Specialised Healthcare Alliance
FOR EVERYONE WITH RARE AND COMPLEX CONDITIONS

SPECIALISED HEALTHCARE ALLIANCE WRITTEN SUBMISSION TO PUBLIC ACCOUNTS COMMITTEE INQUIRY ON NHS SPECIALISED SERVICES
APRIL 2016

The Specialised Healthcare Alliance (SHCA) is a coalition of 120 patient-related organisations and 16 corporate supporters which has campaigned on specialised healthcare matters since 2003. The Alliance does not get involved in any individual therapy-related issues, concentrating instead on the overarching policies and structures of NHS specialised care.

The Alliance welcomes the opportunity to submit evidence on the effectiveness of specialised commissioning under NHS England to date and was pleased to have been consulted by the National Audit Office in the preparation of its associated report.

Executive Summary

- **Fundamentally, the national commissioning of specialised services delivers better equity for patients and better financial risk pooling than the commissioning system which existed prior to April 2013**
- **Nevertheless, NHS England has experienced many problems, caused or exacerbated by a significant underestimation of historic spending on specialised services**
- **As a result, NHS England's early work has been reactive and financially-focused, seeking to balance budgets rather than maximise the promise of its national commissioning powers for strategic work**
- **Recently, however, specialised commissioning has approached a financial break-even position, with relatively small overspends largely attributable to the Cancer Drugs Fund (CDF). Provider-side deficits continue to be a cause for concern for specialised services as well as the wider NHS.**
- **NHS England's opacity in relation to specialised commissioning has been a cause of ongoing concern, making it difficult to demonstrate proper assurance. Earlier engagement and transparent processes should lead to better policy and performance.**
- **NHS England's data collection standards have been below par, limiting the scope for properly informed commissioning and hindering efficiency.**
- **NHS England must set a clear strategy for specialised services, co-produced with patients and other key stakeholders. This should set out future plans for commissioning arrangements, along with overall improvements to transparency so that taxpayer value can be rigorously assessed.**

Introduction

(1) At present, specialised services are subject to a national risk pool. This means that services that may place a disproportionate financial burden on local health economies are commissioned nationally by NHS England. This also takes into account clinical and planning considerations for rarer conditions.

(2) Prior to the Health and Social Care Act (2012), Primary Care Trusts (PCTs) were responsible for the commissioning of specialised services. However, under that system, patients experienced significant variation in access to care and its standards. In its 2010 report on Commissioning, the Health Select Committee noted concerns about PCT performance in their specialised commissioning duties.

(3) The Alliance was and remains supportive of national commissioning for these services, rather than commissioning by local CCGs. National planning has been an efficient way of pooling financial risk and delivering more uniform access to specialised care based on expert guidance. The inherent costs of more local commissioning of specialised and complex services, including duplication of effort and protracted debate over varied access to care, have been replaced. The negotiating strength of a single commissioner should also deliver better value for the taxpayer.

(4) Although there is significant scope for NHS England to create a more efficient and assured delivery of specialised services with a clearer direction of travel, a return to highly variable local commissioning arrangements for specialised services would not be welcome.

Finances

(5) In 2013/14, NHS England became the national commissioner for specialised services. In order to facilitate this significant transfer of responsibilities from largely local to national level, NHS England undertook to establish the historic baseline spend on specialised services.

(6) This was a complex undertaking, given that specialised services were commissioned variously by over 150 PCTs, 10 Specialised Commissioning Groups and a National Specialised Commissioning Team, and that the definition of 'specialised' was also changing through the transition.

(7) The impact statement accompanying the Health and Social Care Bill, produced in 2011, estimated spend on specialised services at £9.8billion. In 2013/14, NHS England's first budget allocation for specialised commissioning was £11.98billion, and this rapidly proved to be an underestimate. Successive budgetary shortfalls, alongside 'turnaround' efforts mobilised by NHS England in 2014, finally saw the commissioning budget come broadly into balance for 2015/16, at around £14.7billion.

The Alliance would see three major causes of this financial turmoil:

(8) First, the underestimation of previous spend on specialised services. Given the absence of the particular dataset required, this was bound to have been an estimate but the lack of contingency planning saw financial problems hit quickly and forcefully.

(9) Second, the slender management capacity allocated to specialised commissioning caused real difficulties in establishing a strong commissioning function under NHS England. Steps taken in mid-2014 to increase headcount and improve contract management were clearly effective in addressing some overspending and this should have been put in place from the outset.

(10) Third, the Cancer Drugs Fund is included within the specialised commissioning budget line and has seen substantial overspending. In 2015/16, it constituted the vast majority of the remaining specialised commissioning overspend.

(11) For the future, while specialised services have been allocated an above average increase in spending rates for the years ahead, NHS England has described this as being at the lowest end of projected demand. As a result, there will be significant pressure on the specialised commissioning budget and there will be a greater need for NHS England to demonstrate clear delivery and assurance plans for the decisions it will need to take.

Collaborative commissioning

(12) One of the main strategic initiatives for specialised services explored by NHS England since April 2013 relates to 'collaborative commissioning' with CCGs. This recognises the potential pathway problems caused by the gap between national and local commissioning of different elements of care for the same patient.

(13) However, this area has been beset with difficulties. In practical terms, NHS England did not clarify the implications of 'co-commissioning' when the idea was first mentioned in November 2014, nor did it provide sufficient detail in its subsequent guidance on 'collaborative commissioning' in March 2015. Stakeholders were not engaged with prior to the publication of a Board paper in November 2014 and there was a shift from a desire to see 'place-based budgets' to 'place-based planning' as the initiative developed. A major practical concern relates to the enthusiasm for such collaboration on the part of CCGs, as well as the governance challenges of blurring commissioner boundaries.

(14) More fundamentally, however, patient organisations and other stakeholders were extremely wary of 'co-commissioning' or 'collaborative commissioning' if these were to include the pooling of budgets between national and local commissioners. In essence, this would have eroded the national commissioning function, forgoing its benefits and returning patients to the variation seen in the past. In a survey of

members and the chairs of Clinical Reference Groups, the Alliance found that 90% of respondents did not want this to occur.

Transparency, accountability and assurance

(15) The Alliance continues to have serious concerns about the transparency and accountability of NHS England for its specialised commissioning performance.

(16) Its internal committees are numerous and interlinked and the most senior committees (the Clinical Priorities Advisory Group, Specialised Commissioning Oversight Group and Specialised Commissioning Committee) do not conduct any public engagement. More troublingly, notes of their meetings are not made public, hampering any external assessment of the value for money, quality or justification for decisions which are taken about patient care.

(17) It is not clear how and to whom NHS England is directly accountable for its specialised commissioning. The Mandate from the Government does not specifically mention specialised services and, other than this inquiry, external scrutiny has been lacking. This is a significant issue for such a significant area of public spending of importance to a great many patients and their families.

Data and information

(18) While there are signs that data collection and usage is improving within NHS England's specialised commissioning function, the standard of costing and outcomes data since April 2013 has generally been thought to have been poor. This is all the more disappointing in the context of the potential of such data to be used by national service-specific Clinical Reference Groups, which would be able to evaluate outcomes and make cost-based recommendations for service improvements if they were equipped with the requisite data.

Future strategy for specialised services

(19) NHS England's prospective strategy for specialised service commissioning, will provide a significant opportunity for more efficient and cost-effective services to be delivered. The value of this work will be enhanced significantly if NHS England engages constructively with patient and other external stakeholders to develop the strategy in an open and transparent way. Furthermore, given the sector's support for national service standards, NHS England should build from a position of strength by retaining these and exploring the ways in which better value can be derived from the services to which they relate.