

MEETING: Governing Body Open Meeting

Item Number: 9.1

DATE: 28 January 2014

REPORT TITLE:	Letter regarding Future Financial Allocations
REPORT AUTHOR:	Sam Higginson, Director of Financial Strategy, NHS England
PRESENTED BY:	Dr Tim Dalton
RECOMMENDATIONS/DECISION REQUIRED:	The Governing Body is asked to receive and note this report.
<p>EXECUTIVE SUMMARY</p> <p>Letter from Sam Higginson, Director of Financial Strategy, NHS England received in response to Dr Tim Dalton's letter sent to Sir Malcolm Grant, Chair of NHS England on the 14 December 2013 regarding the recently published proposals for future financial allocations for Clinical Commissioning Groups (CCGs).</p>	
FURTHER ACTION REQUIRED:	

Financial Strategy & Allocations
Finance Directorate
Quarry House
Leeds
LS2 7UE

Email address – england.finance@nhs.net
Telephone Number – 0113 82 50779

To:

Dr Tim Dalton
Wigan Borough CCG
Wigan Life Centre
College Avenue
Wigan
WN1 1NJ

11 December 2013

Dear Tim

Thank you for your letter of 14 November to Sir Malcom Grant regarding the recently published proposals for future financial allocations for Clinical Commissioning Groups (CCGs).

NHS England is due to determine allocations to commissioners, including CCGs, at its board meeting on 17th December. We are proposing to announce target allocations alongside specific allocations for the next two years. This will enable CCGs to assess their financial position in its future context and construct the strategic and operational plans referred to above with much greater certainty.

At its meeting in December 2012 the NHS England board decided to commission a fundamental review of allocations policy to ensure that we were in a position to take an holistic approach covering all commissioning organisations in an integrated way. The review team, with members drawn from CCGs and NHS England and drawing on the expert support of the Advisory Committee on Resource Allocation (ACRA), was asked to build on ACRA's work to date with regard to a new CCG allocation formula, and its terms of reference included specific consideration of the best means of reflecting unmet need. This work has now been completed, and more than 300 people have had the opportunity to contribute to the review team's conclusions in engagement events across the country. The resulting proposals, which will be put to the board next week,

represent a significant step forward in securing a robust and granular allocation formula for CCGs which properly balances the considerations of population growth, age profile and deprivation, thus directly addressing the second concern outlined in your letters.

As well as deciding whether to adopt this approach to determining target allocations, the board will review a number of options with regard to the pace of change in moving from current funding allocations towards the target levels derived from the formula. In doing so, it will seek to balance the need to ensure stability in a system facing unprecedented challenges over the coming years with the imperative to address the most pressing instances of underfunding, the impact of which is already becoming evident in the financial position of significant number of CCGs around the country.

I trust that this gives you reassurance that your concerns regarding future allocations policy are being addressed. I am sure that you will want to keep in touch with developments in the financial position and strategic plans of the CCG and its wider health economy through ongoing dialogue with the CCG leadership team and the NHS England Area Team.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sam Higginson', with a stylized, cursive script.

Sam Higginson
Director of Financial Strategy
NHS England

This page is intentionally left blank