



Performance Report

Chief Executive's overview - Simon Stevens

The twelve months covered by this annual report include the start of the greatest health emergency in the NHS's history. Following the outbreak of the SARS-COV-2 virus in China, NHS England declared a Level Four incident on 30 January 2020. This marked the beginning of an extraordinary and sustained response from the NHS.

The pandemic has come at enormous human cost - in lives lost, care disrupted, and extreme pressure on our staff. The 1.5 million people who work for the NHS are the NHS, and at no time in our 72 year history has their skill, dedication and sacrifice been more evident. Services have been adapted and expanded at great speed so that over 230,000 severely ill Covid-19 inpatients have been looked after to date, while other essential and urgent services have continued. Even at the height of the first wave in the Spring, two thirds of hospitalised patients were receiving treatment for other, non-Covid, conditions.

Staff have driven rapid innovations such as Covid-secure treatment hubs, new precision radiotherapy and a £160 million investment in 'Covid-friendly' cancer drugs. Over 30 million phone, online and video consultations helped patients safely access advice and treatment. The NHS also mobilised to support multiple Covid clinical trials, which yielded the world's first proven treatment to significantly improve survival.

Nevertheless, the impact of Covid will be felt well after the immediate pressures have abated. We are already seeing extra demands on health services, whether from disrupted routine operations, higher mental health needs, or new conditions such as 'Long Covid'. Looking forward, these will need to be factored into our operational planning as we continue to implement the NHS Long Term Plan next year and beyond.

However, looking back across the full year covered by this annual report, there was broad progress in delivering the NHS Long Term Plan, despite continuing and intense operational pressure. At year end, the Department of Health and Social Care judged that 90% of the 'deliverables' in its 2019/20 Mandate to the NHS were either on track or already completed, with just 4% assessed as off track despite the Covid pandemic.

In 2019/20 NHS England managed £124 billion of NHS funding on behalf of our patients and the public. We allocated nearly three quarters of that for local health services that are planned and arranged by GP-led Clinical Commissioning Groups. Continuing the commitment first made in the NHS Five Year Forward View in 2014, we ensured that for the fifth year in a row, real terms mental health funding grew faster than that of the NHS budget overall. And in line with the new commitment in the NHS Long Term Plan we are similarly now ensuring that primary and community health services funding also grows as a share of the NHS budget.

In terms of care quality, more acute hospital services were independently assessed as good or outstanding by the Care Quality Commission compared with the year before - including further improvements in NHS urgent and emergency care. Over four fifths of NHS mental health and community services, and nineteen out of twenty GP practices, were rated good or outstanding.

The NHS saw more people for an urgent cancer check and delivered more treatments than ever before, and continued progress on the Long Term Plan goal of catching more cancers early – including through the rollout of FIT tests, Rapid Diagnostic Centres, and agreement to pilot blood tests with the potential to detect over 50 different types of hard-to-diagnose cancers at a point where treatment is more effective.

NHS England has worked with the life sciences sector to bring promising new treatments to patients, while ensuring good value for UK taxpayers. As a result, people living with cystic fibrosis, multiple sclerosis, spinal muscular atrophy, Batten disease, severe haemophilia and heart defects are amongst those to have benefited over the past year from important new treatments. Innovative new cancer treatments include CAR-T gene therapy and ‘tumour agnostic’ drugs. New therapies are also enabling us to work with voluntary groups and local government towards the realistic twin goals of eliminating transmission of both Hepatitis C and HIV.

Mental health services continued to expand, delivering - amongst other improvements - a national network of specialist perinatal mental health teams, new clinics to support people with gambling addictions, and strong performance against the range of targets covering children and young people’s services, adult care including IAPT, and dementia diagnoses. Since March 2015, ongoing action to improve community support for people with a learning disability and/or autism has seen 70% of people who were in hospital at that time discharged, and a 27% reduction in the overall number of inpatients.

We have continued to work with our partners including local employers and Health Education England to sustain and expand the NHS workforce. The amazing example set by dedicated NHS staff during the Covid pandemic is inspiring a new generation, now wanting to join them in the health professions. As a result, undergraduate nursing entrants and medical school applications have this year both risen by more than a fifth. The number of doctors choosing to train as GPs is also now at a record high. To help retain experienced health professionals, we implemented a specific direction from the Secretary of State to help reduce a wave of early retirements being driven by changes to pensions. Retention of our current workforce has improved, and vacancies have now fallen, so that there are now over 60,000 more whole time equivalent staff working in the NHS than a year ago.

In 2019/20 NHS England balanced its books and met all the financial targets set by Government, as we have done for each of the past seven years since being established by Parliament as a freestanding statutory body (see charts on pages 30 and 31). Over that period we have also generated operating surpluses of £5 billion which have been used to tackle other financial pressures across the NHS. In 2019/20 these funds helped NHS Improvement halve the number of provider trusts running deficits, so that three quarters of individual trusts broke even or made a surplus.

The performance of individual NHS organisations was helped by the move towards more partnership working between different parts of the health service, and with social care. Progress towards more joined-up primary and community care came through the creation of 1,250 Primary Care Networks. They are key delivery partners in the new NHS Covid mass vaccination campaign, and are recruiting thousands of additional staff including pharmacists and therapists to strengthen community health services, including for people living in care homes.

Our 29 Integrated Care Systems - covering 35 million people - also bring greater focus on prevention, inequalities reduction and population health. Our aim is that substantially the whole of England will be covered by ICSs from April 2021, which will mark an important milestone on the journey first set out in the NHS Five Year Forward View. In similar vein, over the past year we successfully brought together NHS England and NHS Improvement under unified leadership.

After widespread engagement and support, the NHS has now proposed to Government and Parliament that the time is right for legislation to place these ICSs on a statutory footing. This evolutionary approach of the past few years - in preference to a 'top down reorganisation' - builds on Aneurin Bevan's dictum that "legislation in this country starts off by voluntary effort, by empirical experiment, by improvisation; it then establishes itself by merit; and ultimately at some stage the state steps in and makes what was started by voluntary action and experiment a universal service".

As we look out to the year ahead - and the more hopeful possibility of a 'post pandemic world' - we also recognise our wider responsibilities. The NHS is the first national health system to set out a detailed and practical route map to becoming carbon net neutral. Covid has also exposed and exacerbated deeper and longstanding concerns about inequality, racism and exclusion. As one of the most trusted institutions in Britain, as an economic 'anchor' within the communities we serve, and as Europe's largest and most diverse employer, the NHS can and will play our part in building a better future. Doing so is not a discretionary activity or a diversion from our core mission. It is fundamental to fulfilling the moral basis of the NHS: health and high quality care for all, now and for future generations.

But in the meantime the NHS and our staff continue to respond to the worst pressure we have ever faced, with a winter wave of over 30,000 severely ill hospitalised coronavirus patients, at the same time as we deliver the largest and fastest vaccination programme in our history. These truly are the most challenging of circumstances for our country and for my fellow staff across the health service. We all owe them an enormous debt of gratitude which must not be forgotten in the years ahead.



Sir Simon Stevens

CEO of NHS England, and Accounting Officer

Performance of Clinical Commissioning Groups

The NHS Constitution sets out the rights of patients, public and staff. We measure and monitor performance against a wide range of standards. We publish statistics relating to these core standards on the NHS England website⁴ every month.

NHS England monitors performance and delivery of the key commitments detailed in the NHS Long Term Plan. We have a statutory obligation to assess the performance of CCGs using a range of measures to create a balanced judgement of their effectiveness.

The table below shows the number of CCGs receiving each rating in 2019/20 compared to 2018/19⁵.

| | 2019/20 | 2018/19 |
|--------------------------|------------|------------|
| Outstanding | 22 | 24 |
| Good | 104 | 102 |
| Requires Improvement | 56 | 58 |
| Inadequate | 9 | 11 |
| TOTAL⁶ | 191 | 195 |

4 www.england.nhs.uk/statistics/statistical-work-areas/combined-performance-summary
 5 The full data set is available at www.england.nhs.uk/comissioning/regulation/ccg-assess/iaf/
 6 In April 2019, there were two CCG mergers involving six CCGs; hence the net reduction of 4 in the total number of CCGs.

Performance Overview

The NHS Long Term Plan, published in January 2019, set out a 10-year programme of practical phased improvements to NHS services and outcomes, including a number of specific commitments to invest the agreed NHS five-year revenue settlement.

This performance overview provides a brief summary of progress made on: prevention and health inequalities; care quality, access and outcomes; ensuring NHS staff get the backing they need; and using taxpayers' investment to maximum effect. Together, our work programmes encapsulate the objectives set out in the Government's accountability framework to the NHS for 2019/20. Further information is available on page 168.

The COVID-19 pandemic had a major impact on the NHS in the last quarter of the year, intensifying in March 2020 and into the new financial year. This needed an unprecedented and coordinated emergency response. From January 2020 NHS England and NHS Improvement, in partnership with the Department of Health and Social Care (DHSC), scaled up its response ensuring that every coronavirus patient who needed specialised inpatient care was able to receive it. A new remote COVID-19 Response Service (CRS), accessible via 111, was swiftly established with over 1,500 retired clinicians recruited to provide clinical assessment. Resources supporting clinical and operational teams on the front line were redeployed, which in some cases meant accelerating parts of the Long Term Plan. So while the long term priorities remain the same, the phasing of them has and will change. See page 26 for more detail on the NHS response to COVID-19.

A new service model for primary and community health services

During 2019/20 NHS England and NHS Improvement continued to invest more in primary care services, expand the number of people working in primary care, and make practical improvements to services and premises. We are on track to see real terms expenditure on primary medical and community service grow to almost £28.8 billion by 2023/24, having exceeded the 2019/20 £23.2 billion target by November 2019.

By 1 July 2019 1,250 Primary Care Networks (PCNs) were established with a PCN clinical director appointed to each. PCNs are groups of GP practices (typically with a population of between 30,000 and 50,000 people) working together with colleagues in wider primary care, social care and the voluntary sector, to develop expanded community multidisciplinary teams that are focused on delivering services for their specific patient populations. They are crucial pillars in the national Covid vaccination campaign.

Contributing to the goal of providing an additional 50 million extra appointments within general practice by 2024/25, this year saw increased financial and practical support for the roll out of online consultation (to support triage) and video consultation capabilities in general practice. This work was accelerated rapidly from February 2020 as part of the NHS response to the COVID-19 outbreak, with 90% of practices now having access to online consultation capability and 99% to video consultation capability by the end of 2020. This is a significant increase from the previous levels of 30% and 3% in December 2019. A major programme to

help meet the Government's new target of 6,000 additional GPs across the NHS (compared with the March 2019 baseline) was announced in February 2020. In conjunction with HEE we have continued to increase the numbers of GP trainees working in general practice during 2019/20, as well as the number of doctors returning to practice. The number of new doctors choosing general practice as a career is now at an all time high. In addition, in the 12 months leading up to December 2019, there was a growth of 1,473 headcount (199 FTE) doctors working in general practice. This is in addition to the GPs who have returned to registered practice since the COVID-19 pandemic.

We have continued to expand the personalised care programme, to provide people with choice and control over their own care, improve outcomes and deliver efficiency savings. The 2019/20 goal of 70,000 people with a personal health budget (PHB) was achieved by the second quarter of the year, exceeding our mandate commitment for PHBs two years early. A new legal right to a PHB was launched in December 2019 for people who access certain kinds of mental health support and for people who need to use a wheelchair. We estimate this could benefit a further 100,000 people by 2023/24.

By the end of 2023/24, 900,000 people will have benefited from social prescribing. Starting in 2019/20 we provided funding via the Additional Roles Reimbursement Scheme within the PCN contract, for over 1,000 additional trained link workers by March 2021, with the intention that numbers recruited will rise further by March 2024.

The Ageing Well programme is supporting the roll out of Enhanced Health in Care Homes (EHCH) to strengthen support for the people who live and work in care homes. Requirements for delivery were included in the Primary Care Network Directed Enhanced Service (DES) in 2020/21 and in the 'Update to the GP Contract Agreement 2020/21 – 2023/24'⁷. Complementary EHCH requirements for relevant providers of community physical and mental health services have been included in the NHS Standard Contract⁸. Key elements of the EHCH model due for delivery in October 2020 have been fast-tracked across the country in response to the COVID-19 pandemic.

Mental health

In 2019/20 the NHS once again met the Mental Health Investment Standard which guarantees that real terms funding for mental health grows faster than that for the NHS overall. Mental health, access, recovery and referral to treatment time targets made good progress in 2019/20 and (prior to the COVID-19 pandemic) were on track to be achieved as expected by 2020/21. Among key achievements, there are now specialist perinatal mental health community services in place in every locality. Data from March 2020 indicates that the national access rate for children and young people's mental health for 2019/20 was exceeded (36.8% vs 34% target), and the access rate is already ahead of the 2020/21 ambition. A further 123 mental health support teams were confirmed in July 2019 and were introduced in 57 sites around the country during 2019/20, bringing the total number of sites to 73.

7 <https://www.england.nhs.uk/wp-content/uploads/2020/02/update-to-the-gp-contract-agreement-2021-2324-v2.pdf> (P40-46)

8 <https://www.england.nhs.uk/nhs-standard-contract/20-21/>

Quarter 4 2020/21 data for children and young people's eating disorder waiting times shows 84.4% of patients accessing treatment within four weeks (routine referrals) and 80.5% within one week (urgent referrals).

Progress continued on increasing access to individual placement support services and to Improving Access to Psychological Therapies (IAPT) for adults and older adults needing psychological therapies. IAPT waiting time standards continued to be met, with 87.1% of people entering treatment in March 2020 having waited less than six weeks (against a standard of 75%), and 97.7% of people entering treatment having waited less than 18 weeks (against a standard of 95%). The IAPT recovery rate was 47.7%, which was below the 50% target, and likely attributable to COVID-19. More recent data (May 2020) demonstrates delivery of the 50% recovery target is back to 50.6%.

The national standard for 56% of people to start treatment for Early Intervention in Psychosis (EIP) within two weeks was exceeded in March 2020, with performance of 71.9%.

In 2019/20, we awarded £70 million transformation funding to 12 early implementer sites to test new models of integrated primary and secondary mental health care for people with severe mental illnesses. All hospitals with 24/7 consultant-led A&E departments now have a liaison mental health service, and all areas of the country are implementing plans to expand their crisis services coverage.

Further progress has been made towards eliminating reliance on inappropriate adult acute out of area placements. During 2019/20, additional assurance was implemented for the ten most challenged providers, which successfully reduced their use of inappropriate out of area placements by approximately 11,500 out of area bed days (or just under 30%) between Q4 2018/19 and Q4 2019/20. We are continuing to work closely with providers to deliver the ambition to end inappropriate adult acute out of area placements, while also factoring in the impact of the pandemic on increasing acuity of patients and local demand for beds.

Three newly-funded problem gambling mental health support clinics started to see patients during the year, and the NHS opened its first specialist clinic for children and young people with severe or complex behavioural issues associated with gaming, gambling and social media. Funding was allocated to seven sites to develop specialist mental health services for rough sleepers.

A new Advancing Mental Health Equalities Taskforce was launched in 2019/20. The immediate priorities of the Taskforce relate to data quality improvement, metrics development and establishing the Patient and Carers Race Equality Framework.

The dementia diagnosis rate continued to be exceeded during 2019/20, with a 67.4% achievement by March 2020 against the 66.7% standard.

Learning disability

Improving the health of people with a learning disability and/or autism remains a key priority for the NHS. The NHS Long Term Plan commits to reducing reliance on specialist inpatient care for children and adults with a learning disability, autism or both. The number of people in an inpatient setting reduced by 27% from 2,895 in March 2015 to 2,105 at the end of March 2020. The number of children and young people in an inpatient setting at the end of March 2020 was 215, a reduction of 26% from the end of March 2019. A priority going forward is the number of children and young people who have autism and no learning disability, accounting for 79% of under 18 inpatients.

The NHS Long Term Plan commits to improving the uptake of annual health checks for people with a learning disability, so at least 75% are receiving a health check each year by 2023/24. New additional payments for GPs and PCNs to identify patients with a learning disability and to undertake annual health checks are being introduced and a national campaign to improve uptake will be launched.

More Learning Disabilities Mortality Reviews (LeDeR) than ever were completed in 2019, following investment of a further £5 million. At the end of March 2020, CCGs had completed 63% of eligible reviews (those not otherwise subject to statutory investigations or reviews or on hold to enable families to take part) within six months of notification. LeDeR is now the largest such body of evidence in the world, reviewed at an individual level, and it has led to the introduction of the Oliver McGowan mandatory training on learning disability and autism.

More NHS action on inequalities and preventing ill health

During 2019/20, we took action on health inequalities, in line with the commitments set out in the NHS Long Term Plan (2019)⁹, and the criteria set by the Secretary of State. A fuller update can be found in appendix 4 on page 178.

During 2019/20, we worked with national and regional stakeholders to develop tobacco and alcohol interventions, being rolled out in 2020/21 at Early Implementer Sites (EIS). We also incorporated smoking cessation activities into the community pharmacy contract.

Diabetes is a leading cause of premature mortality, resulting in over 22,000 additional deaths each year and doubling an individual's risk of cardiovascular disease including heart attacks, heart failure, angina and stroke. The NHS Diabetes Prevention Programme (NHS DPP) is the world's first nationwide Type 2 diabetes prevention programme. Emerging outcomes data shows a mean weight loss in those who completed the programme of 3.3kg. Reductions in weight and HbA1c¹⁰ compare favourably to those reported in recent studies and indicate likely future reductions in participant type 2 diabetes incidence. We have supported 120,000 people to access the NHS DPP in 2019/20 and are on the way to support 200,000 people per year. Following procurement of a new NHS DPP Provider Framework we have now rolled out digital services to complement face to face services across 45% of England.

9 NHS Long Term Plan – Chapter 2: Prevention and Health Inequalities - <https://www.longtermplan.nhs.uk/>
10 HbA1c is measured by clinicians to ascertain an overall picture of diabetic patients' blood glucose levels over a period of weeks/months

This year we have licenced, developed and begun roll out of Healthy Living, a digital self-management programme for those living with Type 2 diabetes, which will ultimately be available universally. The number of structured education places has expanded to support people newly diagnosed with diabetes, to understand how to look after themselves well and reduce the risks of diabetes related complications.

Maternity and neonatal services

Safe childbirth outcomes in England are at record levels. The stillbirth rate decreased by 21% between 2010 and 2018. The extra lives saved means the NHS met its own ambitious 20% target two years ahead of the 2020 deadline. The national maternity safety ambition is to reduce stillbirths, neonatal deaths, maternal deaths and brain injuries at birth by 20% by 2020 and 50% by 2025.

The latest neonatal mortality rate, for February 2020, was 2.8 per 1,000 live births. 5.1% lower than 2010, with further reduction now required. The latest data for 2015-17 shows a reduction in the rate of maternal deaths from 9.2 deaths per 100,000 maternities, down from 10.6 in 2010, with the target to reduce this further to 5.3 in 2025. Maternal mortality rates are influenced by multiple factors such as cardiac conditions, obesity, smoking, complex social factors and inequalities. Rates among women from Black, Asian and Minority Ethnic (BAME) backgrounds are up to five times those of white women, which is why we aim to provide continuity of carer to 75% of BAME women and those from the 10% most deprived neighbourhoods by 2024.

There are however continuing serious concerns about maternity services in a small number of providers, including Shrewsbury and Telford Hospital NHS Trust and East Kent Hospitals University NHS Foundation Trust, where NHS Improvement has commissioned independent reviews. Teams from NHS Improvement and NHS England will be working intensively with those providers to ensure they follow best practices in relation to safety, with independent scrutiny from both CQC or the new Healthcare Safety Investigation Branch (HSIB).

Serious brain injuries fell from 5.4 per 1,000 births in 2014 to 5.1 in 2017. Trends in brain injury rate are however currently difficult to interpret due to the measure's immaturity and likely improvements in data quality.

The NHS has rolled out a general practice campaign to encourage parents to have their children vaccinated against measles mumps and rubella. The seasonal flu vaccine was made available to all 600,000 primary school aged children in year 6 for the first time in 2019/20. Infants born on or after 1 January 2020 now only need two injections for the pneumococcal conjugate vaccine as opposed to three. The human papillomavirus HPV test achieved full geographic coverage in December 2019. All 12 and 13-year-olds are offered the HPV vaccine, and a catch-up programme is available for eligible people up to age 25.

Cancer

Cancer survival and patient experience of NHS care are both the highest they have ever been. In 2019/20 more people than ever before were referred urgently with suspected cancer: 2.4 million compared to 2.2 million in 2018/19, and 1 million in 2010/11. 167,000 patients went on to start treatment, a 2% increase on the previous year. This growth is welcome as it allows earlier diagnosis and treatment, but it also places increased pressure on services.

The NHS modernised key aspects of its national cancer screening programmes. 2.9 million breast cancer screenings were carried out during the 12 months to the end of December 2019. People eligible for bowel cancer screening are now being sent a testing kit that is more sensitive to risk signs and easier to use than the previous version. By December 2019, more than 45,000 extra kits were being returned every month – a 7.8% increase. The introduction of rapid diagnostic centres (RDC) aims to speed up diagnosis and offer a clear referral route for patients with non-specific symptoms that could indicate cancer, and 23 RDCs were ‘live’ by January 2020. In addition, the GP contract includes a new specification for PCNs to support the earlier diagnosis of cancer.

Outpatient transformation and planned care

The NHS Long Term Plan committed to re-design outpatient care to avoid the need for a third (30 million) of face-to-face hospital outpatient visits by 2023/24, saving patients’ time, freeing up clinical capacity, and averting the need for up to £1.1 billion in new expenditure. National scale up of video conferencing for outpatient care was planned across the period of the Long Term Plan. As part of the NHS response to COVID-19, accelerated progress has been made on the use of video consultation in secondary care, achieving universal coverage in England in four weeks. As a result, nearly a quarter of all outpatient appointments in the last week of March were completed virtually without patients having to leave home, up from 4% in the first full week of January.

An early priority for outpatient transformation is the re-design of ophthalmology services, which is the largest outpatient specialty by volume. Early work began in 2019/20 to design and scope this activity with leading ophthalmologists, hospital chief executives and patient representatives feeding into the design of new pathways. Re-design of musculoskeletal, dermatology and cardiology outpatient services will follow in 2021.

Development of the NHS People Plan

The Interim NHS People Plan¹¹ was co-developed with national leaders and partners and published in June 2019. With a strong focus on the challenges specific to the NHS workforce, and setting out clear ambitions on how NHS staff will be bolstered and supported to deliver 21st century care, the plan was well received across the healthcare sector.

Underpinned by a commitment of almost £900 million by 2024, the NHS People Plan includes a major programme to help meet the Government’s new target of 6,000 additional GPs across the NHS workforce, and a further 6,000 non-GP direct patient care staff, in addition to the 20,000 previously committed to. It was supplemented by a further publication setting out core priorities and actions on workforce, published in July 2020.

For information on our progress in these areas, see Appendix 3 on equality, and Appendix 4 on reducing health inequalities, from page 175.

Metrics will be developed to track progress on the NHS People Plan nationally, regionally, by STP, ICS and, where applicable, by individual trust and/or PCN.

11 https://www.longtermplan.nhs.uk/wp-content/uploads/2019/05/Interim-NHS-People-Plan_June2019.pdf

As part of the NHS response to COVID-19, the Bringing Back Staff (BBS) programme's aim is to recall as many staff as possible to the NHS. Over 5,635 recently retired clinicians have been deployed in acute frontline services and 2,557 have been passed to NHS 111 for deployment. As at 1 June 2020, 1,600 GPs had also returned to registered practice to support the NHS response to COVID-19.

Equipping the NHS to offer digitally-enabled care

NHSX is an organisation formed from the teams of DHSC, NHS England and NHS Improvement to drive the digital transformation of care. It reports into DHSC and NHS England and NHS Improvement. It is delivering several key products and services and guiding the overall digital ecosystem in partnership with NHS Digital and others. Its work during 2019/20 includes:

NHS.uk

The NHS website (www.nhs.uk) continues to be the UK's largest health website, with more than 50 million visits a month. It provides thousands of clinically validated articles, videos and tools to help people make the best choices about their health, care and wellbeing and reduce pressure on frontline services.

In 2019/20 significant improvements were made to the overall site including:

- New content throughout; expansion of the highly used medicines information.
- Redesign of the 'Mental health and wellbeing' information.
- A new Find a Service tool.
- A new system for submitting ratings and reviews.

The website provides key content for reuse to increase reach and quality of health information for people in England, with over 2000 organisations signed up to use our content.

NHS Login

NHS Login is a single, secure login enabling swift access to the NHS App, and other health and social care apps and websites wherever there is the NHS login button. Launched alongside the NHS App, NHS Login provides citizens with safe access to digital health services online.

Supporting the NHS response to COVID-19

As part of the NHS response to COVID-19 in the last quarter of 2019/20, work was accelerated on implementing digital alternatives to traditional face-to-face appointments. In addition to the progress that has been made on the use of video consultation in secondary care described on page 23, we have seen a rapid uptake in usage of video consultations in urgent and emergency care, community, mental health and ambulance services, and on behalf of DHSC, NHSX is now supporting its use in the care sector.

Comprehensive coverage of Integrated Care Systems

ICSs are the practical way that NHS organisations, local authorities, the voluntary sector and others will work together in every part of England to deliver the commitments set out in the NHS Long Term Plan. In June 2019, the coverage of these systems grew to include South East London, Oxfordshire (part of a single system with Buckinghamshire and Berkshire West) and the whole of the North East. There are now 29 ICSs in total, serving more than 60% of England's population and more ICSs will cover the whole of England by April 2021.

In 2019/20, NHS England and NHS Improvement set out the operational, leadership and governance arrangements needed in every system by 2021 in order to co-ordinate system-wide transformation and collectively manage system performance. Working in collaboration with a wide range of stakeholders, we have set out a new way of working referred to as 'system by default'. This is intended to support the transition to the agreed NHS England and NHS Improvement operating model and 100% ICS coverage by 2021. We are providing direct support to all health and care systems as they mature against the criteria in the ICS matrix framework, and through our new 'Accelerator' programme.

How we supported the wider NHS

Emergency Preparedness, Resilience and Response (EPRR)

The NHS response to COVID-19

During 2019/20 we have responded to a range of threats to patient and public safety, drawing on the experience and expertise in our EPRR teams. Of these incidents, dominant has been the NHS's response to the COVID-19 pandemic. This emergency, unprecedented in scale and complexity, was declared a Level 4 national incident on 30 January 2020. NHS England and NHS Improvement provides strategic direction, co-ordination and oversight of the NHS operational response, in line with the EPRR national framework.

Established EPRR response coordination processes were enhanced including national Strategic and Incident Directors, Incident Management Teams and Incident Co-ordination Centres (ICCs) at national and regional levels, and in individual organisations. An NHS England and NHS Improvement COVID-19 National Incident Response Board (chaired by the Chief Operating Officer and consisting of a committee of the NHS Executive and NHS England and NHS Improvement Boards) was established to oversee the NHS response to COVID-19 and set direction and policies. DHSC is represented on the incident response board, to help ensure coordination with the work of other agencies, such as PHE's responsibility for COVID-19 testing and infection control guidance, and DHSC's leadership on Personal Protective Equipment (PPE) procurement and supplies.

Our arrangements continue to evolve and anticipate developments, whilst ensuring an effective flow of information.

Britain's exit from the EU

Significant work went into preparation for the UK's departure from the European Union (EU). Incident Management Teams have also used trained volunteers from other parts of the organisation recruited under the NHS England and NHS Improvement reservist scheme. Work to help the NHS prepare for EU Exit during 2019 in conjunction with DHSC and wider Government helped improve transparency regarding medicines supply chains.

November London Bridge terrorist attack

On 29 November 2019 the NHS was once again required to respond to a terrorist attack. Two people tragically lost their lives on London Bridge, and the London Ambulance Service treated a number of people at the scene and conveyed people to hospitals. The NHS continues to work with cross Government and local partners to ensure that those affected by the incident receive care and psychosocial support.

Other incidents

Throughout 2019/20, before the pandemic, the NHS responded to the threat of high consequence infectious diseases (HCIDs) both in England and overseas, including the threat to the UK from the Ebola outbreak in the Democratic Republic of Congo, repatriation of workers suspected of being exposed to Lassa Fever, and one case of Monkeypox.

In 2019 the NHS also responded to several other incidents including listeria contamination and the home parenteral nutrition shortage.

NHS England and NHS Improvement continue to build resilience in key sectors of health, for example through the tendering of the National Ambulance Resilience Unit contract awarded to the West Midlands Ambulance Service University NHS Foundation Trust.

Productivity and efficiency

As part of our commitment to improving productivity throughout the health and care system, we are developing and implementing e-rostering and e-job planning to deploy the NHS clinical workforce to best effect, improving workforce productivity by an estimated £1.45 billion.

The NHS England and NHS Improvement Commercial Medicines Directorate (CMD) has been established to support patients to access the latest innovative and most clinically effective new medicines, while securing maximum value for the NHS and taxpayers. The work of the CMD is aligned with two key policy documents: the NHS Long Term Plan and the Voluntary Scheme for Branded Medicines Pricing and Access. Working alongside DHSC, NHS England and NHS Improvement are delivering a range of measures for England as set out in the Voluntary Scheme agreed with the pharmaceutical industry that started on 1 January 2019. The five-year scheme is designed to manage the branded medicines bill whilst supporting innovation and better patient outcomes through improved access to the most transformative and cost-effective new medicines. A key success during 2019/20 was the successful roll out of the Adalimumab smart procurement, where we are on track to deliver a total of over £280m of savings, despite around 16% growth in use.

The CMD has also successfully negotiated several innovative commercial agreements at fair and responsible prices, supported by NICE, and which have made new and promising treatments available for NHS patients. These include:

- Ocrelizumab in multiple sclerosis.
- Nusinersen in spinal muscular atrophy.
- Cerliponase in Batten disease.
- A deal with Vertex Pharmaceuticals to make available all three of their UK-licensed cystic fibrosis medicines.

Research and innovation

Research and innovation are a core part of the NHS. Organisations active in research often provide higher quality care for all patients, while innovation improves outcomes, patient experience and efficiency. We hosted the Accelerated Access Collaborative (AAC) in 2019/20 and more than 440,000 patients benefited from new tests and treatments made available through its work. For example, Heartflow – which creates a digital 3D model of the heart and avoids the need for invasive procedures – was offered in hospitals and reduced the need for invasive tests. We took measures to support AAC’s mandate to speed up access of proven innovation to patients, including the launch of a £140 million award to encourage the safe deployment and testing of the most promising artificial intelligence technologies in the NHS.

Sustainability

For information on environmental matters, including NHS England and NHS Improvement’s impact on the environment, please see appendix 6 on page 186. In January 2020 we launched a programme to set a feasible and measurable path to becoming a net zero health service. This blueprint was formally adopted by NHS England and NHS Improvement in October 2020¹².

12 <https://www.england.nhs.uk/greenernhs/publication/delivering-a-net-zero-national-health-service/>

Chief Financial Officer's Report

The financial statements for the year ending 31 March 2020 are presented later in this document on a going concern basis (as per note 1.5) and show the performance of both the consolidated group – covering the whole of the commissioning system – and NHS England as the parent of the group. The group comprises NHS England and 191 CCGs.

We are required to manage spending within a fixed revenue limit which in 2019/20 was £124,068 million. I am pleased to report that NHS England has again fulfilled all its financial duties as set out in the mandate from Government.

Our approach to Financial Management

In 2019/20 we began resetting the NHS financial framework to support service improvements and progress towards the sustainable financial path contained in the NHS Long Term Plan. The changes we introduced encouraged system working while giving more freedom to organisations and reducing the number in deficit. They included:

- Supporting systems to move away from activity-based payments through the creation of a new default 'blended payment' model covering non-elective admissions, A&E and ambulatory/same day emergency care. This hybrid approach increases the incentives for system working and collaboration.
- Creating a Financial Recovery Fund (worth £1.05 billion initially) to support the sustainability of essential NHS services, allowing trusts to cover day-to-day running costs whilst cutting their deficits. As the sustainability of services improves, we expect the number of CCGs and Trusts in deficit to continue to reduce (this was successfully achieved in 2019/20).
- Transferring £1 billion into urgent and emergency care prices and halving the value of CQUIN to 1.25%, helping to reduce the difference between average costs and national tariff prices.
- Recognising the hard work made in delivering savings in previous years, moving to stretching but achievable efficiency requirements for organisations. The national tariff efficiency factor was set at 1.1%.

At the same time, we also sought to give local systems certainty about the future resources available to them. We published five years of core CCG and primary care allocations, gave local systems greater certainty over future funding for NHS Long Term Plan commitments, and greater control over how those funds are deployed. Indicative specialised commissioning allocations were also supplied at provider level.

Financial Performance

Over the course of 2019/20 NHS England and NHS Improvement have come together as a single organisation to better support the NHS and help improve care for patients. As part of this we have been increasingly, alongside our partners in ICSs and STPs, taking a whole system approach to financial management. This has led to a rebalancing across the NHS with CCGs working with providers to deliver system level savings. In some areas, CCG overspends have increased which have been more than offset by reduced provider deficits.

Against our plan for the year the NHS England group has delivered a managed underspend of £996 million (0.8% of allocation). Thus for the seventh year in a row, NHS England has successfully balanced its books.

Revenue Department Expenditure Limit – (RDEL) general (non-ring-fenced)

| Financial Performance | 2019/20 | | 2018/19 | | 2017/18 | | 2016/17 | | 2015/16 | | 2014/15 | | 2013/14 | | | |
|---------------------------------------|----------------|----------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|------------|---------------------------|
| | Expenditure | | Under/ (over) spend against plan | | Under/ (over) spend against plan | | Under/ (over) spend against plan | | Under/ (over) spend against plan | | Under/ (over) spend against plan | | Under/ (over) spend against plan | | | |
| | Plan | Actual | £m | % | £m | % | £m | % | £m | % | £m | % | £m | % | £m | % |
| CCGs | 89,712 | 90,219 | (507) | (0.6%) | (150) | (0.2%) | (213) | (0.3%) | 154 | 0.2% | (15) | (0.0%) | 70 | 0.1% | 89 | 0.1% |
| Direct commissioning | 25,836 | 25,446 | 390 | 1.5% | 310 | 1.3% | 223 | 0.9% | 296 | 1.2% | 82 | 0.3% | (12) | (0.0%) | (365) | (1.4%) |
| NHS England Admin/Central Progs/Other | 7,829 | 6,716 | 1,113 | 14.2% | 755 | 17.0% | 960 | 23.2% | 452 | 13.0% | 532 | 28.5% | 226 | 13.5% | 602 | 30.5% ¹³ |
| Total | 123,377 | 122,381 | 996 | 0.8% | 915 | 0.8% | 970 | 0.9% | 902 | 0.9% | 599 | 0.6% | 285 | 0.3% | 326 | 0.3% ¹⁴ |

Within the systems of which they are part, CCGs continue to manage their finances well and collectively take appropriate action to deliver efficiency savings. CCGs delivered £2.2 billion (2.4% of total allocations) of efficiency savings over the course of the year. The number of CCGs reporting an overspend increased in 2019/20 (46 compared to 33 in 2018/19), in a context where the support provided through the Commissioner Support Fund (CSF) was reduced by £100 million and there were pressures outside of CCGs' control, for example on drugs prices.

NHS England actively managed the NHS Group financial position throughout the year. Investment was held back to support the group position. Strong financial management across Direct Commissioning and Specialised Commissioning also enabled these areas to deliver managed underspends.

Delivering this level of underspend across the NHS England Group has enabled us to offset the overspends across a number of NHS providers, thus making sure that the NHS as a whole lived within its budget for the year.

¹³ Historic Continuing Healthcare claims administered on behalf of CCGs included in "Other"

¹⁴ 2019/20 actual expenditure is £360 million lower than in the financial statements to reflect the impact of additional direct COVID-19 spend that does not score against RDEL in line with the Ministerial direction issued by DHSC.

Performance against wider financial metrics

Within the mandate the DHSC sets a number of technical financial targets for the NHS England Group, including the core operational limit (general RDEL) described above. These limits are ringfenced, which means that underspends on the other revenue limits cannot be used to support core patient services covered by the general RDEL limit.

2019/20 Performance against key financial performance duties

| Revenue Limits | Target | | | | |
|--|---------------------|----------------|------------------|----------------------------------|----------------|
| | Mandate Limit £m | Actual £m | Underspend £m | Underspend as % of Mandate | Target met? |
| RDEL - general ¹⁵ | 123,377 | 122,381 | 996 | 0.8% | ✓ |
| RDEL - ring-fenced for depreciation and operational impairment | 166 | 149 | 17 | 10.2% | ✓ |
| Annually Managed Expenditure limit for provision movements and other impairments | 325 | 295 | 30 | 9.2% | ✓ |
| Technical accounting limit (e.g. for capital grants) | 200 | 62 | 138 | 69.0% | ✓ |
| Total Revenue Expenditure | 124,068 | 122,887 | 1,181 | 1.0% | ✓ |

Administration costs (within overall revenue limits above)

| | | | | | |
|-----------------------------------|--------------|--------------|------------|--------------|----------|
| Total administration costs | 1,874 | 1,623 | 251 | 13.4% | ✓ |
|-----------------------------------|--------------|--------------|------------|--------------|----------|

Capital limit

| | | | | | |
|---|------------|------------|----------|-------------|----------|
| Capital expenditure contained within our Capital Resource Limit (CRL)¹⁶ | 260 | 255 | 5 | 2.0% | ✓ |
|---|------------|------------|----------|-------------|----------|

Allocations

NHS England has responsibility for allocating the NHS funding agreed with the DHSC as part of our Mandate. We are required to operate a transparent and equitable allocation process. The NHS Act 2006 (as amended) also requires NHS England to have regard to reducing inequalities in access to and outcomes from healthcare.

In January 2019, the NHS England Board approved allocations for the five years from 2019/20 to 2023/24, deploying the long-term revenue funding settlement made available by the Government to support the implementation of the NHS Long Term Plan. Significant improvements were also made to the formulae through which resources are distributed to CCGs and were implemented in 2019/20, on the basis of recommendations from the independent Advisory Committee on Resource Allocation.

¹⁵ 2019/20 RDEL - General expenditure actual is £360 million lower than in the financial statements to reflect the impact of additional direct COVID-19 spend that does not score against RDEL in line with the Ministerial direction issued by DHSC.

¹⁶ 2019/20 Capital Resource Limit (CRL) expenditure actual is £10 million lower than in the financial statements to reflect the impact of additional direct COVID-19 spend that does not score against CRL in line with the Ministerial direction issued by DHSC.

There were two major formula changes - the introduction of a new community services allocation formula, and an updated and improved mental health formula using new linked data. In addition, the health inequalities adjustment was updated and the methodology adjusted to better reflect the full range of variation in the mortality ratio used for the adjustment. The way in which populations are calculated and demographic projections are used was also enhanced.

These allocations remain the basis of our plans for 2020/21, updated for changes to tariff inflation and tariff adjustments.

Impact of COVID-19

COVID-19 is the biggest public health challenge facing the NHS and society in our lifetimes. As the whole health and care system mobilised to respond, this gave rise to a financial impact in the final months of 2019/20.

Financial sustainability

The NHS Long Term Plan sets out five tests for the NHS to meet as we move onto a sustainable financial path whilst delivering core service improvements. Responding to COVID-19 has meant that the timeline for delivering on these tests and delivering all of the NHS Long Term Plan service improvements will be evaluated over the coming months. The NHS has started to put down the foundations of financial sustainability, with the number of NHS providers reporting a deficit falling by half – 53 in 2019/20 against 107 in 2018/19.

Financial priorities for 2020/21

We will focus on continuing to support the NHS with the resources needed to respond to COVID-19, ensuring that finance is not a barrier to fighting the virus and making sure the NHS comes through this with a pathway to financial sustainability and delivery of the NHS Long Term Plan goals.



Julian Kelly

Chief Financial Officer

Our priorities for 2020/21

The NHS Long Term Plan, published in January 2019, will continue to be our focus over the coming years.

Our focus during 2020/21 will be on the continued response to COVID-19, while supporting systems in the restoration of other services that were affected by the COVID-19 pandemic.

We will work with the Government and local systems on the journey to delivering the commitments in the NHS Long Term Plan.

