

Department of Health

Annual Assessment of the NHS Commissioning Board (known as NHS England) 2016-17

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Presented to Parliament pursuant to section 13U(6) of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012)



National Health Service Act 2006 (as amended) – section 13U requirements in relation to the Annual Report of the NHS Commissioning Board (known as NHS England) for the financial year 2016-17

This Act Paper sets out my fourth annual assessment of the National Health Service Commissioning Board's performance, pursuant to section 13U(4) of the above Act, covering the 2016-17 financial year.

I have considered the Board's Annual Report and Accounts for 2016-17 which have been laid before Parliament today (18 July 2017). In accordance with section 13U(4), I have written to the Board's Chair, Professor Sir Malcolm Grant, with my assessment of the Board's performance in the discharge of its functions for the 2016-17 financial year. A copy of this letter is enclosed with this Act Paper.

My letter to Professor Sir Malcolm refers to the Board by its operating name, NHS England. The letter contains my assessment of the following matters specifically set out in section 13U(2)(a) to (c), as required in section 13U(5):

- a) the extent to which the Board met any objectives or requirements specified in the mandate for the above year;
- b) the extent to which the Board gave effect to the proposals for that year in its business plan; and
- c) how effectively it discharged its duties under sections 13E (duty as to improvement in quality of services), 13G (duty as to reducing inequalities) and 13Q (public involvement and consultation by the Board).

As is required under section 13U(6), I am laying a copy of this letter before Parliament today and will be publishing it on the GOV.UK website afterwards.

Rt Hon Jeremy Hunt MP

Jen Lh

Secretary of State for Health



From the Rt Hon Jeremy Hunt MP Secretary of State for Health Richmond House 79 Whitehall London SW1A 2NS

18 July 2017

Professor Sir Malcolm Grant Chair, NHS England Skipton House 80 London Road SE1 6LH

Dear Professor Sir Malcolm

Annual assessment of NHS England's performance in 2016-17

I am writing to you to set out my assessment of NHS England's performance during 2016-17. I have based my assessment on: evidence from your annual report and accounts; available data; feedback from stakeholders; and the discussions that my departmental team and I have held with you and your team throughout the year. The assessment sets out performance against the objectives, deliverables, and requirements in the Government's mandate to NHS England for April 2016 to March 2017.

First, I would like to recognise the outstanding contribution that the NHS' 1.3 million staff across the country make each and every day in delivering outstanding care and support for patients. Their diligence, professionalism and expertise is central to supporting the NHS to become the safest, most compassionate, highest quality health system in the world.

The mandate sets out the steps that the Government expects NHS England to take to help realise this vision for the NHS. I am therefore pleased to see that, in challenging times, the majority of the deliverables set for 2016-17 have been met. We have also been discussing commissioning at a local level, where progress has been good overall. I look forward to you publishing the results of the CCG Improvement and Assessment Framework this week.

NHS England's core aim is to deliver excellence in access and outcomes for patients and, this year, substantial advances have been made across a number of areas, including mental health, maternity care and diabetes prevention. In particular, we have moved nearer to closing the health gap between people who have a mental illness and the wider population and making parity of esteem a reality. To support further progress to this end, in the year ahead I will look to NHS England, together with the Department's other Arm's Length Bodies, to deliver the *Five Year Forward View for Mental Health*.¹

I would like to recognise that NHS England has delivered against its full range of financial performance duties, including meeting its own financial control totals, and made a significant

¹ https://www.england.nh<u>s.uk/wp-content/uploads/2016/02/Mental-Health-Taskforce-FYFV-final.pdf</u>

contribution to achieving overall financial balance in the NHS. This has been done through careful management of risk, including delivery of a managed underspend of £900m to help manage significant cost pressures across the NHS. I recognise that this has been achieved at some cost to making progress in service transformation. This is crucial to our shared aim of delivering sustainability for the future and I will be looking to NHS England, working with NHS Improvement, to again ensure overall financial balance in 2017-18.

Continued growth in demand² has put pressure on patient access and the NHS is not meeting core standards set out in the NHS Constitution. This remains a key priority for the Government, which is why it is essential that the actions set out in the mandate for 2017-18 on referral to treatment and A&E waiting times are implemented in full, as well as achieving the 62-day cancer waiting times standard. Safety, access, and quality of care must be at the heart of all that the NHS does and I expect this to be addressed in the year ahead, including further action to moderate demand growth.

In 2017-18, a key focus for NHS England in meeting these standards will be to ensure patients are transferred to more appropriate care when they are fit to leave hospital. At present around 2,500 hospital beds are occupied by patients who are fit to leave and awaiting social care, but an equivalent number are occupied due to delays in community health services. I know that you are working closely with local government on this and we have agreed a target for reducing NHS-related delayed transfers of care in 2017-18. There is a corresponding expectation for local government. To support this, the Government has provided an additional £1 billion for local authority-funded adult social care, and we expect part of this to be used by councils to take immediate action to fund care packages for more people, support social care providers, and relieve pressure on the NHS locally. This builds on the Better Care Fund (BCF), which was introduced to support the NHS, including NHS England, to work with local authorities to advance health and social care integration to deliver more person-centred, co-ordinated care. I am pleased, therefore, to note that all local plans were agreed in 2016-17, and the planning requirements for 2017-18 have been published and I look forward to their successful implementation over the year ahead.

The Government has been clear, including through the mandate, that it supports the NHS in delivering its own plan⁴ to provide safe and effective services for the future. I was pleased, therefore, that *Next Steps on the Five Year Forward View*⁵ sets out how NHS England will deliver service transformation to support this. I support the development of clinically-led and locally-supported Sustainability and Transformation Partnerships (STPs) and expect them to drive real improvements in care and outcomes. I will look to NHS England to assess this performance and we have agreed to develop metrics to support this. I have also seen innovative examples of transformation through the vanguard sites and your annual report provides promising evidence of their impact. However, the impact between sites is variable, and I will be looking for you to continue to develop the evidence base on patient benefits to inform the roll out of this learning more widely, including through the development of STPs.

² Demand continued to grow in 2016-17 with cost-weighted acute activity commissioned by CCGs growing by 2.3% and A&E attendances by 2.2%.

³ https://www.gov.uk/government/publications/spring-budget-2017-documents

⁴ https://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf

⁵ https://www.england.nhs.uk/publication/next-steps-on-the-nhs-five-year-forward-view/

The Government set out in the mandate for 2017-18 its ambition to deliver the best care and support to today's NHS patients, seven days a week, but also deliver the reform and renewal needed to sustain the NHS for the future. There remains a great deal more to do to meet this vision, particularly to improve quality and safety whilst maintaining financial sustainability. The scale of the challenge the NHS faces is significant. Continuing the constructive joint working with NHS Improvement and Health Education England to manage the challenges the NHS experiences over winter effectively, as well as continuing to make progress to retain and increase the workforce (including through delivery of the GP Forward View) will be key. I look forward to meeting you throughout the year, both to assess progress and continue our work to provide a sustainable and efficient health service with quality, transparency and safety at its heart.

Rt Hon Jeremy Hunt MP

Jen Lh

Secretary of State for Health

I am required by section 13U(5) of the National Health Service Act 2006, as amended, to assess, in particular, the extent to which NHS England has met its mandate and business plan objectives and requirements, and fulfilled its duties to improve the quality of services, reduce inequalities and secure public involvement (Sections 13U(2) (a) to (c)). Where appropriate, my assessment sets out where relevant objectives or requirements are contained within the Government's mandate to NHS England for 2016-17.

The 2016-17 mandate set out one requirement, and seven objectives with 52 deliverables. I have considered how NHS England has achieved each objective or requirement in turn. I have highlighted the areas where – in my assessment of the matters set out in section 13U(5) (in relation to their section 13E duty (duty as to improvement in services)) – there has been notable progress made over the course of this year or where I believe there is more work to be done.

OBJECTIVE 1: Through better commissioning, improve local and national health outcomes, particularly by addressing poor outcomes and inequalities.

The Government set out the need for greater transparency about the quality and outcomes of care, to make it easier for local areas to see how their services and outcomes compare with others, and challenged NHS England to make consistent improvements using performance data to support this. To this end, NHS England has set up and established baseline assessments for the CCG Improvement and Assessment Framework (CCGIAF), with clinical priority areas⁶ and independent chairs and panels to oversee the assessments.⁷ For 2016-17, we have discussed that the CCGIAF shows that on balance improvements have been made and I look forward to seeing the results published shortly. The CCGIAF presents a basis on which to gauge consistent improvement in performance and remains a priority.⁸ In addition, I am pleased to see NHS England is carrying out significant work to improve specialised commissioning and manage the specialised commissioning budget, which has achieved financial balance.

NHS England was asked to take action to address any areas of poor performance in CCGs. As set out in your annual report and discussed at our accountability meetings, NHS England has used its statutory powers, conferred by section 14Z21 of the NHS Act 2006 (as amended), to support CCG improvement where a CCG is failing or is at risk of failing to discharge its functions. I note the directions applied to 29 CCGs, of which nine were placed under special measures, to ensure a strong focus on improvement. In addition, I welcome the work that NHS England and NHS Improvement have done to establish three Success Regimes in North East and West Devon, Mid and South Essex and West, North and East Cumbria, to support some of the most challenged health and care economies in the country, and improve the quality and sustainability of services offered to local people.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/620899/Minute_of_the_NHS_England_Accountability_Meeting_Dec_2016.pdf

⁶ Mental health, Dementia, Learning Disabilities, Cancer, Diabetes, and Maternity

⁷ https://www.england.nhs.uk/commissioning/wp-content/uploads/sites/12/2016/03/ccg-iaf-mar16.pdf

⁸ https://www.gov.uk/government/publications/nhs-mandate-2017-to-2018

¹⁰ www.england.nhs.uk/commissioning/ccg-assess/directions/

https://www.newdevonccg.nhs.uk/about-us/success-regime-101824

http://www.successregimeessex.co.uk/

http://www.successregimecumbria.nhs.uk/

Under section 13U(5) of the NHS Act 2006, as amended, I am required to set out my assessment relating to NHS England's duties under section 13G (duty as to reducing inequalities).

My assessment of your organisation's progress against its duty to have regard to the need to reduce health inequalities is that reasonable progress has been made across the reporting period in embedding processes but more still needs to be done to reduce inequalities in access, outcomes and experience, as shown by the available data. I recognise the work that you have highlighted in this area, including to build capability within your organisation and in CCGs through training supplemented with advice, guidance and tools to assist policy makers, commissioners and managers to meet the duties and embed a systematic approach across the organisation. You have contributed constructively to the development of evidence and metrics and established baselines in order to monitor trends. I look forward to hearing about how this work develops and of action being taken in response to the data. In my previous assessment, I noted that you had strengthened commissioning and annual reporting guidance for CCGs together with a new template to support annual reporting. I welcome this work and note that you have assessed that increasing numbers of CCGs have fulfilled their duties in this respect in 2016-17. In future years, I expect you to report increasingly on the outcomes being achieved alongside this good work on embedding processes and sharing good practice.

OBJECTIVE 2: To help create the safest, highest quality health and care service.

The Government set out that everyone deserves care that is safe, compassionate and effective, at all times and I am pleased to see the progress made in rolling out the four clinical priority standards for seven day services and I look forward to seeing the results published shortly.

NHS England has continued to support NHS Improvement to improve patient safety by, for example, using its commissioning levers to promote increased assessment for sepsis and a reduction in antimicrobial resistance and gram negative blood stream infections. ¹⁴ In addition, I am encouraged by NHS England's support for the Government's goal to establish a global UK baseline and ambition for antimicrobial prescribing and resistance.

Patient safety is critically important and I asked NHS England to lead the way, using maternity services as an exemplar to embed safety and choice at the heart of new approaches to care. As set out in your annual report, in 2016-17 your organisation made progress towards implementing the agreed recommendations of the National Maternity Review, establishing the Maternity Transformation Programme (MTP) to ensure all women receive high quality maternity care regardless of their circumstances or where they live. Seven Early Adopter sites have begun to implement the Better Births vision, the core aim of which is to give women greater control and more choice, as well as to make care safer. I look forward to seeing the advancement of this programme throughout 2017-18. NHS England has also built on the Friends and Family Test (FFT) and developed proposals about how feedback, particularly in maternity services, could be better captured and used in order to drive improvements in clinical and ward levels. I note that two providers were awarded contracts from the first round on the maternity challenge fund and I note that the learning from this is expected imminently. I look forward to seeing continued progress on this, the FFT and the capture of patient experience more generally, and how this is helping to improve the care that patients receive.

In addition to maternity choice, NHS England has continued to provide more personal health budgets and committed to enhancing choice for end of life care. Your annual report sets out the

¹⁴ https://www.england.nhs.uk/wp-content/uploads/2016/03/cquin-guidance-16-17-v3.pdf

progress in implementing integrated personal commissioning. I am encouraged to see personal budgets available to a wider range of people who would benefit from personalised services, such as people who use wheelchairs, mental health services, and end of life care services, people with a learning disability, and children and young people. I agree with your assessment that your organisation is on track to deliver the mandate goal of 50,000 to 100,000 personal budgets by 2020. I also welcome the development of metrics for the CCGIAF that will help to measure the quality of end of life care in the years ahead.

We also asked NHS England to improve early diagnosis, services and outcomes for cancer patients, as outlined in *Achieving World-Class Cancer Outcomes: A strategy for England 2015-20.* As set out earlier, the 62-day cancer standard has not been met in the last two reporting years and more is required to deliver this. Whilst the diagnostic standard for patients waiting no more than six weeks from referral to test was not met, continued progress has been made this year to improve performance, with March showing 1.1% of patients waiting six weeks or more compared with the 1% standard. Your annual report also demonstrates good management in delivery of the Cancer Drugs Fund (CDF) and I welcome the work completed, with the National Institute for Health and Care Excellence (NICE), to implement a new operating model for the CDF, under which 25 drugs treating 42 indications are currently being accessed by patients.

OBJECTIVE 3: To balance the NHS budget and improve efficiency and productivity.

Financial balance in 2016-17 was essential in stabilising finances to ensure the sustainability of the NHS for the future and setting the right starting point for the operating plans for 2017-18. To this end, the Government has asked NHS England and NHS Improvement to support local areas in developing credible, balanced operational plans, which build on, and align with STPs. During 2016-17 NHS England with NHS Improvement worked together to streamline the annual planning and contracting round, with planning guidance for 2017-19 made available to the system in September 2016. I will look to your organisation to continue the close working relationships with NHS Improvement to ensure that these balanced operational plans are in place, with consistent planning assumptions between providers and commissioners.

In addition to securing financial balance, the Government set out a further four deliverables focused on efficiency and productivity, cost recovery, and supporting the release of £2bn and land for 26,000 homes.

I welcome the progress that NHS England has made in rolling out the RightCare programme to all CCGs. This important programme is a key part of achieving financial sustainability through controlling costs and improving care. I look forward to seeing a stronger evidence base on delivery of the expected benefits of the programme through the quarterly reports set out in your annual report.

Good progress has been made on primary care productivity and supporting community pharmacy reform. I also welcome the progress made in ensuring that CCGs' local estates strategies are in place to support the release of the money and have asked that these are consistent with progress towards the 2020 national goals.

http://www.cancerresearchuk.org/sites/default/files/achieving_world-class_cancer_outcomes_-astrategy_for_england_2015-2020.pdf

The Government is committed to ensuring that costs are recovered from chargeable overseas patients. In 2016-17, NHS England commenced the preparatory work, through changes to NHS Standard Contract and GP contract negotiations, to make this commitment possible. I would like to see work now progress at pace and the Government has set out in its mandate for 2017-18 a set of deliverables to identify barriers to charging, work progresses with NHS Improvement to ensure CCGs maximise cost recovery, and plans are developed to support extension of charging of overseas patients and improved eligibility checking.

OBJECTIVE 4: To lead a step change in the NHS in preventing ill health and supporting people to live healthier lives.

We asked your organisation to contribute to the Government's goal to reduce child obesity, do more to reach the five million people at high risk of diabetes, and improve the management and care of people with diabetes. I welcome the progress NHS England made against the majority of the deliverables for this objective. As set out in your annual report, the NHS Diabetes Prevention Programme has been rolled out to nearly half the population and 32,837 people were referred to it, exceeding the 10,000 target that the Government set for 2016-17. Your organisation has also made important contributions to the childhood obesity implementation plan, including adding an indicator to the CCGIAF to support local planning, commissioning, and monitoring; and requiring providers through the NHS standard contract to have in place a service improvement plan to make every contact count.

As set out in your annual report, dementia remains a big challenge for the NHS and society as a whole. I welcome the continued performance to ensure a minimum diagnosis rate of two thirds for people with dementia has been maintained. I am also pleased to see the progress made by your organisation in developing the evidence-based treatment pathway guide to support clinicians. In 2017-18, I will look to NHS England to continue to make progress towards implementing this pathway and to improve the quality of post-diagnosis treatment and support.

OBJECTIVE 5: To maintain and improve performance against core standards.

The NHS should always provide the best care for everyone – wherever they are and whenever they need it, in line with the NHS Constitution. The Government has committed to real terms growth in the NHS budget to 2020 to ensure that it can continue to perform well over the next four years, with the capacity to deal with rises in demand during the winter months, and to play its part in any national emergency. We set your organisation the objective to support the NHS to maintain and, where possible, improve access to timely, quality services for all patients. I have set out that performance against a number of the core standards was not met. The current mandate sets out clear expectations for the year ahead including to co-implement the agreed A&E recovery plan with NHS Improvement, and deliver aggregate A&E performance in England above 90% in September 2017, with the majority of trusts meeting 95% in March 2018, and aggregate performance in England at 95% within the course of 2018. I recognise that the development of the urgent and emergency care networks and integrated urgent care, as set out in your annual report, is an important step towards recovering A&E performance and managing down demand. I look forward to seeing the achievement of your plans to meet these standards.

OBJECTIVE 6: To improve out-of-hospital care.

There is a need for more services to be provided outside of hospitals, a larger primary care workforce and greater integration with social care, so that care is more joined up to meet people's physical health, mental health and social care needs and support a more person-focused approach.

I welcome the GP Forward View programme that your organisation launched in 2016-17. As discussed at our accountability meetings, ¹⁶ good progress has been made towards delivering your plan to improve access to general practice services. The Government asked NHS England to ensure everyone has easier and more convenient access to GP services, including appointments at evenings and weekends where this is more convenient for them, and effective access to urgent care 24 hours a day, seven days a week. I am pleased to see the continued improvement in 2016-17, with 17 million patients (30% of the registered population) benefitting from extended access to general practice.

NHS England has also made significant advances in 2016-17 in driving forward transformation of health services, enabling communities to design and develop new models of care tailored to meet the needs of their local populations, and I will be looking for further progress next year. I welcome the work carried out last year to develop an Accountable Care Models contract for 2017-18 and my Department is committed to continuing to work with NHS England on this. Your plans for a comprehensive evaluation of the New Care Models programme are welcome and I look forward to the learning from this being applied.

Deliverables for this objective also included progress on mental health services and integration of health and social care. Excellent progress has been made in ensuring that people experiencing a first episode of psychosis are seen within two weeks, reaching 76.2% in January 2017 against a target of 50%. The specific targets set for people accessing talking therapies within six weeks were also met, with 89.4% of people completing a course within six weeks and 98.5% with 18 weeks.

In addition, we have also set ambitious goals in the 2017-18 mandate. These include making significant progress on increasing the number of people who have a learning disability/autism being cared for by community, not inpatient, services. We will also look to NHS England to meet the national mental health investment standard, ¹⁷ alongside supporting work on the Government's Green Paper on children and young people's mental health and review of the Mental Health Act 1983.

¹⁶

https://www.england.nhs.uk/?s=MENTAL%20HEALTH%20INVESTMENT%20STANDARD

OBJECTIVE 7: To support research, innovation and growth.

Just as a strong NHS depends on a strong economy, so a strong NHS can contribute to the growth of a strong economy, especially in health and life sciences. In its mandate for 2016-17, the Government asked NHS England to promote and support participation by NHS organisations and patients in research funded both by commercial and non-commercial organisations. I welcome the publication of your research plan in April 2017. It will be looking to your organisation to drive progress in delivering this plan in the year ahead and welcome the work that you will be doing with the Department to make progress to develop a solution for the payment of excess treatment costs. As set out in your annual report, the 100,000 Genomes Project is making progress with over 25,000 rare disease samples and over 4,000 cancer samples collected. I agree with your assessment that there are challenges particularly in relation to delivery of the cancer element of this project. The flow of those samples from Genomics Medicine Centres remains below trajectory and I welcome the action being taken by your organisation and Genomics England to increase patient recruitment to this important project.

We also asked NHS England to support better use of digital services and technology to transform patients' access to and use of health and care services, including online access to their GP medical record. I am pleased to see that your organisation met the deliverable of over 15% of patients actively accessing primary care services online. However, there are still GP practices that are not delivering this access and so I have asked you in the mandate for 2017-18 to ensure that access to patient online services extends to 10% of patients in all GP practices. The recent cyber-attack that affected the NHS makes clear the importance of ensuring robust data security standards and system wide governance is in place. I welcome the importance that your organisation places on data security and the actions set out in its annual report for ensuring robust standards and system wide governance is put in place to meet the data security standards, set out by the National Data Guardian for Health and Care, Dame Fiona Caldicott, in her July 2016 report. In particular, I am grateful that those recommendations and the data security standards are reflected in the NHS Standard Contract and GMS contract requirements from 2017-18 onwards, which came into effect in April 2017.

The NHS has an important role in contributing to economic growth, by reducing the impact of ill health and disability. I welcome the progress towards this set out in your annual report, so that people who live with a long term condition and/or disability can progress as far as their talents can take them. NHS England, jointly with the Work and Health Unit, has progressed trials in two areas, which are testing new ways of delivering integrated health and employment interventions in various care settings to support people back to work. I am also pleased with the progress your organisation has made to improve the health of the NHS workforce through the Healthy Workforce programme and the General Practice Forward View, which included the creation of a CQUIN incentive scheme to improve staff wellbeing within hospital trusts.

¹⁸ https://www.england.nhs.uk/wp-content/uploads/2017/04/NHS England-research-plan.pdf

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535024/data-security-review.PDF

Under section 13U(2)(c) of the NHS Act 2006, as amended, I am required to set out my assessment relating to NHS England's duties under section 13Q (public involvement and consultation by the Board).

My assessment of your organisation's progress against its duty in section 13Q of the NHS Act 2006 (public involvement and consultation by the Board) is that continued progress has been made in 2016-17. Healthwatch England has noted that good improvements have been made by NHS England in its direct engagement of service users and this has started to make a real difference, for example in gender identity services. As set out in your annual report, the involvement of patients and the public in shaping and implementing plans is key to transforming health services. I therefore welcome the guidance your organisation published, working closely with Healthwatch England, on how patients and the public can shape STPs. This sends a strong message about the need to prioritise engagement to ensure the needs and views of local populations are appropriately reflected. I also note the work set out in your annual report to implement a process for prioritising new investments in specialised services and strengthening clinical leadership and patient and public involvement through a refreshed clinical reference group structure for the six National Programmes of Care.

I am pleased to note the importance that you and your Board place on strengthening patient and public involvement, as set out in your public Board meeting in March 2017,²⁴ and the refresh of the statutory guidance for CCGs regarding patient and public participation, in which local Healthwatch organisations were closely involved.²⁵ The evidence above demonstrates the excellent joint working of NHS England with Healthwatch England and Local Healthwatch, ensuring that the information that they provide gives a valuable insight into the importance of patient and public involvement and engagement.²⁶

²⁰ http://www.healthwatch.co.uk/news/improving-access-gender-reassignment-surgery-story-so-far

https://www.england.nhs.uk/2016/09/local-health-plans/

http://www.healthwatch.co.uk/news/fear-public-engagement-holding-nhs-back

²³ Internal medicine, cancer, mental health, trauma, women and children, blood and infection.

²⁴ https://www.england.nhs.uk/wp-content/uploads/2017/03/board-paper-300317-item-12.pdf

https://www.england.nhs.uk/wp-content/uploads/2017/05/patient-and-public-participation-guidance.pdf

²⁶ http://www.healthwatch.co.uk/resource/our-response-nhs-englands-consultation-reviewing-accessible-information-standard