

- To: • ICB chief executives
- cc. • Regional:
- directors
  - directors of commissioning
  - directors of system transformation

NHS England  
Wellington House  
133-155 Waterloo Road  
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**24 January 2023**

Dear colleagues

### **Direct commissioning delegation**

Thank you for all the preparatory work you have been undertaking in readiness for taking on delegated commissioning responsibilities for pharmaceutical, general ophthalmic and dental (POD) services. NHS England Board formally approved the delegation of these functions to the remaining 35 ICBs on 1 April 2023.

We are now working on the arrangements for the transition including the transfer of the staff and funding required for the function. To support this, you have asked us to clarify the impact of this transfer on Running Cost Allowances (RCA) for ICBs.

On the transfer of staff supporting POD commissioning from NHS England regional teams to ICBs, we will commence consultation in the coming weeks. These groups of staff will not be subject to the ongoing organisational change within NHS England. We are planning the actual transfer dates to be:

- |               |   |
|---------------|---|
| 1 April 2023: | ICBs in East of England; North West   |
| 1 July 2023:  | ICBs in North East and Yorkshire; Midlands; South West; South East; London, plus complaints staff to all regions. |

Running Cost Allowances for ICBs will be adjusted in 2023/24 to include the **full pay and non-pay budgets for all delegated POD functions and staff** (including vacancies) at the point of transfer. A similar adjustment will be made in 2024/25 for any further staff transfers relating to any other agreed delegated services. ICBs will be liable for costs of change including any redundancy costs in future years.

We are in discussions at a national level over future changes to the annual RCA and we will confirm the position with you as soon as this has been agreed.

The delegation of functions will be finalised through signing a Delegation Agreement between each NHS England Regional Director and the respective ICB Chief Executive. Information will also be provided on the associated commissioning budgets that will be allocated to ICBs and any rules for managing these.

Thank you for your ongoing efforts to deliver and to tackle the immediate operational challenges and the longer-term transformation and improvement in population health outcomes for people in England.

Yours sincerely,



**Mark Cubbon**  
Chief Delivery Officer  
NHS England



**Sir David Sloman**  
Chief Operating Officer  
NHS England



**Julian Kelly**  
Chief Financial Officer  
NHS England