

To: • ICB and Trust:
- Chief executives
- Chief finance officers
- Chief operating officers

NHS England
Wellington House
133-155 Waterloo Road
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cc. • ICB and Trust:
- Chairs
- Chief Nurses
- Medical Directors

8 November 2023

Dear colleague

Addressing the significant financial challenges created by industrial action in 2023/24, and immediate actions to take

We are writing to provide clarity on the funding and actions the NHS has been asked to take to manage the financial and performance pressures created by industrial action following discussions with Government.

As a result of these pressures, for the remainder of the financial year our agreed priorities are to achieve financial balance, protect patient safety and prioritise emergency performance and capacity, while protecting urgent care, high priority elective and cancer care.

In response, we are asking systems to complete a rapid two-week exercise to agree actions required to deliver the priorities for the remainder of the financial year.

Financial pressures in 2023/24

We asked you to set ambitious plans for 2023/24 in the context of NHS funding increasing in real terms between 2019/20 and 2023/24 to over £160bn, recognising the actions you have had to take to deal with a range of significant new pressures.

Plans were set on the basis that there would not be significant ongoing industrial action. Despite 10 months of strikes, the NHS has made progress on the delivery of the UEC, primary care access and elective recovery plans, while also displaying professionalism in planning for and managing periods of action. The strikes have nonetheless had a significant impact on patients and staff.

The impact of the more than 40 days of industrial action this financial year has created unavoidable financial costs that we estimate to be around £1 billion, with an equivalent loss of elective activity.

National action

To cover the costs of industrial action to date we are taking the following actions which have been agreed with Government:

- Allocating a total of £800 million to systems sourced from a combination of reprioritisation of national budgets and new funding.
- Reducing the elective activity target for 2023/24 to a national average of 103%, which will now be maintained for the remainder of the financial year. Discontinuing the application of holdback to the Elective Recovery Fund (ERF) for the rest of the year and formally allocating systems their full ERF funding.

Actions for ICBs and Trusts

We are asking ICBs and providers, by 22 November, to agree the steps required to live within their re-baselined system allocation and reflecting the impact of the reduced elective activity goal. Plans should be based on a scenario where there are no further junior doctor or consultant strikes.

The foundation of this reset should be protecting patient safety, including in maternity and neonatal care, and prioritising UEC so that patients receive the best possible care this winter. Progress on existing commitments on elective and primary care recovery programmes, as well as other goals, should build on that foundation.

Actions to deliver UEC performance should include the agreed investments in capacity – including beds and ambulance services – as well as other components of UEC plans, including admissions avoidance and discharge schemes. Following the additional funding and changes to the ERF threshold, these are expected to be fully implemented without further delay.

The primary focus for elective activity should be on long waits and patients with urgent care and cancer needs, including reducing the cancer backlog. Primary care plans should protect improvements in access.

In showing how you will deliver financial balance you will need to show:

- you have fully worked up efficiency plans, including the reductions in agency staffing set out at the start of the year;
- where you require flexibility on programme funding;

- an elective plan that is refocused on driving productivity from core capacity, identifying the insourcing/outsourcing and waiting list initiatives you still consider necessary within a balanced financial plan focused on the longest waits, urgent elective, and cancer care.

Returns should identify the total activity you forecast to do and the implications of any changes on the trajectory to the March 2024 65ww target, including how maintaining existing patient choice, tiering and the GIRFT programme can all support delivery (including on inpatient length of stay, day case rates and capped theatre utilisation).

The current pause in strike action is a positive step. However, it will be important to understand the alternative, and so your plans should also include an assessment of a scenario where the junior doctor and consultant strikes continue in a pattern consistent with the last four months and how those costs can be minimised as far as possible. In this scenario the focus should be on what steps you would take to minimise additional costs.

Next steps

Following yesterday’s webinar with ICB and provider CEOs and Directors of Finance, we are holding a further session this afternoon with Directors of Finance.

We will schedule sessions for each individual ICB Executive and their provider colleagues from 27 November to agree proposed actions.

We know how hard you have been working to maintain progress on implementing the recovery plans for elective care, urgent and emergency care, and primary care – as well as wider Covid recovery and priority transformation programmes – in the face of extraordinary pressures from prolonged industrial action.

We hope that this letter provides the clarity you have been seeking to now enact, along with system partners, those actions necessary to balance these financial challenges with your wider responsibilities.

Yours sincerely,



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Officer
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**Professor Sir
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