

Mrs Janet Guy, Chair  
Dr Alistair Blair, Chief Clinical Officer  
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25<sup>th</sup> August 2016

Dear Mrs Guy and Dr Blair,

### **NHS Northumberland CCG – APPLICATION OF DIRECTIONS BY NHS ENGLAND**

I am writing further to my letter of 8<sup>th</sup> July 2016 that had the results of your annual assessment for 2015/16, to confirm that formal Directions have been applied to NHS Northumberland CCG using NHS England's powers conferred by section 14Z21 of the NHS Act 2006 (as amended). NHS England's Board has judged it appropriate that it should use its statutory powers of intervention to issue Directions to NHS Northumberland CCG, to ensure that the serious governance, leadership and financial weaknesses identified at the CCG are effectively addressed. The Directions have been agreed by a sub-committee of the Board and their removal will also require a Board decision, subject to satisfactory compliance.

Please accept my apologies that I was unable to coordinate writing to you with the Directions prior to the national Financial Reset announcement in July.

The directions themselves are enclosed with this letter and focus on four key areas:

- Implement the improvement plan to address fully the recommendations in the external review of the capacity, capability and governance of the CCG
- That the CCG achieves an in-year deficit of no greater than £5m in the financial year 2016/17;
- Strengthen and resource the finance and programme management functions of the CCG
- Involving NHS England where there is a need to make appointments to the executive team or the next tier of management at the CCG;

These Directions come into force on 1 September 2016 and will remain in place until they are varied or revoked by NHS England.

You have been directed to develop a revised Improvement Plan will set out how you will ensure that the capacity, capability and governance of the CCG is fit for purpose and so addresses the issues raised by the recent Capacity and Capability Review.

In respect of the directions relating to your Financial Recovery Plan (FRP), we will be in touch soon to arrange a meeting with Audrey Pickstock, Director of Finance NHS England (North – Cumbria and North East), to review the latest draft. You must also be able to demonstrate that your Governing Body has taken the necessary ownership of the FRP and that it understands it at a level which allows proper challenge and debate, with clarity going

forward as to the collective actions necessary to deliver the desired outcomes. I know that you will keep the Governing Body and the wider membership of the CCG apprised of progress with these requirements on a regular basis.

We will work with you as steps are taken to strengthen the finance and programme management functions within the CCG and as set out in the Directions we will need to agree with you the processes for making any appointments to the executive team or next tier of management.

I will also agree with you the plan to address the issues in the Directions and the frequency of the follow up meetings to review progress against the issues identified. These reviews will need to take into account the timescales identified in this plan and also inform future consideration as to when NHS England can be advised that the Directions can be removed.

I know that yourselves, the Governing Body and the Council of Members appreciate the seriousness of the situation for the CCG and I am confident you will take the required actions set out in these Directions within the timescales specified, in order to progress towards a situation where the Directions are no longer needed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim Rideout', is written over a light grey rectangular background.

**Tim Rideout**  
**Director of Commissioning Operations (Cumbria and the North East)**  
**NHS England**

**NATIONAL HEALTH SERVICE  
ENGLAND**

**The NHS Northumberland Clinical Commissioning Group Directions 2016**

The National Health Service Commissioning Board ("the Board"), in exercise of powers conferred by section 14Z21 of the National Health Service Act 2006 gives the following Directions.

**Citation, commencement and application**

- (1) These Directions are given to NHS Northumberland Clinical Commissioning Group ("NHS Northumberland CCG").
- (2) These Directions may be cited as the NHS Northumberland CCG Directions 2016 and come into force on 1 September 2016.
- (3) These Directions apply until they are varied or revoked by the Board.

**Exercise of functions**

- (4) A capability and capacity review of NHS Northumberland CCG has been completed. The Board directs that:
  - (a) NHS Northumberland CCG shall develop an Improvement Plan to include recommendations arising from the review and any other matter required by the Board.
  - (b) The Improvement Plan shall be approved by the Board.
  - (c) NHS Northumberland CCG shall implement the Improvement Plan in accordance with the timelines set out within it and:
    - i. provide prompt and full disclosure of any information, documents and records requested by the Board; and make senior officers available to meet with the Board to discuss the implementation of the Improvement Plan.
  - (d) The Board may direct NHS Northumberland CCG in any other matters

relating to the Improvement Plan including any variations to it.

(5) The Board further directs that:

- (a) NHS Northumberland CCG shall develop a credible financial recovery plan (the "Financial Recovery Plan") which shall include but is not limited to:
  - i. a risk management strategy that sets out how NHS Northumberland CCG shall ensure, in the financial year 2016/17, that it achieves an in-year deficit of no more than £5 million and how it will remain in recurrent balance thereafter;
  - ii. confirmation that all facts, figures and projections within the Financial Recovery Plan have been subjected to independent scrutiny by an organisation approved by the Board;
  - iii. a complete analysis of the causes of the current underlying financial position and the reasons for the deterioration in the financial position;
  - iv. arrangements demonstrating clear links between the Financial Recovery Plan and internal budgets, reporting arrangements, activity plans, cash plans and contracting;
  - v. a clear risk assessment of the Financial Recovery Plan;
  - vi. arrangements for reporting progress against the Financial Recovery Plan to NHS Northumberland CCG's executive team, NHS Northumberland CCG's governing body and the Board to enable prompt action to be taken should there be any deviation from the Financial Recovery Plan;
  - vii. initiatives required to recover historic deficit; and
  - viii. delivery of financial business rules.
- (b) NHS Northumberland CCG shall ensure that the Financial Recovery Plan takes into account any potential impacts on NHS Northumberland CCG's financial position arising from changes to the local health economy.
- (c) In addition to the matters set out in paragraphs 5(a) and (b), the Financial Recovery Plan shall meet any other requirements as set out by the Board.
- (d) The Financial Recovery Plan shall be subject to the Board's approval.
- (e) NHS Northumberland CCG shall, if directed by the Board, vary or update the Financial Recovery Plan.
- (f) NHS Northumberland CCG shall implement the Financial Recovery Plan.

- (g) NHS Northumberland CCG shall co-operate with the Board regarding the implementation of the Financial Recovery Plan including but not limited to
  - i. providing prompt and full disclosure of any information, documents and records requested by the Board; and
  - ii. making senior officers available to meet with the Board to discuss the Financial Recovery Plan and its implementation.
- (h) The Board may direct NHS Northumberland CCG in any other matters relating to the Financial Recovery Plan.

(6) The Board further directs that:

- (a) NHS Northumberland CCG ensures that its finance and programme management office functions are established and appropriately resourced to ensure appropriate financial management capacity and delivery of the Improvement Plan, the Financial Recovery Plan and NHS Northumberland CCG's Right Care agenda.
- (b) In addition to the matters set out in paragraph 6(a), NHS Northumberland CCG shall meet any other requirements as set out by the Board relating to its finance and programme management office functions.
- (c) NHS Northumberland CCG shall:
  - i. provide prompt and full disclosure of any information, documents and records requested by the Board in relation to compliance with this paragraph; and
  - ii. make senior officers available to meet with the Board to discuss compliance with this paragraph.
- (d) The Board may direct NHS Northumberland CCG in any other matters relating to the requirements of this paragraph.

## **Senior Officers**

(7) The Board directs that:

- (a) NHS Northumberland CCG will notify the Board of the need to make any appointments to its executive team or its next tier of management.

- (b) Where it considers it necessary to do so, the Board will determine the process to be followed by NHS Northumberland CCG in making appointments as referred to in paragraph 7(a).
- (c) The appointment of any person to a position referred to in paragraph 7(a) and the terms of such appointment will be subject to prior approval by the Board.
- (d) NHS Northumberland CCG will co-operate with the Board regarding the appointment of any person in accordance with paragraph 7(a), including but not limited to the prompt provision of information, documents and records requested by the Board and making senior officers available to meet with the Board.

### **Compliance with these directions**

- (8) The Board directs that NHS Northumberland CCG shall co-operate with the Board regarding the Board's oversight of NHS Northumberland CCG's compliance with these Directions, including but not limited to the prompt provision of information, document and records requested by the Board and making senior officers available to meet with the Board.



**Simon Stevens**  
**Chief Executive**  
**NHS Commissioning Board**