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To:  
NHS Trust Chief Executives  
CCG Accountable Officers  
ICS Leads

Cc:  
NHS Trust Finance Directors  
CCG Finance Directors

9 July 2021

Dear colleagues,

### **Elective recovery: funding and reform**

The NHS has made excellent progress in restoring elective care whilst dealing with the significant increase in demand for urgent and emergency care. Thank you for the efforts of you and your teams as we work together to reduce waiting lists and the length of time our patients are waiting. While we are still coping with the output reduction that results from Infection Prevention and Control measures and the uncertainties of COVID, many areas of the country have recovered to close to or greater than pre-pandemic levels of planned care, while at the same time delivering the NHS COVID vaccine programme.

The Elective Recovery Fund (ERF) is designed to support systems to work collaboratively to restore elective services against the backdrop of unprecedented demands on the service because of COVID. It ensures that the marginal costs of delivering extra activity to tackle a lengthening waiting list can be met. To date the ERF has facilitated increases in elective activity over and above the thresholds that were set out for the first quarter of 2021/22. Those thresholds have been reviewed, taking account of progress to date and Q2 plans, and income earned and actual costs incurred, whilst also being mindful of expectations about staff availability in the coming months and the future path of the pandemic. As a result, the thresholds for earning ERF are being adjusted to 95% of 2019/20 activity levels from 1 July 2021. This will be kept under review subject to our assessment of the impact on elective activity of any changes which the Government makes to Infection Prevention and Control Guidance following recommendations by the UKHSA/ PHE.

ERF will be paid at 100% of tariff above the 95% threshold, and at 120% of tariff above 100% of 2019/20 activity. The ERF will continue to be earned on a system basis to encourage systems to continue to use their capacity and resources as flexibly as possible across organisations to maximise recovery activity. Use of the Independent Sector to help achieve this remains an integral part of the arrangements.

Systems are asked to continue planning to restore services fully, subject to COVID demand and ongoing IPC protocols; to reduce long waits; and to transform care consistent with the Long Term Plan. The changes set out above not only reflect the progress made to date, but are also an important further step towards sustained delivery of activity levels significantly above those delivered in 2019/20 and above those envisaged in the Long Term Plan.

## **Priorities for H2**

To support improvements to patient care, minimum baseline standards will be established for outpatient transformation for the second half of the year, based on an increase in the number of Advice and Guidance responses per 100 outpatient first attendances (or equivalent via other triage approaches), and in the proportion of all outpatient follow ups discharged to Patient Initiated Follow Up. To support efficient use of available capacity, the High Volume, Low Complexity programme has been established, accompanied by a mandatory data collection to track progress.

In addition to stabilising and reducing the waiting list, the position on the longest waits must be recovered more rapidly. To this end, local systems are asked to deliver continued further significant reductions in the number of patients who have waited more than 52 weeks through Q2, and to work with NHSE/I regional and national teams to take a regular, forensic approach to analysing and understanding the long waits position, which will in turn help to determine our approach for H2.

The work with Accelerator Systems is already testing what is likely to be needed to make further progress in recovering activity and reducing long waits. And of course we will seek to provide certainty as to the aggregate funding position for H2 at the earliest possible opportunity.

Thank you for your continued work and effort to support elective recovery across the country.

Yours sincerely



**Julian Kelly**  
Chief Financial Officer



**Pauline Philip**  
National Director of Emergency & Elective Care