



Department
of Health

From the Rt Hon Jeremy Hunt MP
Secretary of State for Health

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12 AUG 2013

Dear Mr. Edmondson-Jones,

Thank you for your letter of 25 April 2013 about the financial position of the four clinical commissioning groups (CCGs) in North Yorkshire and York: NHS Vale of York CCG, NHS Harrogate and Rural District CCG, NHS Scarborough and Ryedale CCG, and NHS Hambleton, Richmondshire and Whitby CCG. I apologise for the delay in responding.

I have noted the concerns you have raised on behalf of City of York Council's Health Overview and Scrutiny Committee. I am aware that the financial position of the NHS in North Yorkshire is of concern locally and that the former North Yorkshire and York Primary Care Trust (PCT) recorded a £12 million year-end deficit in 2012/13.

I am aware that, in the past, the PCT relied on significant financial support from the former regional strategic health authority (SHA), totalling over £100 million since 2007/08. This included the SHA absorbing legacy debt, in line with the 2012/13 NHS Operating Framework, which stated that CCGs would not be responsible for resolving the legacy debt of PCTs that arose prior to 2011/12. CCGs in North Yorkshire have not inherited any legacy debt.

It was also made clear that it was the responsibility of PCTs to work with their emerging CCGs to ensure that they did not end the 2012/13 financial year with a deficit. The former NHS North of England advised that the commissioning plans for 2012/13 were led by CCGs in North Yorkshire, using their delegated budgets, in conjunction with the PCT, and therefore responsibility for the resulting financial position is shared jointly.

NHS England published its planning guidance for 2013/14 alongside the financial allocation for each CCG. This stated that any PCT deficits that arose in 2012/13 would be the responsibility of relevant CCGs and direct commissioners.

I am advised that 2012/13 deficits have been factored into the 2013/14 CCG plans, while NHS England will put in place separate arrangements for managing legacy debt (i.e.

balance sheet liabilities which relate to pre 1 April 2013), and the debt should not impact on the future financial performance of the CCGs.

CCGs are required to live within their financial allocations. I am advised that the North Yorkshire and Humber Area Team within NHS England has been closely involved in the financial planning and risk assurance process for the four North Yorkshire and York CCGs to ensure financial plans are robust, and is working with the CCGs to support them to deliver financial balance. NHS England has advised that the four CCGs are planning a surplus for 2013/14.

It is imperative that the local NHS develops long term sustainable strategies that provide high quality services that meet the needs of local people. However, this is a matter for local determination and it would not be appropriate for me to intervene.

You also raise concerns about the allocation of NHS funding for health services in North Yorkshire. As you will be aware, NHS England is responsible for setting allocations to CCGs. The 2013/14 CCG allocations were announced by NHS England on 18 December 2012. Every CCG has received an increase in funding of 2.3 per cent to ensure stability in the first year of the new commissioning arrangements.

NHS England also announced it will review the funding formula for future NHS allocations to ensure that these reflect the needs of local communities and enable the best outcomes for local people.

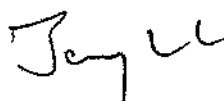
If you have any further concerns about this matter, I would encourage you to raise these with NHS England directly. I am advised that you can do so by contacting Claire Wilson, Head of Office and Professional Network within the Finance Directorate:

Claire Wilson
Head of Office and Professional Network Coordinator
Finance Directorate
NHS England
1N12 Quarry House
Quarry Hill
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I hope this reply is helpful.

Yours sincerely,



JEREMY HUNT