



# Department of Health

**Title of meeting** NHS England Accountability Meeting

**Date** 26 July 2016 **Time** 09:30 – 10:30

**Venue** Richmond House

**Chair** Jeremy Hunt **Secretary** NHS England Sponsorship Team member

## **Attendees:**

### **Department of Health**

Jeremy Hunt, Secretary of State

Chris Wormald, Permanent Secretary

Tamara Finkelstein, Director General of Community Care

David Williams, Director General of Finance and Group Operations

Jonathan Marron, Director of Community, Mental Health and Seven Day Services

Ed Jones, Special Adviser to the Secretary of State

NHS England Sponsorship team member

### **NHS England**

Professor Sir Malcolm Grant, Chair

Simon Stevens, Chief Executive

Paul Baumann, Chief Financial Officer

Ian Dodge, National Director, Commissioning Strategy

Jo Lenaghan, Project Director for the NHS Five Year Forward View

Tom Easterling, Director of the Chair and Chief Executive's Office

Mandate, Partnerships and Accountability team member

## **Agenda item 1: Matters arising**

1. The two actions from the previous meeting had been completed.

## Agenda item 2: Strategic Finance

2. The Secretary of State asked NHS England to set out its assessment of financial performance in 2015-16. He also asked for NHS England's assessment of how it was progressing against its financial plans for 2016-17 and how confident it was that it would deliver against plan.
3. NHS England set out the financial performance in 2015-16:
  - It had achieved an overall managed underspend in 2015-16 of £599 million as a result of a number of non-recurrent and one-off factors.
  - CCGs had delivered a balanced position in aggregate with fewer CCGs overspending against plan together with a smaller variance in overspends.
  - Specialised services had achieved a balanced position that reflected the significant measures undertaken during the last two years to improve commissioning processes and controls.
4. For 2016-17, NHS England set out progress against financial plans including:
  - It was forecasting an overall overspend of its commissioning budget by £83million, but was still aiming to produce a balanced year-end position for the commissioning system overall.
  - Forty five CCGs were reporting year-to-date overspends, of which 27 were greater than 1%. Two CCGs, Shropshire and Croydon CCGs, were the subject of intensive intervention under NHS England's new oversight regime.
  - The risks and mitigations identified by CCGs, and the national and regional teams, had resulted in a net risk of £453 million on a non-ringfenced RDEL basis. £800 million of non-recurrent investment was being held uncommitted by CCGs and NHS England commissioning teams and decisions on the release for transformation during 2016-17.
  - NHS England had developed a deficit reduction strategy with NHS Improvement and set out a number of measures that NHS England, with NHS Improvement, were taking as part of the financial reset.
5. The Permanent Secretary noted that the next three months were critical and that the system had to act collectively to demonstrate the seriousness of staying within the control totals.
6. The Secretary of State asked NHS England how the plans for multi-year budgets were progressing. He noted NHS England had set out multi-year budgets for sustainability and transformation plans (STPs) and he would also like to look at multi-year budgets for providers.
7. NHS England noted the contracts and provider budgets being set in October to December 2016 would run for two years until March 2019. This would include two year tariff and CQUIN and that it would be important to ensure that the early years of the STPs made real progress, which is why NHS England had set out budgets until 2019.

### Agenda item 3: Sustainability and Transformation Plans (STPs)

8. The Secretary of State invited NHS England to set out progress on developing STPs and what steps NHS England would be taking until October 2016.
9. The Project Director for the NHS Five Year Forward View set out the position based on an assessment undertaken in June 2016:
  - ALB Chief Executives had engaged with STP areas across the country to discuss their plans, which had focused particularly on finance and quality;
  - that there was variation in the plans; and
  - that every footprint area would be starting from a different point in terms of a collective understanding of their current position and their proposals for the future.
10. The Secretary of State asked NHS England for its initial thoughts about the STPs and what further work NHS England would be doing to support STP areas so that the system achieved the reductions in demand required. He asked when the STPs would move from planning to delivery.
11. NHS England set out the work that it was doing to support the STP areas. Regional resource to manage the support process would be explored. A two year planning and contracting cycle was being adopted which would help align strategic and operational planning activities.
12. Some work within the STP areas had already moved from planning to delivery, such as mental health and primary care redesign, and the areas should make formal decisions locally on the way forward in mid-late autumn. NHS England noted that this would be time critical and that the NHS could not afford to let these time scales slide.
13. The Secretary of State asked for a definition of success for STPs that was meaningful to patients, and asked whether NHS England could use existing indicators. He asked NHS England to focus on how to aggregate the metrics to enable STP areas to concentrate on fixing the areas where they are behind the curve. He asked what incentives there would be for achieving excellence.
14. NHS England explained that success would be measured through a combination of the current metrics, including those from the CCG Improvement and Assessment Framework, and those on provider efficiencies. NHS England undertook to consider incentives for STP areas in more detail.
15. The Director General of Community Care asked NHS England how it would manage accountabilities with the STPs. NHS England responded that the accountabilities set out in the Health and Social Care Act 2012 would remain and therefore CEOs in CCGs and trusts would remain accountable for their organisations, while increasingly being supported to act collectively.