

Gateway reference number: 15699

01 March 2011

*Richmond House
79 Whitehall
London
SW1A 2NS*

*Tel: 020 7210 5521
Fax: 020 7210 5824*

To: Medical Directors in Strategic Health Authorities in England

Cc: Directors of Finance in Strategic Health Authorities in England
Deputy Directors of Finance in Strategic Health Authorities in England

Cancer Drugs Fund

I am writing further to our meeting of 3rd February (SHA Medical Directors meeting) to clarify the financial arrangements for the Cancer Drugs Fund in 2011-12.

As set out in the Operating Framework, £200m is being made available in each of the next three years for the Cancer Drugs Fund. In 2011-12, this is being funded through:

- a non-recurrent clawback of £140m nationally from PCT allocations to fund SHA level budgets of the same value. SHA shares of the £140m clawback have been calculated using the national weighted capitation formula.
- the remaining £60m will be held centrally by the Department of Health, to be allocated in-year to SHAs. If an adjustment to the allocation formula (from the national weighted capitation formula) is necessary, in light of the responses to the recent public consultation on the Cancer Drugs Fund, then funding will be allocated to reflect that adjustment (total funding for the Fund will not exceed £200m). At present, however, we anticipate that weighted capitation will be used for this component of the funding. Assessment of demand against the SHA level budgets will be made before any allocation of the fund being held centrally at the Department.

The arrangements for the Cancer Drugs Fund in 2011-12 will build on the regional arrangements established for allocation of the additional £50m funding for cancer drugs in 2010-11. SHAs will still need to have clinically-led panels in place for 2011-12 to make decisions on the appropriate use of resources.

We have recently consulted on how we can ensure these arrangements work as well as possible and are keen to build on the experience of operating the arrangements in 2010-11. Members of my team are working with NHS colleagues (including clinical panel chairs) to co-produce guidance for the

operation of the Cancer Drugs Fund which takes into account the consultation responses along with experience of operating the interim fund. Arrangements for 2012 and beyond will be the subject of discussions with the shadow Commissioning Board.

I hope you have found this clarification helpful. If you have any further queries please contact Margaret Stanton (Margaret.Stanton@dh.gsi.gov.uk tel. 0113 254 5636) or Simon Reeve (Simon.Reeve@dh.gsi.gov.uk / tel. 0113 254 5403) at the Department of Health.

A handwritten signature in black ink that reads 'Bruce Keogh'. The signature is written in a cursive style and is underlined with a single horizontal stroke.

Sir Bruce Keogh
NHS Medical Director
bruce.keogh@dh.gsi.gov.uk