

Bracknell & Ascot CCG, Slough CCG, and
Windsor Ascot & Maidenhead CCG
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Rt Hon Margaret Hodge MP
Chair of the Committee of Public Accounts
House of Commons
London
SW1A 0AA

13th October 2014

Dear Mrs Hodge

As leaders of three Clinical Commissioning Groups (CCGs) in East Berkshire we were encouraged to see your recent statement expressing concern about NHS England's approach to the distribution of funding to local commissioning organisations. Whilst we recognise that making changes to historic funding patterns are difficult, now that NHS England has adopted a formula which calculates what funds should be available to local areas based on factors such as need and population characteristics, we believe CCGs should be swiftly moved to this more appropriate level of funding.

In East Berkshire we experience significant underfunding. Windsor, Ascot & Maidenhead CCG is £99/head below target, Slough CCG is £80/head below target, and Bracknell & Ascot CCG is £66/head below target. If our three CCGs were funded at the appropriate level, we would have received an additional £36 million in 2014/15 to meet the needs of our local population.

We believe the current level of variation between CCGs simply cannot be justified. There are wide differences in funding even between the CCGs in the South of England, for example just a few miles away from us is Surrey Heath CCG which is £95/head over target. They have a very similar level of needs and population characteristics, yet receive almost £200/head more than Windsor, Ascot & Maidenhead CCG.

The recent acquisition of the struggling Heatherwood and Wexham Park Hospitals NHS Foundation Trust by Frimley Park NHS Foundation Trust has been widely supported by our local clinicians, and we certainly welcome the additional financial support being provided to the newly formed Trust by the Department of Health. But our local CCGs have also been asked to provide an additional £11m of funding to support the Trust's "integration costs" over the next few years, in addition to the normal payments for activity. Given we are already significantly underfunded, this cannot be done without impacting on the provision of other services for our patients.

The challenge for our local health economy has also been highlighted in the Kings Fund Report 'Financial Failure in the NHS' published earlier this month. The report cites the financial difficulties

experienced by Heatherwood and Wexham Park Hospitals NHS Foundation Trust and notes that “this can be compounded when commissioners are themselves underfunded when measured by the clinical commissioning group (CCG) allocation formula... It may be difficult for operators in a health economy to make difficult decisions on services when these decisions would not be needed if the area was receiving its ‘fair share’ of NHS spending.”

An inevitable consequence of need to support the acute sector is that resources to fund important developments in primary care, community health services and mental health services are severely constrained. This is inequitable, and the impact could be mitigated by a much faster “pace of change” in the funding allocations.

In addition we are concerned that in 2015/16 our CCGs will be facing a 10% reduction in funding for running costs. Whilst we recognise the need to continuously drive for further efficiencies in both the clinical and administrative resources required to commission and monitor services, we are concerned that developments such as the co-commissioning of primary care (which we support) will falter if CCGs are asked to undertake significant additional responsibilities at the same time as facing a reduction in running costs.

We were interested to read in your recent statement that the Department of Health and NHS England are appearing before the Committee of Public Accounts on 20 October, and we would be interested to know what actions they propose to improve the fairness of funding allocations between CCGs. The current inequity, and its real impact on patients, is poorly understood by many in the NHS, and is even more opaque to the wider public. Discussing this at the Committee can only help raise the profile of this important issue.

Yours sincerely

Alan Webb
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William Tong
Chair
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cc Dr Philip Lee MP
Mrs Theresa May MP
Mr Adam Afriyie MP
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