

12 August 2010

*Richmond House  
79 Whitehall  
London SW1A 2NS*

**Gateway Reference: 16440**

Dear Colleague,

I am writing to you to ask for your support in action that is needed now in the development of the future healthcare and public health systems.

We are committed to publishing shadow indicative allocations for both Clinical Commissioning Groups (CCGs) and local authorities (LAs, in respect of their public health responsibilities) before the end of the year. These allocations will have no direct impact in 2012-13, when revenue will continue to be allocated to Primary Care Trusts (PCTs). However, the shadow indicative allocations will be important in allowing LAs and emerging CCGs to plan for the responsibilities they will take on from April 2013. They will also support engagement and feedback on our approach, which we can then fine tune for 2013-14.

During transition, the Advisory Committee on Resource Allocation is advising on the development of fair shares formulae, but this is only part of the story. Efficient resource allocation also requires a good understanding of current spend at a local level. This will allow the NHS Commissioning Board and the Department to assess the need, or otherwise, for a pace-of-change policy in respect of CCGs and LA public health grants respectively. Pace-of-change policy determines the how quickly a CCG or LA will move from its current spend towards its target allocation, determined by the fair shares formulae.

The information included within the final audited accounts on public health expenditure shows considerable variability between different areas, much of which might be expected, but in some cases there are unexpected values and omissions. Therefore PCTs and SHAs are required to repeat the Public Health expenditure return that was included in the end-year audited accounts (ROCR approval pending), and this time all PCTs must ensure that the 2010-11 Public Health expenditure is reported in full. I would suggest you check your final returns for reasonableness. Where a zero value is included the Chief Executive signing off the return should be confident that the service is not commissioned by the PCT.

It is also critical that LAs, who will in future be responsible for many of these services, should understand how the public health expenditure is arrived at. As part of this exercise the relevant LA Chief Executives should sign off that they are not aware of any significant issues with the return.

We must collect baseline spend information for CCGs and key commissioning board responsibilities. Alongside the return of public health spend we are therefore circulating a return looking at overall PCT expenditure (ROCR approval pending). As the membership of CCGs is subject to change through the authorisation process expenditure must be collected at practice level. Leaders of the emerging CCGs may also wish to be consulted on these estimates, as well as spend estimates for public health responsibilities that are expected to be commissioned through the commissioning board. PCTs will also need to work with their local Specialised Commissioning Groups to develop estimates for spend on specialised services and we are asking Chief Officers of these groups to confirm that they have been involved in this part of the return.

Both of these collections will require some degree of estimation, but it is vital that we collect as robust a picture as possible. As well as supporting the development of shadow indicative allocations the estimates will allow PCTs to prioritise spending during 2012-13 taking account of the need to ensure a smooth transition to the new commissioning architecture.

We are therefore asking for the public health and overall expenditure returns by 16 and 23 September respectively. We realise that this allows only a short time, but be assured that this information is key and we are compressing the time available for the department to complete its analysis to ensure you have as much time as possible. And our work to date with Directors of Finance suggests that much of the information is already held by PCTs to support their forward planning.

The PCT Cluster Chief Executive and PCT Cluster Director of Finance should sign off both returns for each PCT in their Cluster

Returns were distributed to organisations through FIMS pigeonholes today (12 August) - please ensure that your finance teams are aware of this. If they have any questions, they should not hesitate to contact the either the allocations team ([allocations@dh.gsi.gov.uk](mailto:allocations@dh.gsi.gov.uk)), the public health team ([publichealthdevelopmentunit@dh.gsi.gov.uk](mailto:publichealthdevelopmentunit@dh.gsi.gov.uk)) or the NHS Financial Controller's Office ([NHSFCO@dh.gsi.gov.uk](mailto:NHSFCO@dh.gsi.gov.uk)).

Yours

SIR DAVID NICHOLSON  
NHS CHIEF EXECUTIVE