To: ICSs:
- leads
- chairs

NHS England and NHS Improvement regions:
- directors
- directors of commissioning

cc. NHS trust and foundation trust chief executive officers
CCG accountable officers

NHS England and NHS Improvement
Skipton House
80 London Road
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Dear colleagues

NHS England and NHS Improvement's direct commissioning functions

Thank you for your ongoing work to prepare for integrated care systems (ICSs) to be put on a statutory footing.

Our shared vision is for strong ICSs working with partners to lead the delivery of NHS care and the improvements for patients set out in the NHS Long Term Plan. This means empowering decision-making at as local a level as possible, supported by coherent guidance and support, including the right incentives and frameworks, to meet the 'triple aim' of better health for everyone, better care for all patients, and efficient use of NHS resources, both for local systems and for the wider NHS.

Policy background

As you will be aware, the House of Commons recently voted to give the Health and Care Bill a Second Reading. The Bill as drafted takes forward measures set out in the NHS's Recommendations to Government and Parliament, including establishing integrated care boards (ICBs) and making provisions to allow the delegation of national commissioning responsibilities.

While we cannot presuppose the will of Parliament, the Bill receiving a positive vote at this stage means we can have a high degree of confidence that the measures relating to ICSs will proceed to the statute book. As such, we all – locally, regionally and nationally – have a responsibility to prepare for when those measures are expected to come into effect, which is currently April 2022.

As part of realising this, and as set out in NHS Operational Planning Guidance for 2021/22, I write now to confirm the intention to delegate some of NHS England and NHS

Improvement's direct commissioning functions to ICBs as soon as operationally feasible from April 2022.

Giving ICSs responsibility for direct commissioning is a key enabler for integrating care and improving population health. It gives the flexibility to join up key pathways of care, leading to better outcomes and experiences for patients, and less bureaucracy and duplication for clinicians and other staff.

Expectations on direct commissioning functions

The following policies aim to deliver our ambitions for improving services while recognising that flexibility is needed to account for differences across ICSs and our regions.

Subject to the will of Parliament, our expectation is that from **April 2022** ICBs will:

- **assume** delegated responsibility for **primary medical services** (currently delegated to all clinical commissioning groups [CCGs], and continuing to exclude Section 7A Public Health functions)
- **be able to** take on delegated responsibility for **dental** (**primary, secondary and community**), **general ophthalmic services** and **pharmaceutical services** (including dispensing doctors and dispensing appliance contractors)
- establish mechanisms to strengthen joint working between NHS England and NHS Improvement and ICSs, including through joint committees, across all areas of **direct commissioning** (in systems where they are not already delegated).

By **April 2023**, we expect that all ICBs **will have**:

- taken on delegated responsibility for **dental** (**primary, secondary and community**), **general ophthalmic services** and **pharmaceutical services**
- taken on delegated commissioning responsibility for a **proportion of specialised services** (subject to system and service readiness) with national standards and access policies remaining at a national level
- worked collaboratively with NHS England and NHS Improvement to determine whether some Section 7A **Public Health services** will be delegated, with decisions on the appropriate model and timescale
- worked collaboratively with NHS England and NHS Improvement to determine whether **some health and justice**, **sexual assault and abuse service** commissioning functions will be delegated, with decisions on the appropriate model and timescale.

Commissioning healthcare for serving members of the **Armed Forces** and their families registered with defence medical services, veterans' mental health and prosthetic services will remain with NHS England and Improvement.

Functions retained by NHS England and NHS Improvement nationally will include:

- responsibility for some specialised services that need to be centrally commissioned
- identifying national priorities, setting outcomes, and developing national contracts or contractual frameworks
- maintaining national policies and guidance that will support ICBs to be effective in their delegated functions
- delivering support services.

In addition, NHS England and NHS Improvement will maintain reserved functions such as performers list management, and wider aspects of professional regulation. NHS England and NHS Improvement will work with ICBs to consider the appropriate adjustments to running cost budgets for delegated direct commissioning functions, depending on the resourcing model used. On wider running costs for ICBs, we do not expect any reduction in aggregate running cost budgets in 2022/23, with the current levels and distribution retained. This approach should provide stability for staff and ICBs.

Next steps for safe and effective delegation

We are committed to providing support to ICSs to ensure the safe and effective delegation of these functions.

Over the coming months – for those services to be delegated from April 2022 and April 2023 (subject to the passage of the relevant legislation) – we will work to establish the following and communicate them to ICS leaders, patients, stakeholders and affected NHS England and NHS Improvement staff:

1. A pre-delegation assessment process, to determine which ICBs will receive **delegated responsibilities** for dental (primary, secondary and community), general ophthalmic services and pharmaceutical services in April 2022.

2. The full, detailed scope of what will be delegated and what will be **retained nationally and regionally**, and the conditions that will apply to the exercise of delegated functions.

3. What the specific **enablers** will be in each region – including **how staff will be deployed** safely, effectively and considerately to support the functions (either

when the functions are delegated or on the path to delegation) and the short and long-term **regional and national support frameworks relating to these functions**. Please note: there are different staffing models that we already use across NHS England and NHS Improvement, including arrangements where teams are aligned or embedded; local circumstances will determine which model will be the most appropriate.

4. The **financial framework** for ICBs that are taking on delegated responsibility for functions from April 2022 (including the approach to allocations).

We are asking ICS leaders to liaise with our regional teams on all components above to ensure the successful delivery of the policy.

With regard to **dental** (**primary, secondary and community**), **general ophthalmic services** and **pharmaceutical services**, we will determine which ICBs will take on these functions in April 2022 **by 14 October 2021**. This agreement should be supported by the newly established leadership of each ICS.

Thank you again for your continued efforts to integrate care and prepare for the implementation of the legislative changes we have asked Government and Parliament to make.

The COVID-19 response – and in particular our world-leading vaccination programme – has reinforced the fact that the NHS works best when it brings people and organisations together around a shared mission, building on the experience and expertise of local and national partners.

I look forward to continuing to work with you to embed this way of working for the future.

Yours sincerely

Amanda Pritchard
Chief Operating Officer
NHS England and NHS Improvement