



Department
of Health

*From the Rt Hon Jeremy Hunt MP
Secretary of State for Health and Social Care*

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

22 JAN 2018

Dear Sarah,

I welcome the Health Select Committee's inquiry into the introduction of Accountable Care Organisations (ACOs).

I expect that NHS England will confirm early this week that they intend to consult on the prototype ACO contract before the contract is used by any CCG. We anticipate that this consultation will coincide helpfully with the timings of the Committee's inquiry.

I understand that NHS England's national public consultation on the draft ACO contract in Spring 2018 will seek to explain what ACOs are and are not, and will cover both the terms of the contract and why it is being proposed. The consultation will also set out how the contract fits within the NHS as a whole, address how the existing statutory duties of NHS commissioners and providers will be performed under it (including how this will work with existing governance arrangements), and will set out how public accountability and patient choice will be preserved.

Creating an ACO requires strong collaboration and new ways of working across a health system. A few areas (particularly some of the MCP and PACS vanguards) in England are on the road to establishing an ACO, but this takes several years. Following NHS England's consultation, we anticipate that a small number of sites could be in a position to sign an ACO contract later in 2018.

As you are no doubt aware, last autumn I consulted on draft Regulations to enable piloting of the draft ACO contract, if (following consultation) NHS England do decide to go ahead. These regulations are purely enabling and will not, in themselves, create any ACOs in the NHS. We are intending to lay the regulations in February but

are considering this in light of the timing of both the Health Select Committee's inquiry and the Judicial Review which has been brought against ACO policy.

I have noted the concerns you have raised with regards to the possibility of an Independent Sector organisation holding an ACO contract. As you will know, CCGs are bound by the Public Contracts Regulations (PCR 2015) when commissioning services. A central principle of the Public Contracts Regulations (2015) is non-discrimination, which prohibits the contracting authority from discriminating against, or in favour of, bidders on the grounds of organisational form of the body that will be awarded the contract. Amending these regulations is outside the scope of the current proposals, but may be something a future Parliament may wish to consider.

However, the organisations emerging from ongoing procurements to deliver the ACO contract are local NHS organisations (led by NHS Foundation Trusts), proposing to partner with local GPs.

I hope this resolves your concerns about the development of this policy.

A handwritten signature in blue ink, appearing to read 'Jer', with a stylized flourish below it.

JEREMY HUNT



Health Committee

House of Commons London SW1A 0AA

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From Dr Sarah Wollaston MP, Chair

Rt Hon Jeremy Hunt, MP
Secretary of State for Health & Social Care

18 January 2018

Dear Jeremy,

I am writing to request that you delay the introduction of the new contract for Accountable Care Organisations until after the Health Committee has taken the opportunity to hear evidence on the issues around the introduction of accountable care models to the NHS.

As I am sure you are aware, a great deal of concern has been expressed about the development of ACOs in the NHS. I expect the Committee to consider these concerns, and the responses to them, in the course of its inquiry into Sustainability and Transformation Partnerships, announced last autumn. We will be hearing oral evidence in February and March, with a view to reporting after Easter.

The Committee's inquiry will provide an opportunity to hear both sides of the arguments around the development of accountable care models, which I consider have not been well aired publicly up until now. It will enable public concerns to be heard, and the Government and the NHS to consider what steps need to be taken to allay those concerns if this policy is to be pursued.

I look forward to hearing the evidence, and to the Committee playing a helpful role in enabling a balanced debate. I hope that you will agree that delaying the introduction of the planned contract changes until we have done so would be a sensible step in ensuring that public confidence is maintained in developments in the NHS and that concerns can be addressed.

Yours sincerely,

Dr Sarah Wollaston MP
Chair of the Committee