



Health Committee

House of Commons London SW1A 0AA

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From Dr Sarah Wollaston MP, Chair

Jim Mackey
Chief Executive, NHS Improvement

28 July 2017

Dear Jim,

Thank you for coming to see me to discuss NHS Improvement's current work. We discussed the widespread concerns about the Capped Expenditure Process, and in particular the impact of substantial in-year savings on top of existing longer term plans for efficiency savings. I understand that in light of this a number of CEPs have now been allowed to relax the pace of these additional savings, but I would be grateful for an update on the process across the country and an update on the extent and time scale of savings that will be required of my local Devon STP.

We also discussed the wider funding landscape for providers. It is widely recognised, and has been the conclusion of several reports, including by the Health Committee, PAC and the Lords' committee on long term sustainability in the NHS, that short termism in NHS system planning hampers sustainable long term reform. It is a concern to see ongoing capital to revenue transfers for example. Given the report and comments on long term sustainability from the Comptroller and Auditor General, I would be grateful for your update on how you are planning to make the service sustainable for the future.

Finally, we spoke about the lack of transparency and culture of secrecy which seems to surround STPs. When reconfiguring services across local communities I know you also feel that genuine engagement and communication is very important. Time and again elected representatives at national and local level have been deeply disappointed however with how difficult it has been to be involved in discussions let alone obtain any information about proposals for changes to services. Could you set out how an unequivocal and public message can be delivered to STP leaders around the country that they should involve local authorities, and MPs and that information can be freely shared without fear of disciplinary action?

I look forward to hearing from you and thank you again for all you are doing on behalf of those who depend on NHS services.

Yours sincerely,

Dr Sarah Wollaston MP
Chair of the Committee

By email:

25 August 2017

Dr Sarah Wollaston MP
Chair
Health Committee
House of Commons
London
SW1A 0AA

Dear Sarah

Thanks for a good discussion when we met in July, and your letter of the 28th. As we discussed, we are confident that colleagues involved in the Capped Expenditure Process (CEP) are conducting quality impact assessments and understand the need for engagement and consultation where appropriate (with patients and staff). We discussed the need for those health systems with the biggest financial problems to catch up with those in better shape but we have recognised the risk that we use a blunt tool to address complex local issues, and I can assure you that this is now a more considered process. I will send you a briefing on CEP across the country, and on Devon separately.

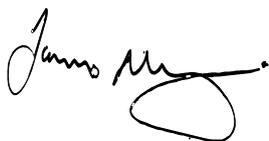
With regard to long term financial sustainability, we discussed how we have been using a number of centrally driven instruments to stabilise provider finances (such as control totals and agency controls). These have been quite effective and have led to a reduction in the provider deficit from £2.4bn in 15/16 to £793m in 16/17 and a planned £496m deficit in the current year – with agency spend down from £3.7bn in 15/16 to £2.9bn in 16/17. However, these cannot be mistaken for long-term or sustainable measures. We know that the level of efficiency being required of providers – efficiencies that have largely been delivered to date – are unprecedented and way beyond those being delivered anywhere else in the world.

We are currently engaging with NHS Providers, my advisory group of provider CEOs, and various other representatives in the provider sector to determine what a reasonable long-term approach to these challenges could be, and, fundamentally, how we develop a new form of earned autonomy. I think we all agree that this can't be a simple return to Foundation Trust freedoms, because our views of how a health system could function have evolved since this era, but instead must recognise institutional needs **and** system needs. It also needs to balance short-term delivery and long-term financial health with service quality. You won't be surprised to hear me say that this is very complex and I would welcome the opportunity of discussing this with your Committee if possible. I return to Northumbria at the end of October, but I have made it clear that I wish to remain engaged in the national debate.

Finally, with regard to STPs and public engagement, you know that I feel very strongly that service change must be driven by very active public and staff engagement. My own personal experience is that, when this is done effectively, the engagement processes will often produce answers that would not have been identified without engagement, help improve understanding of the issues and improve acceptance and support for any changes. Despite the obvious benefits of this level of engagement – and the moral case for doing so – it takes a lot of leadership and energy to do it well. I will discuss with Simon whether we can agree a joint letter to leaders that addresses this point.

I hope that this addresses the issues you raise Sarah, and would very much welcome a fuller discussion with your Committee on these matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jim Mackey', with a large, stylized flourish at the end.

Jim Mackey

Chief Executive, NHS Improvement