

Innovation, Research and Life Sciences
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Dear Accountable Officer,

CCG delegation of commissioning function for a new model for management of Excess Treatment Costs

Purpose

1. To inform the CCG of progress against NHS England and NIHR's commitment to manage Excess Treatment Costs (ETCs) better following publication of "12 Actions to support and apply research in the NHS" as agreed by the NHS England Public Board in November 2017.
2. To request the CCG to delegate its commissioning functions relating to ETCs to NHS Nottingham City CCG as Lead CCG for ETCs for the East Midlands LCRN region.
3. To notify the CCG of the commissioning policy that will be implemented for the reimbursement of ETCs related to CCG commissioned services.

Context

4. CCGs have a responsibility via the Government's mandate to NHS England to meet the costs of ETCs in relation to non-commercial research through normal commissioning arrangements. On 30th November 2017, NHS England and NIHR published a joint statement that committed to 12 actions to support and apply research in the NHS. The first of these actions is to "Manage ETCs better" as part of our commitments to simplify NHS research processes.

Background

5. We outlined proposals for a consistent national approach to managing these costs in our recent public consultation "Supporting Research in the NHS: A consultation covering changes to simplify arrangements for research in the NHS and associated changes to the terms of the NHS Standard Contract"
6. Taking account of consultation feedback, the response to the consultation sets out key changes that aim to overcome some of the longstanding issues associated with ETCs. The full consultation response can be found [here](#) .
7. The most important change for CCGs is that we will partner with the NIHR Clinical Research Network (CRN) and the 15 Local Clinical Research Networks (LCRNs) to

manage ETCs on behalf of CCGs. There are significant benefits of this model for individual CCGs, which include:

- a. Removing the administration and management burden of dealing with the relatively small cost ETCs from individual CCGs, freeing up resources previously used to deal with ETCs,
 - b. Facilitating patient's access to research in their local geographies,
 - c. Delivering a consistent national approach to managing ETCs that is operated at a local/regional level,
 - d. Enabling CCGs to utilise the capability and expertise of the LCRN in managing ETCs,
 - e. Supporting CCGs to fulfil their statutory duty with regard to supporting research in the NHS.
8. We will also introduce a provider threshold under which ETCs will need to be absorbed by provider organisations participating in research studies to prevent limited resources being used to process ETCs of very low value.
 9. Working closely with NHS Clinical Commissioners and via their Finance Forum and NHS England's Finance Working group we have agreed a funding allocation and mechanism for CCGs to contribute to a CCG ETC funding pool managed by the CRN/LCRNs. As outlined in our consultation response CCGs will initially contribute 5.2p per capita per annum, subject to annual review.
 10. We will begin a 6-month trial period of the new ETC model on 1 October 2018. To implement the new arrangements for this 6 month period an in year revenue transfer of 2.6p per capita per CCG will be made from CCG programme allocations in month 7. We wrote to Chief Financial Officers on 14 August 2018 with formal notification of this arrangement.

Legal Framework for operating the new ETC management model.

11. CCGs are unable to delegate their commissioning functions to NIHR CRN and LCRNs. CCGs can however delegate their functions to another CCG to exercise those functions on its behalf.
12. We have appointed a lead CCG in each of the LCRN regions to whom the remaining CCGs within that region are expected to delegate their ETC commissioning functions. These lead CCGs will then have the power to commission ETCs across those regions.
13. We have also created a commissioning policy for the management of ETCs. This is currently in draft format subject to final decisions on management of studies where ETCs relate to more than one NHS commissioner. This draft is enclosed. The LCRN in each region will manage ETCs for CCG commissioned services within the parameters of the final policy. The lead CCG will be required under the delegation from each of the other CCGs in its area to enter into an agreement with the LCRN to require the management of ETCs in accordance with the policy. The lead CCG will be responsible for decisions relating to ETCs that fall out with the policy.
14. The CRN will provide annual reports on studies with ETCs funded via this model. The reports will be by LCRN region outlining the nature of the studies and spend on ETCs.

Next steps

15. The CCG governing body is requested to delegate the commissioning function for ETCs to NHS Nottingham City CCG, the lead CCG for ETC commissioning for the East Midlands LCRN region. A delegation for this purpose has been drafted for you and is included with this briefing paper.



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Cc: CCG Clinical Lead