating model for delivering these, in partnership with your local community. Our ambition is for all GP practices to become part of the pathfinders programme at the earliest opportunity.

I would be extremely grateful if you could share this letter with all the practices you work with.

There is no doubt that the next financial year will be a challenging one which will see a great deal of change across the NHS and wider health and care system. However, I firmly believe that these changes herald opportunities for general practice and clinicians more widely, to take the initiative, to innovate and to deliver the tangible benefits to your patients and the wider public that you are uniquely placed to achieve.

Yours sincerely,



Dame Barbara Hakin
National Managing Director of Commissioning Development