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13th July 2017

Dear Vanessa

2016/17 CCG annual assessments

The CCG annual assessment for 2016/17 provides each CCG with a headline assessment against the indicators in the CCG improvement and assessment framework (CCG IAF). The CCG IAF aligns key objectives and priorities as part of our aim to deliver the *Five Year Forward View*. The headline assessment has been confirmed by NHS England's Commissioning Committee.

This letter provides confirmation of the annual assessment, as well as a summary of any areas of strength and where improvement is needed from our year-end review (**Annex A**).

Detail of the methodology used to reach the overall assessment for 2016/17 can be found at **Annex B**. The categorisation of the headline rating is either outstanding, good, requires improvement or inadequate.

The final draft headline rating for 2016/17 for Northumberland CCG is **inadequate.** All CCGs assessed as inadequate at year-end will be placed in a reframed special measures regime. Special measures will embrace support to help CCGs improve and will no longer be closely linked to the use of legal directions, although the two will not be mutually exclusive. The Directions currently in place for the CCG will remain in conjunction with special measures. Thank you for the significant work undertaken during 2016/17, there are many positive examples of work and performance against constitutional standards is very good. However, there remains significant challenge ahead and I would ask that the CCG continues its relentless focus on finance. We will continue to work closely with you to move the CCG out of directions and special measures as soon as possible. I will write separately about the requirements that will be underpinned by the special measures regime.

Overall, the results for the NHS in England in 2016/17 represent an improvement from 2015/16, which is a significant achievement for commissioners and is representative of much hard work during what has been a difficult year.

The 2016/17 annual assessments will be published on the CCG Improvement and Assessment page of the NHS England website on 19 July 2017. At the same time they will be published on the MyNHS section of the NHS Choices website. The dashboard with the data has already been made available through NHS England regional teams, and will be reissued with year-end ratings on 19 July 2017. CCGs will also receive confirmation of their assessment in three clinical priority areas (cancer, mental health and dementia), at the same time. Assessments for diabetes, learning disabilities and maternity are expected to follow later in the year.

Thank you for your CCG's contribution to delivering the *Five Year Forward View*, and your focus on making improvements for local people. I look forward to working with you and your colleagues during 2017/18, including following up on the annual assessment.

I would ask that you please treat your headline rating **in confidence** until NHS England has published the annual assessment report on its website on 19 July. This rating remains draft until formal release. Please let me know if there is anything in this letter that you would like to follow up on.

Yours sincerely,

Alison Slater
Interim Director of Commissioning Operations
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Annex A – Northumberland 2016/17 summary

Key Areas of Strength / Areas of Good Practice
According to the latest available data, Northumberland CCG is rated in the top quartile of CCGs nationally on the following indicators:

- 105b Personal health budgets
- 105d People with long-term conditions feeling supported to manage their condition(s)
- 121a/b Provision of high quality care in acute and primary care
- 122a/b/d Cancer diagnosed at early stage, 62 days from referral to treatment and patient experience
- 124b % of people with a learning disability receiving an annual health check
- 125b Experience of maternity services
- 126a Dementia diagnosis rate
- 127c/e A&E 4-hour waiting times and delayed transfer of care per population
- 128b Patient experience of GP services
- 129a Patients waiting 18 weeks or less from referral to hospital treatment

Key Areas of Challenge
Northumberland CCG is rated in the lowest quartile of CCGs nationally on the following indicators:

- 106a/b Inequalities in unplanned/emergency admissions for care sensitive conditions
- 123a IAPT recovery rates
- 124a Reliance on specialist inpatient care for people with a learning disability and/or autism
- 126b Dementia post diagnosis support

Key Areas for Improvement
Northumberland CCG was rated “Red” for both its 2016/17 financial performance and “Quality of Leadership. These indicators account for half of the total CCG assessment score for 2016/17 and therefore has a significant impact on the overall rating.

Conditions/Directions/Special Measures
Northumberland CCG remains in Directions at the start of 2017/18. NHSE remains committed to working with the CCG towards the removal of these Directions as soon as possible. As a consequence of its “Inadequate” CCG IAF rating for 2016/17, the CCG will be placed in a reframed special measures regime, designed to support improvement within the CCG.

Summary
Overall, we recognise that the CCG will be disappointed with its rating remaining “Inadequate” for 2016/17. However, performance remains strong across a number of CCG IAF indicators, but improving the financial position remains a key priority for the year ahead and we will seek to actively support the CCG and the local system in doing so.

Annex B – Assessment Methodology
NHS England's annual performance assessment of CCGs 2016/17

1. The CCG IAF comprises 60 indicators selected to track and assess variation across 29 policy areas covering performance, delivery, outcomes, finance and leadership. This year, assessments have been derived using an algorithmic approach informed by statistical best practice; NHS England's executives have applied operational judgement to determine the thresholds that place CGCs into one of four performance categories overall.

Step 1: indicator selection

2. A number of the indicators were included in the 2016/17 IAF on the basis that they were of high policy importance, but with a recognition that further development of data flows and indicator methodologies may be required during the year. However, by the end of the year, there were data limitations for four of the indicators, so these have been excluded. These four indicators are set out below:

Indicator	Rationale for exclusion
Percentage of deaths which take place in hospital	End of life choice indicator – placeholder only for 2016/17, new indicators introduced for 2017/18
Ambulance waits	Data not available for pilot sites
Outcomes in areas with identified scope for improvement	Data available for 65 wave 1 CCGs only
Expenditure in areas with identified scope for improvement	Data available for 65 wave 1 CCGs only

Step 2: indicator banding

3. For each of the 209 CCGs, the remaining 56 indicator values are calculated. For each indicator, the distance from a set point is calculated. This set point is either a national standard, where one exists for the indicator (for example in the NHS Constitution); or, where there is no standard, typically the CCG's value is compared to the national average value.

4. Indicator values are converted to standardised scores ('z-scores'), which allows us to assess each CCG's deviation from expected values on a common basis. CCGs with outlying values (good and bad) can then be identified in a consistent way. This method is widely accepted as best practice in the derivation of assessment ratings, and is adopted elsewhere in NHS England and by the CQC, among others.[1]

5. Each indicator value for each CCG is assigned to a band, typically three bands of 0 (worst), 2 (best) or 1 (in between).[2]

Step 3: weighting

[1] Spiegelhalter et al. (2012) *Statistical Methods for healthcare regulation: rating, screening and surveillance*
[2] For a small number of indicators, more than 3 score levels are available, for example, the leadership indicator has four bands of assessment.

6. Application of weightings allows the relatively greater importance of certain components (i.e. indicators) of the IAF to be recognised and for them to be given greater prominence in the rating calculation.

7. Weightings have been determined by NHS England, in consultation with operational and finance leads from across the organisation, and signal the significance we place on good leadership and financial management to the commissioner system:

    - Performance and outcomes measures: 50%;
    - Quality of leadership: 25%; and,
    - Finance management: 25% (the assessment of financial plan is zero weighted to ensure focus on financial outturn)

8. These weightings are applied to the individual indicator bandings for each CCG to derive an overall weighted average score (out of 2).

Figure 1: Worked example

Anytown CCG has:

- Quality of leadership rating of "red" (equivalent to a banded score of 0)
- Finance management rating of "amber" (equivalent to banded score of 1)
- Finance plan is zero weighted.
- For the remaining 53 indicators, 9 are banded as 0 (outlying, worst), 12 are banded as 2 (outlying, best) and 32 are banded as 1 (in between).
- The total of the banded scores for these indicators is therefore (9x0) + (12x2) + (32x1) = 56
- The weighted average score is calculated as:
  [25% x 0] + [25% x 1] + [50% x (56/53)] = 0.78

Step 4: setting of rating thresholds

9. Each CCG's weighted score out of 2 is plotted in ascending order to show the relative distribution across CCGs. Scoring thresholds can then be set in order to assign CCGs to one of the four overall assessment categories.

10. If a CCG is performing relatively well overall, their weighted score would be expected to be greater than 1. If every indicator value for every CCG were within a mid-range of values, not significantly different from its set reference point, each indicator for that CCG would be scored as 1, resulting in an average (mean) weighted score of 1. This therefore represents an intuitive point around which to draw the line between 'good' and 'requires improvement'.

11. In examining the 2016/17 scoring distribution, there was a natural break at 1.45, and a perceptible change in the slope of the scores above this point. This therefore had face validity as a threshold and was selected as the break point between 'good' and 'outstanding'.

12. NHS England's executives have then applied operational judgement to determine the thresholds that place CCGs into the 'inadequate'. A CCG is rated as 'inadequate' if it has been rated red in both quality of leadership and financial management.

13. This model is also shown visually below: