Paper NHSE121401

BOARD PAPER - NHS ENGLAND

Title: Chief Executive's report
By: Simon Stevens, CEO
Purpose of paper: • Update on the work of the Chief Executive over the last month • Information on a number of NHS England priorities not covered elsewhere on the agenda.
Actions required by Board Members: • To note, and to discuss various items referred to herein.

NHS England Chief Executive's report

Introduction

1. National directors and I continue with our triple focus on current operational delivery; the 2015/16 commissioning round; and the longer term path for improvement and sustainability as articulated in the NHS Five Year Forward View.

2. In terms of public-facing activities, in the past six weeks I've visited South Tees acute hospital, Teesside hospice, the London ambulance service, Homerton hospital in Hackney, participated in Children's Takeover Day in Leeds, and later this week I'll be in Sheffield visiting primary care and hospital services. I've held discussions with the Academy of Medical Royal Colleges, with chief executives of small and medium sized hospitals on future care models, met representatives from patients and user groups including Anthony Nolan, Scope, a number of mental health organisations, cancer charities, and a support organisation for NHS staff whistleblowers.

NHS performance

3. As the separate board paper shows, GPs and community services, hospitals and ambulance services are dealing with record numbers of patients this winter. Ensuring safe, high quality and responsive care is the NHS' paramount consideration. £700 million of additional funding has been made available this year – more than ever before, and allocated earlier in the year than ever before, beginning before the summer break when the first tranche of the additional funding was announced. Hospitals, community providers, social services, GPs and CCGs are using the cash to open extra beds, employ extra staff and expand community support.

4. The 'tripartite' of NHS England, Monitor and TDA is working closely with local 'system resilience groups' to ensure the planned extra capacity is actually going in; that hospitals are systematically using evidence-based approaches to admitted caring for and discharging patients; and that all the health and social care organisations in a geography are working effectively together. Oversight of the ECIST best practice team is moving to TDA on behalf of the tripartite. David Flory, David Bennett and I have continued to hold joint face-to-face discussions with local NHS and council chief executives to discuss their shared work to provide safe and responsive emergency and urgent care using the extra winter funding that has been made available.

5. It is also apparent that NHS providers have not uniformly been able to deliver the extra volumes of elective activity they contracted to provide during the

Autumn, so TDA, Monitor and NHS England will now be working with individual hospitals that have not met their commitments to ensure that patients on their waiting lists are offered alternative treatment options, funded from the original £250 million allocation.

NHS planning for 2015/16

6. *2015/16 NHS funding.* The Autumn Statement announced on 3 December will enable NHS England to deploy £1.98bn of additional funding next year for frontline health services and to help kick start the transformation agenda set out in the NHS Five Year Forward View. A paper on today's agenda sets out detailed proposals for allocating these resources. These proposals suggest that:

    - £1.5 billion of the extra funding should be used to support frontline services, and £480 million should be used to support transformation in primary care, mental health and local health economies.

    - Primary care funding should be increased by at least as much as local CCG-commissioned community and hospital allocations.

    - The extra frontline funding routed via CCGs should particularly be used to move parts of the country furthest below their 'fair share' of NHS funding towards it at a faster pace than was possible under the previously notified 2015/16 allocations. This would be a pro-equity decision, and would be taken using the previously published weighted capitation formulae with their additional health inequalities adjustments. This also has the benefit of targeting extra NHS purchasing power to geographies with substantial deficit pressures on both the commissioner and provider side of the equation.

    - To avoid the risk of any in-year top slicing of CCG allocations, specialised commissioning growth should be funded at a realistic level - while also, crucially, providing CCGs for the first time the ability to share in-year savings in 2015/16 if they can help manage actual specialised services growth to below the budgeted amount (using the new joint CCG/NHS England specialised co-commissioning offer).

7. *Mandate for 2015/16.* On 11th December the health secretary published the Mandate to NHS England setting out the Government's refreshed expectations of the NHS for the coming year. It remains stable in content (with the existing 25 goals repeated) with the exception of updates to three agreed objectives – reflecting new access and waiting times commitments in mental health, requirements to implement the Better Care Fund, and an updated finance objective to reflect the additional funding announced in the Autumn

Statement. The refreshed NHS Outcomes Framework for 2015/16 has also been published, with limited changes to increase alignment with the Mandate and improve the coverage and quality of the Framework.

8. 2015/16 *commissioning round.* We have published three documents for consultation in the last few weeks which will help commissioners and providers prepare for 2015/16: the proposed tariff for 2015/16, a long term pricing strategy (both jointly with Monitor), and the refreshed draft NHS standard contract for 2015/16. The draft contract includes important new provisions to move the NHS towards better use of technology; to claw back redundancy payments from senior NHS managers re-employed in the NHS; to better incentivise responsive and safe emergency and elective care; to promote workplace race equality; and to support improve health and nutrition in hospitals. These publications will be complemented by the publication of joint NHS planning guidance later this month (see separate agenda on today's agenda). We also intend to back recommendations in the report we commissioned from Sir Stephen Bubb on care for people with learning disabilities.

9. *Commissioning specialised services.* Action is being taken to improve the value patients derive from the rapid growth of spending on specialised services:
   - First, the board has before it a proposed pubic consultation paper on the future approach we will take to prioritising new spending in the specialised commissioning portfolio.

   - Second, since providers of specialised services have seen their revenues grow by over £1 billion over the past two years and are typically enjoying strong margins relative to both underlying costs and compared with most other providers, NHS England and Monitor have proposed a risk share for next year between commissioners and providers based on this year's planned level of activity. Activity above this level would be paid by commissioners at a marginal rate of 50%, similarly providers would see a 50% benefit if activity was below this level. This proposal would not apply to mental health services and new NICE approved drugs.

   - Third, work continues with patient groups, medical practitioners and CCGs to ensure we combine local responsiveness and national consistency in specialised service commissioning – including through CCG co-commissioning of these services with NHS England where appropriate.

   - Fourth, action is being taken to put the Cancer Drugs Fund on a more sustainable basis. DH agreed that its budget for this year should increase from £200 million to £280 million. But on current trends this will in fact now hit £380 million this year – an unsustainable overspend of £100 million on

top of the already increased budget. Therefore following public consultation and the formal decision taken on Sir Bruce Keogh's proposal at the last board meeting, the cancer doctors and medical experts who run the CDF are reviewing those apparently less effective drugs and inviting companies to consider adjusting prices of drugs whose price appears to be out of line with their clinical benefit, so as to create head room for new and better cancer medicines, as well as other cancer treatments such as radiotherapy. In doing so, and as agreed at the last board meeting, three important patient safeguards will be established: no drug would be removed from the fund if it was the only systemic therapy available for a particular indication; patients already in receipt of a drug would continue to receive it; and if a drug had been removed from the list, the CDF Panel would still be able to consider individual funding requests from a patient's oncologist.

- More generally on cancer, we intend - in partnership with patient groups, cancer charities, clinicians, medical researchers, the Department of Health and other national NHS bodies – to use the period now through summer to develop a shared new cancer strategy for the NHS for the period to 2020. This will include agreement with NICE on a new approach to appraising new cancer treatments. Linked to that, the allocations paper before the board proposes an increase in our 'commissioning for evaluation' budget next year which could support further access to innovative radiotherapy treatments.

Next steps on the NHS Five Year Forward View

10. Work continues with the 'guiding coalition' that produced the Forward View to set out for the NHS next steps on this critical agenda. My HSJ lecture and the forthcoming NHS planning guidance spell out actions we intend to take in conjunction with our partners – the separate board paper refers, and I will give a fuller verbal update at the meeting.

11. To help communicate our shared future strategic direction, in the past six weeks I've given 15 speeches - to the Foundation Trust Network, BMA Local Medical Committees, the Healthcare Financial Management Association, the Chief Nursing Officer's conference, the NHS Alliance, HSJ Annual Summit, Britain Against Cancer/APPG on cancer, the inaugural HSJ Annual Lecture, DH/PHE public health conference, FT Global Life Sciences conference, University of Durham, NHS communications leaders, Future of Health / Citizens Panel, NHS England Excellent Organisation champions, and Managers in Partnership.

12. My schedule of parliamentary hearings on behalf of the NHS has also continued, with three further appearances before the Public Accounts Committee and Health Select Committee since our last board meeting. I'm currently spending an average of one afternoon a fortnight on these duties, underlining the strength of NHS England's direct accountability to Parliament.

Simon Stevens

NHS England Chief Executive