



Partners in improving local health



North of England
Commissioning Support



2015–2016
Annual Report

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About Us

North of England Commissioning Support (NECS) is one of the leading Commissioning Support suppliers in the country. The breadth and depth of our portfolio of services meet the end-to-end commissioning support needs of public sector organisations across the health and social care spectrum and beyond.



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Our dedicated, expert, multi-disciplinary teams, supported by a broad range of specialist partners, apply their extensive knowledge and practice-based NHS experience to design and deliver creative solutions for our customers.

We deliver high quality, cost effective and innovative services locally, regionally and nationally to a range of customers including Clinical Commissioning Groups (CCGs), Commissioning Support Units, General Practices and GP Federations, Foundation Trusts, Local Authorities, NHS England and its Regional offices, and Clinical Networks.

We are one of only six approved suppliers on the NHS England Lead Provider Framework for all three Lots, we are an approved provider on the north of England commercial procurement collaborative consultancy framework and on the G-Cloud and Digital Services frameworks.

Our Customers

By the end of 2015-2016 we had over 90 customers across England having successfully developed our portfolio beyond our original north east Clinical Commissioning Group (CCG) customer base back in April 2013.



Our founding customers are the eleven CCGs serving the north east and Cumbria whose responsibility is to commission health care services to meet the needs of their local populations, which in total amounts to some 3.5 million people.

serving



customers

across England

Our Services

With over 30 different services in our portfolio, we can offer customers support in everything from single care pathway reform to major transformation programmes, provider specific activity models to whole population scenario modelling, personal health budgets to a comprehensive continuing healthcare service, communications to a full patient and public engagement service.

30+



Managing Director's Review



NECS is a young business in an increasingly uncertain market. The expectations of commissioning and provider customers is at an all-time high as the pressure to balance the finances and improve performance is matched only by the demand to transform care into a long term sustainable delivery model. Threats and opportunities are presenting themselves in equal measure.

Whilst the North of England remains our heartland, we now have valued customers the length and breadth of England – ninety six spread across seven of the ten NHS England regions including GP Federations, Local Authorities, prison services, NHS England and New Care Model Vanguard.

High level financial performance

Despite the turbulence and uncertainty, NECS has completed another year of excellent financial performance. Gross revenues have

remained strong, at £66.5m and we have maintained our 5% margin despite further reducing prices for customers (on average a 15% reduction since April 2014).

We set ourselves a challenging sales target of £10m in year revenue which we exceeded by £1.4m and this represented underlying growth of 2% year on year. Furthermore, we took advance orders for £20.4m worth of services for delivery in 2016-2017 and 2017-2018 – a fantastic platform for financial stability and growth in the years ahead.

We are inspired by our social purpose which we have enshrined in our Corporate Social Responsibility strategy.

We have taken great pride in the re-investment of over £2m of our surplus into transformational schemes across the north east and Cumbria in 2015 whilst generating significant wealth (£15m of revenue from external customers) and creating precious employment (around 250 extra jobs) for our challenged economy.

£20.4m

of services for delivery between 2016-2018



80% employee satisfaction

5%

margin maintained

Strengthening our position in the market

Customer satisfaction ratings have risen through the year reaching our highest ever levels in quarter four and the best reported performance of all the Lead Provider Framework commissioning support suppliers. We are proud to be providing more services today, to our founder Clinical Commissioning Groups, than we did back in April 2013 – an indication of the strength of customer loyalty that we have earned by listening hard to their needs and doing what we said we would do.



Customer satisfaction ratings have risen through the year



But we still have a long way to go to achieve the levels of excellence that we and our customers aspire to and that is why we continue to invest precious time, money and energy into the NECS-Continuous Improvement System (NECS-CIS).

We spent the first two years building the cultural foundations – vision, compact and method – underpinned by our north east Transformation System legacy and re-enforced by our strategic partnerships with Nissan UK and Tees, Esk and Wear Valley Mental

Health Foundation Trust. In 2015-2016 we started to reap the rewards with over £1m of waste stripped out and significant improvements to job satisfaction reported.

We have strengthened our position in the market as a highly capable, knowledgeable and innovative supplier of transformational support. Our extended suite of tools and solutions now includes STAR (the Socio-Technical Allocation of Resources), the NECS Transformational Leadership Development Programme, new analytical support aides (for example access to HES – Hospital Episode Statistics), enhanced RAIDR (the NECS commissioning intelligence application) and our growing Right Care implementation capability.

CCG customers have entrusted us with delivery of a significant number of high profile clinical service reform programmes including a maternity services review in Cumbria, the modernisation of learning difficulty services across the north east and Cumbria, back pain pathway reform in the north east and the Success Regime in west, north and east Cumbria.

Preparing for the future

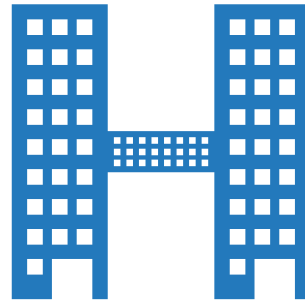
Our focus on autonomy intensified through the year as the unintended constraints of our hosting relationship with NHS England began to impact on our ability to

compete. With the assistance of the Cabinet Office Mutual Support Programme we stepped up our preparedness to exit the NHS towards social enterprise. We also strengthened the engagement and involvement of our people with the first elected positions to the NECS Council. Our employee satisfaction rates hit an all-time high of over 80% in February. But the most striking development was the paradigm shift in our relationship with our north east and Cumbria CCG customers, all eleven of whom formally declared their desire to establish NECS as a customer-owned Community Interest Company in 2016.

So the scene is set for 2016-2017. We have the enormous challenge and responsibility to ensure that our CCG customers achieve their ambitious STP milestones and goals. We must also ensure that NECS continues to be a sustainable and financially viable business by hitting our sales targets whilst continuing to drive down cost. We must not relax our efforts to engage with our people nor our commitment to establishing NECS as a customer owned community interest company, because – true to our vision – this is how we will achieve life changing improvements for the people and communities of the north east and Cumbria.

Stephen Childs | Managing Director

Our Highlights



We have responded to the NHS 'Five year forward view' by providing support to more than half of the 50 New Care Model Vanguards. Services have included intensive support for logic models, development of value propositions and supporting vanguards on their digital journey.

NECS has supported a number of CCGs and their communities to prepare and submit their Sustainability and Transformation Plans (STPs) – their vision for future health care services. We are now developing our offer to support implementation and service reconfiguration.



RAIDR (Reporting Analysis & Intelligence Delivering Results) is one of the most widely used business intelligence tools in England, providing vital commissioning and clinical quality insight for CCGs and GP practices peaking during the year at approximately 20% national coverage and serving a patient population of over six million.



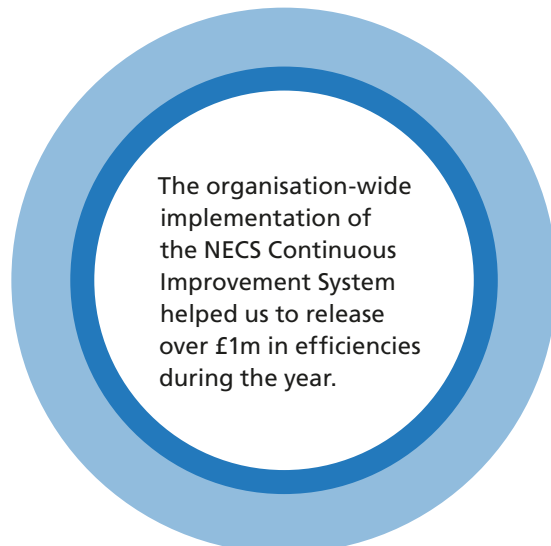
Our average monthly customer satisfaction scores increased to 4.5 out of 5 by March 2016. Our highest ever scores and the highest reported scores of any of the Lead Provider Framework commissioning support suppliers.



200

new contracts secured with a value in excess of

£33m



Our mission

To become recognised and valued as the market leader for commissioning support.

Our vision and social purpose

To enable life changing improvements to the health and wellbeing of communities by designing and delivering creative solutions for our customers.

Our people

We have 1,200 employees across 26 locations.

Our strategic aims are:

- To be a sustainable and profitable business
- To create loyal customers delighted with our expert services
- To make NECS an inspiring and fulfilling place to work

Our Accreditation Success

During 2015-2016 we were proud to be endorsed by the following independent bodies:



- An approved supplier on the NHS England Lead Provider Framework (LPF), one of only six organisations on all three lots



- Recognised as a supplier of digital services to the public sector through industry standard G-Cloud accreditation



- An approved supplier on the North of England Commercial Procurement Collaborative Consultancy Framework



- Assessed by Job Centre Plus and awarded the two ticks positive about disability accreditation for a third year in a row for our commitments to employ and develop the abilities of staff with disabilities



- Invited to be a NHS Employers Diversity and Inclusion Partner for our work in the areas of equality and inclusion



- Recognised by the Association of Chartered Certified Accountants (ACCA) and received approved employer status for our high standards of staff training, accountancy resources and development for ACCA members



- Awarded the Association of Accountant Technicians (ATT) accreditation



- Achieved Chartered Institute of Management Accountants (CIMA) training and development accreditation



- Awarded Chartered Institute of Public Finance and Accountancy (CIPFA) accreditation



- Awarded the Better Health at Work Bronze award



- Our IT Service Desk was awarded an internationally renowned accreditation by the Service Desk Institute (SDI) for outstanding best practice, reaching level 3. NECS is the only Commissioning Support Unit to hold this prestigious quality mark



Award Winning

NECS received awards for the quality of our services, winning a number of prestigious national industry awards:

- PresQIPP Award: anti-biotic prescribing
- Antibiotic Guardian awards: Stewardship category
- PENNA: New vision for mental health
- Best of Clinical Pharmacy Awards 2016: The Excellence in General Practice Pharmacy Awards
- CIPR North East Pride Award best engagement or consultation for Deciding Together: Developing a new vision for mental health
- Go Procurement: Innovation in Health and Social Care category

North of England, Yorkshire and Humber Commissioning Awards

For the second year running, NECS in collaboration with the Northern CCG Forum celebrated the outstanding work of our Clinical Commissioning Groups as well as the innovation and exceptional customer care demonstrated by individuals and teams from across NECS. The event symbolises the strength of partnership that we enjoy with our founding customers.



Our Core Responsibilities

The NECS Continuous Improvement System

NECS Continuous Improvement System (CIS) underpins everything we do at NECS, we have embedded CI in all our services and processes and built it into the personal objectives of our people.

Our strategy for continuous improvement has been, first and foremost, to create the right culture, beginning with the foundations (vision, compact and method), cemented by clear, consistent, unwavering leadership from the top. We are now reaping our rewards as wave after wave of improvement projects driven by Rapid Process Improvement, Kaizen and our NECS-STEPS programme reach their successful conclusions. This is making hugely significant contributions towards our quality improvement and cost reduction targets, inspiring others to follow suit. We will ramp up our programme to a higher level in 2016-2017, continuing our special partnership with Nissan UK (Sunderland), North East Transformation System – NETS (in association with Virginia Mason, Seattle), and NHS Tees Esk and Wear Valley Mental Health FT.

Equality & Diversity

We are compliant with the equality act and the public sector equality duty. We embed equality, diversity and human rights into all of our functions and services. Although we are not obliged to implement the Equality Delivery System 2 (EDS2), an NHS framework to help organisations comply with the public sector equality duty, we made the decision to use elements of the EDS2 that fit our organisation as part of our compliance with our public body duties.

Complaints Management

During 2015-2016 we handled a total of 71 corporate complaint cases, no cases were carried forward from the previous year. 35 of the 71 cases were handled as formal complaints with the remainder handled as enquiries and informal concerns. All corporate complaints were acknowledged within the statutory three working day requirement.

Our Journey to Autonomy

We have been planning in detail throughout 2015-2016 and building on preparations we began in 2012, to meet the NHSE timeline for autonomy. Our people have been fully engaged and given the opportunity to have their say on the shape and direction of our future. We were selected by the Cabinet Office Mutuals Support Programme to benefit from a bespoke organisational development package. We concluded that our preference is for a staff and customer owned community interest company and we anticipate being ready to exit NHS England later in 2016.

Sustainability and Corporate Social Responsibility

Embracing Corporate Social Responsibility (CSR) and sustainability helps us to stay true to our values. The actions within our CSR strategy clearly align with our social purpose:



To carry out activities which benefit the community and in particular, (without limitation) to enabling improvements and enhancement to health and wellbeing, securing investment in the north of England, generating wealth and creating jobs.



Our CSR Framework demonstrates how our objectives align with our strategic aims and key CSR themes.

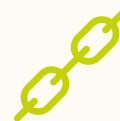
Key areas of CSR focus include:



Travel & transport



Natural Resources



Supply Chain



Social Value

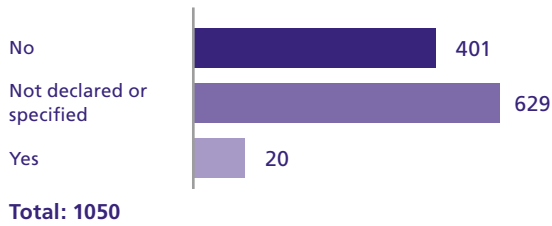


Engagement

Our CSR has helped us to become a more efficient and responsible organisation which allows us to meet local and national legislation and guidance.

Workforce Data

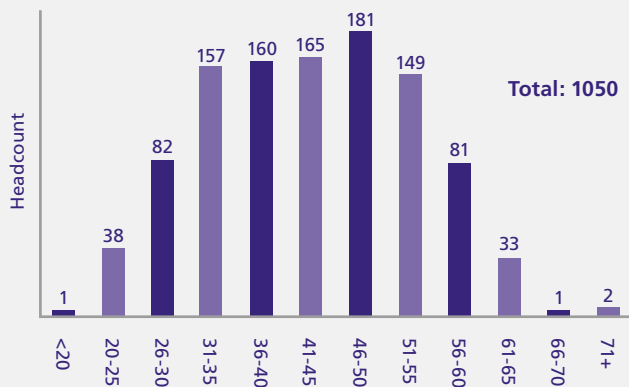
Disability



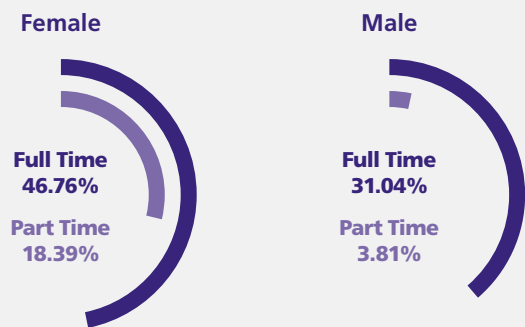
Gender



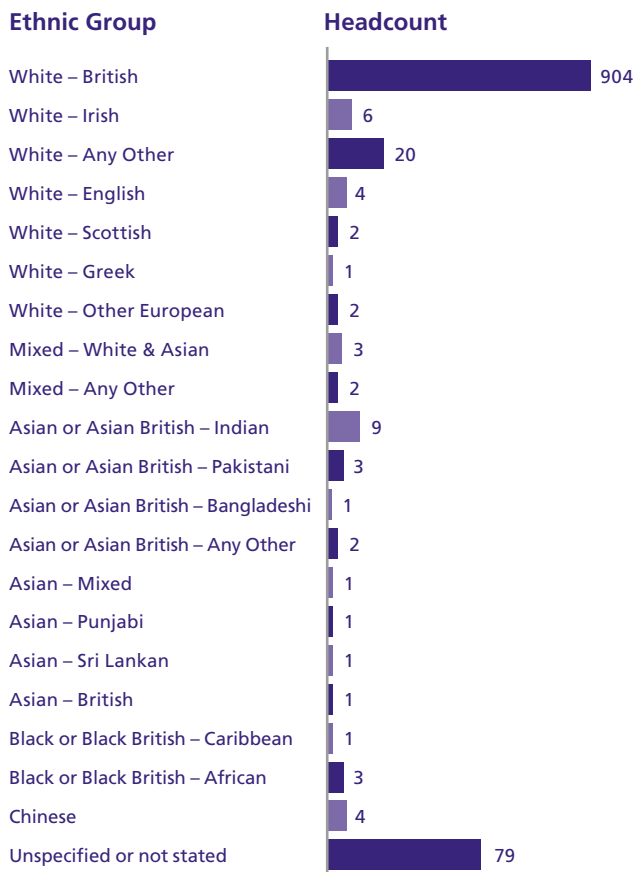
Age band



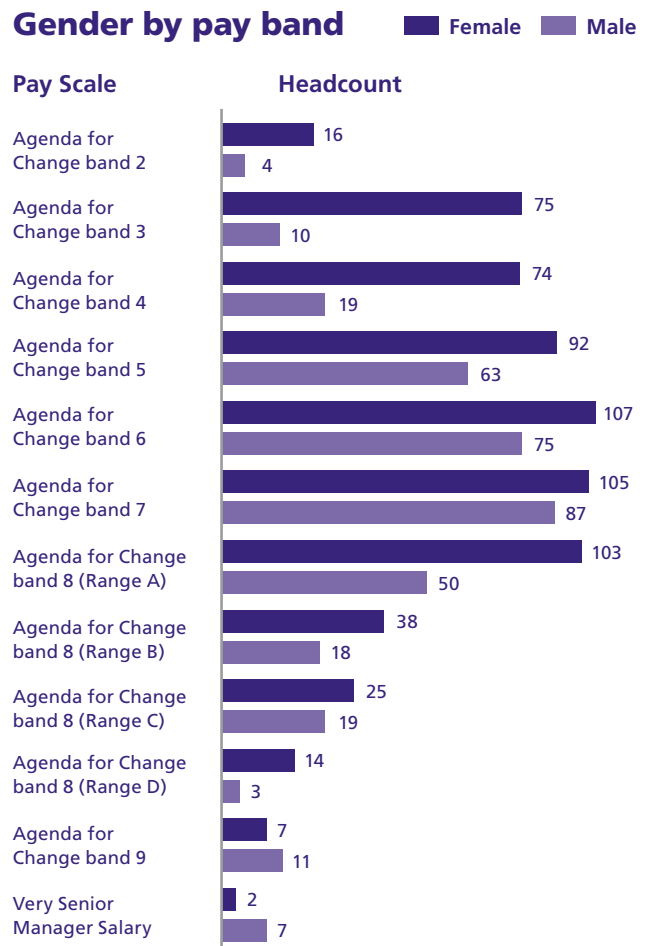
Gender by employment type



Ethnicity



Gender by pay band



Leading Transformational Change

We acknowledge that transformational change of health care services is complex, and each programme of change requires a bespoke package of support. In response to this, we have developed a framework for supporting the implementation of these transformational changes, which helps to guide our work and is underpinned by an evidence base (Kotter's model of change and the NHS Change Model).

A number of our people were trained to be advanced practitioners, equipped with the tools and techniques to support the different stages of transformational change and are able to apply their expertise across the health and social care sector. We have also delivered training to CCG staff working on transformation programmes and to groups of system leaders to help support them to create an environment in which transformational change can develop and thrive.



NECS facilitated two bespoke Logic Model workshops, with our programme office and project managers, for us to learn this new methodology and support timely submission of our value proposition to NHS England. In doing so, they helped to translate the vision of our new care models and its core components across a number of sub-projects and provided a flexible and supportive approach to ensure our relevant needs and challenges were met. This was followed up by further helpful advice and responsive assistance which enabled us to complete the models in the very short timescale available.



Janette Watkins | Programme Director, Working Together Programme – A partnership involving seven hospital Trusts in South Yorkshire, Mid Yorkshire and North Derbyshire

Sustainability and Transformation Plans

We have invested heavily in transformation methodology and recognise that embedding good quality improvement methods at the outset leads to a greater chance of success.



Case Study

North east & Cumbria Urgent and Emergency Care Vanguard for north east & Cumbria CCGs

Our experienced teams are supporting the delivery of the north east and Cumbria vision to reduce unwarranted variation and improve the quality, safety and equity of urgent and emergency care provision by bringing together Systems Resilience Groups (SRGs) and stakeholders to radically transform the system at scale and pace which could not be delivered by a single SRG alone.

By working in partnership NECS has helped to:

- Improve understanding of urgent and emergency care interventions, particularly outside of hospital
- Support vanguards to understand which interventions will most benefit their area
- Develop tools and guidance for the formulation of strategic plans
- Identify scope for savings while maintaining or improving the quality of care
- Implement the recommendations of the national Urgent and Emergency Care Strategy.

Case Study

Learning Disability Transformation for all 11 north east & Cumbria CCGs

We are leading the development and delivery of the north east and Cumbria Learning Disability Transformation Programme. This requires collaboration with over 150 stakeholders across the region including 11 CCGs, 13 Local Authorities, Voluntary Community Sector and people with learning disabilities their families and carers to:

- Identify the need for Transformational Change and establish a sense of urgency and understand the system
- Engage and connect with stakeholders and build trust and understanding to develop and communicate a shared vision and goals
- Use logic models and driver diagrams to support the development of plans to deliver agreed outcomes and goals
- Create a social movement for change and empower people to act and create system readiness for the change and develop the capability to deliver
- Implement change across structures, processes and patterns/behaviours, including organising, mobilising and managing resources to bring about change

Case Study

Regional Back Pain Programme for north east CCGs, initially Darlington, Newcastle Gateshead, Hartlepool and Stockton-On-Tees

We are supporting the implementation of a new evidence-based pathway of care from GP services in primary care through to secondary and tertiary care services to improve the management of low back pain and radicular pain for the north east of England and Cumbria population.

NECS is providing programme and project management and technical input from a range of specialists including IT, Provider Management, Business Intelligence and Service Planning and Reform to deliver the complex system-wide changes. The programme of work is helping to reduce delays, eliminate ineffective therapies and improve patient outcomes with the reduction of disability and chronic conditions, with predicted savings to the NHS.

We are supporting the delivery of the NHS Five Year Forward View vision and supporting delivery of new models of care. We recognise the need to develop and provide bespoke support packages that incorporate

the key enablers identified by vanguard sites to successfully deliver the new models of care outlined in the NHS England Five Year Forward View.



NECS' approach has meant a collaborative and trusted partnership has been created between them and our NCM team. They have worked hard to understand both the vision of our NCM site and the challenges we face. NECS have been focussed on ensuring any support is relevant to our needs and have been flexible in their offering and approach as priorities have changed. NECS continue to provide our senior team with support, advice and challenge.



Multi-speciality Community
Provider Site

Case Study

NECS are connecting the north east region

NECS implemented a new Community of Interest Network (CoIN) to unify the four inherited IT networks across the north east region resulting in considerable cost savings, efficiency gains and an opportunity to facilitate future expansion of NECS.

The singular network provides NECS with a unified presence in the north east connecting all north east CCGs, GPs and several Foundation Trusts under one network. We are achieving this at a cost saving of £2,000,000 per year and at an improvement in network speed by up to a factor of 5 for end users.

The new network negotiated between NECS and the host BT currently has buy in from all north east CCGs, several Health Care Trusts and other organisations from the local health economy. The new CoIN represents an exciting opportunity for NECS due to its flexibility; any number of sites can be added to the network post implementation regardless of geographic location, instantly becoming part of the NECS infrastructure and welcomed into the NECS community.

Case Study

The NHS Maternity Review National Engagement Programme

The NECS team applied a robust analytical process to an online consultation questionnaire which received over 6,000 responses. It was a key element of the engagement work of the National Maternity Review which included a programme of face to face engagement events and the online questionnaire supported these, allowing many people who were unable to attend in person, to make their views heard.

The volume of responses was huge, both regarding number but also in terms of the detail and complexity of the answers which were in free text due to the sensitive nature of the subject, allowing people to talk about what was important to them.



Through the approach taken by the NECS analytical team, the data was rationalised, prioritised and summarised and presented to the Maternity Review Team in a digestible format. This way the team were able to hear the voices and experiences of thousands of women, their families, health professionals, charities and commissioners with regards maternity services, what was good about them and how they need to change. This helped to inform the recommendations of the National Maternity Review.



Thelma Goddard | Clinical Strategy and Policy Business Manager NHS England

Case Study

Clinical Commissioning Intelligence

The Clinical Commissioning Intelligence function which is part of our wider Business Intelligence service offering has provided many of our customers with a specialist analytical and advisory service through deep-dive detailed analysis and in-depth insight-reporting on specific priority areas.

NECS have delivered projects through a range of products, such as simulation models, economic evaluations and large scale supply and demand modelling and forecasting, accessing a range of advanced analytical skills, such as health economics, operational research and statistics.

NECS Business Intelligence, Service Planning and Reform and Commissioning Finance teams are working with South Tyneside CCG on the implementation of the Right Care approach to commissioning. This has involved interpreting Right Care packs to identify priority areas for the South Tyneside health economy and the production of detailed local analysis to identify opportunities for improvement in both quality and expenditure at a granular level. NECS have worked in partnership with CCG clinical leads and Public Health colleagues, developing initiatives and future commissioning intentions to begin to address these gaps.

The potential cost savings to the CCG QIPP plans and the further development of Business Intelligence benchmarking tools has allowed the proactive identification of further opportunity areas ahead of the next round of Right Care publications.

Our Leadership



Stephen Childs | Managing Director

Stephen began his NHS career as a practice manager in London. He has since held various posts in the north east, including interim Chief Executive for NHS Tees, before heading up NECS. Stephen's role is to set the strategic direction for the organisation and he is passionate about making the organisation customer-centric.

NECS is made up of five directorates supported by an Enterprise Programme Management Office (EPMO) and a Company Secretary. The EPMO matches skilled resources to services and projects, providing the right level of support and information to develop new programmes effectively. The Company Secretary ensures that all decision-making within NECS is aligned to corporate policy and meets regulatory requirements.



David Randall | Business Development Director

Before joining NECS, David held a number of director level positions in commercial organisations for over 15 years providing NHS services and advising NHS bodies and teams across the whole of the UK with portfolios across IT, Change Management and Operational Management of clinical and non-clinical services. David's NECS role involves driving commercial development, ensuring we look after current customers and identifying opportunities where NECS can make a difference.

His current portfolio includes NECS wide strategic development and sales as well as customer service delivery through our nationally recognised Healthcare Procurement team and a rapidly growing consulting business which is supporting customer organisations all over the country in responding to the need for change of all kinds.



Ian Davison | Business Information Services Director

Ian has worked in commercial sectors including manufacturing, retail and consultancy before joining the NHS 14 years ago. Ian heads up a team responsible for delivering ICT, business intelligence and data management. This directorate has accountability for all of NECS' internal IT systems and business intelligence requirements as well as those of our customers.

The Business Information Services team includes ICT infrastructure management, ICT service desk and delivery, data management and business intelligence tools and applications.



Jackie Park | Commissioning Support Operations Director

Jackie leads the directorate. With over 30 years NHS experience, Jackie's career has encompassed clinical roles in nursing and midwifery practice and leadership, senior roles in operational service delivery and corporate services, including performance management and service improvement in large provider organisations. In addition, Jackie has several years' experience in a number of senior management roles in commissioning before taking up her current post with NECS.

Jackie's team ensure the provision of high quality, customer-focused commissioning support services in clinical quality; medicines optimisation; service planning and reform; provider management and joint commissioning, and leads our Customer Programme Management Team of senior, experienced staff who manage the day-to-day relationships with our customers.



Michelle McGuigan | Organisational Development & Corporate Services Director

Michelle brings to the role her experience as an HR professional and specialist organisational development and continuous improvement, communications and engagement, administration, research and evidence, governance and other Corporate Services for NECS and external customers.

A key focus of this directorate is the design and implementation of the NECS Continuous Improvement System, in particular those processes around which NECS and the CCGs work together to transform commissioning intentions into defined services and projects. The directorate is also responsible for finding opportunities to improve quality and value and for driving cost efficiency internally within NECS.



Neil Nicholson | Finance Director

Neil heads up the Finance Directorate and has extensive NHS and commercial experience. Before joining NECS, Neil held director posts at NHS Tees PCT and the NHS North East Strategic Health Authority. Neil is responsible for NECS' finances as well as a team that delivers ongoing financial management and budget support to customers.

The directorate provides financial management and accounting services and meets the highest standards in quality and delivery. The team is responsible for annual accounts, budgeting and management accounting, as well as putting together financial reports and monitoring resources on behalf of CCG customers. They also provide financial management advice and training to NECS budget managers.



James Gossow | Senior Medical Advisor

James is a GP Principal with 20 years' experience working in the NHS. As well as running his own surgeries and healthcare contracts, James has provided expert support and guidance for numerous NHS and commercial organisations in roles such as Medical Director for the NHS England Durham, Darlington and Tees Area Team and Medical Director for NHS Tees PCT.

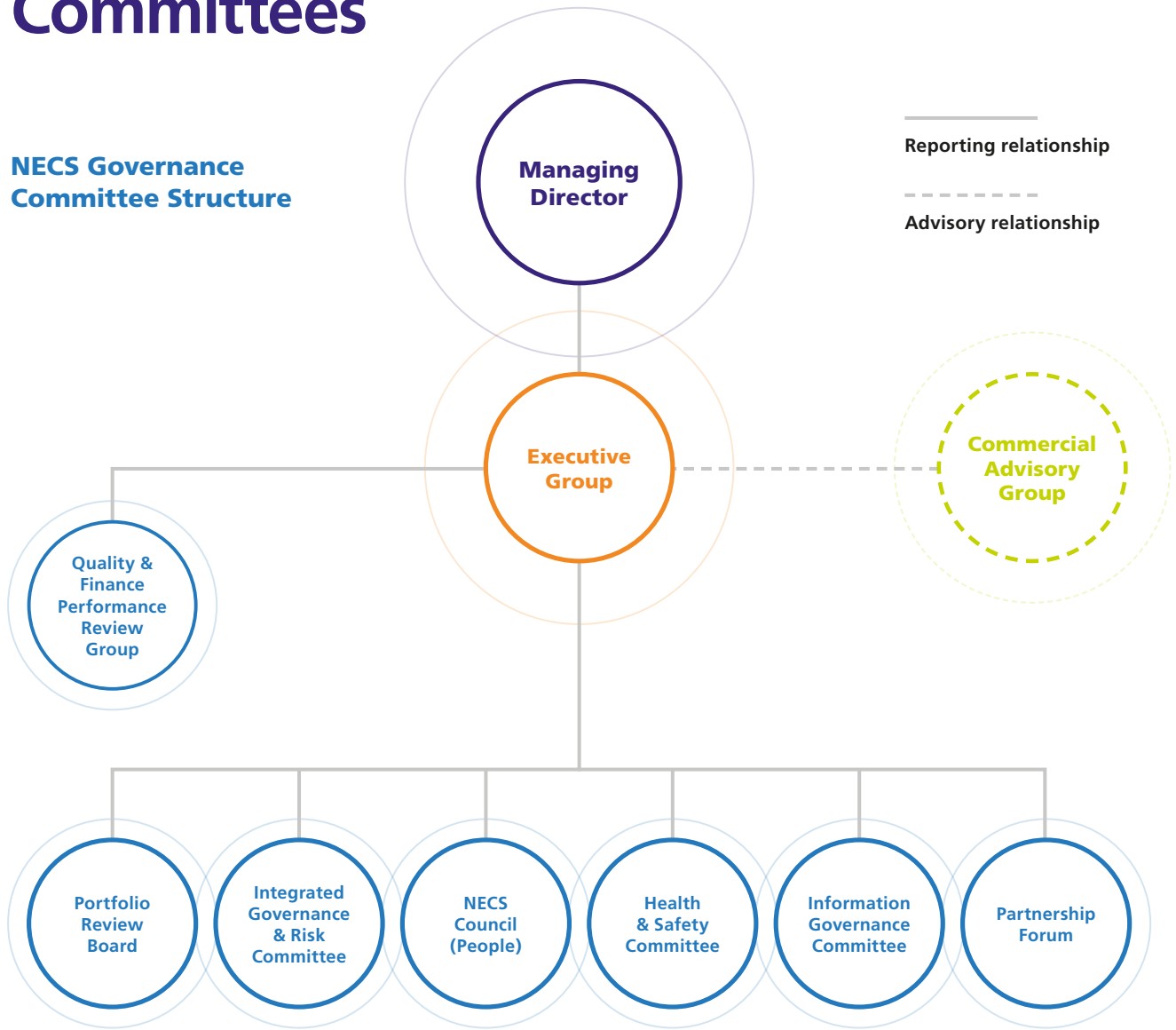
He brings a unique clinical perspective and a great depth of health commissioning knowledge to the organisation but especially to clinical quality, information governance (as NECS' Caldicott Guardian) and medicines optimisation services and also to his role as the Department of Health Regional Clinical Governance lead for the 111 service.

Governance and Risk Management

At NECS, our governance arrangements are designed to support the safe and effective implementation of our strategic aims and objectives. As a hosted organisation within NHS England, we are regulated by externally appointed independent auditors and our Operating Framework is shaped by NHS England's Governance Framework.

Committees

NECS Governance Committee Structure



The NECS Executive Group provides a forum for strategic decisions within agreed financial limits as delegated by NHS England. The Group has Executive oversight of all management activities and risk.

The Executive Group is supported by the following groups and committees:

1. The **Quality and Finance Performance Review Group** has oversight of customer and corporate performance delivery within NECS through review of **Service Level Agreement** performance by service, utilisation performance, business pipeline and sales, finance performance and a balanced scorecard
2. The **Portfolio Review Board** is responsible for oversight of enterprise level projects and programmes, and promotion of the Centre of excellence for Project and Programme Management within NECS, ensuring compliance with NECS' project management standards

Prior to November 2015, the functions of the **Quality and Finance Performance Review Group** and the **Portfolio Review Board** were undertaken within a single **Corporate Management Team**.

By providing independent advice regarding strategic business development, management and growth, the **Commercial Advisory Group** plays an important mentorship and external advisory role.

We have an **Integrated Governance and Risk Committee** to present NECS Directors with further opportunities to examine risk, clinical governance and clinical quality assurance, counter fraud and the control environment.

The **Information Governance Committee** provides assurance to the **Executive Group** on managing the confidentiality of information effectively, including ensuring the security of the data we hold for customers.

Our **NECS Staff Council** shares and discusses future plans for the organisation, contributing to emerging business strategy including plans for Autonomy, and matters of organisational development.

The **Health and Safety/Fire Committee** works to provide assurance on compliance with statutory and regulatory matters relating to health and safety at work, and fire safety.

Our **Partnership Forum** was established to engage on consultation, negotiation and communication between staff side and management representatives on decisions which affect staff and their implementation.



Sales

Our sales performance in 2015-2016 was impressive, both in terms of achieving in-year new sales targets and securing longer term revenue.

We set ourselves a challenging new sales target of £10m in-year revenue, which we exceeded by £1.4m and this represented underlying growth of 2% year on year. Furthermore, we sold £20.4m worth of services for delivery in 2016-2017 and 2017-2018 — a fantastic platform for financial stability and growth in the years ahead. We successfully diversified our business during the year, with this income coming from over 200 new contracts, and we now serve over 90 customers across seven of the 10 regions in England.

Highlights included Medicines Optimisation, Individual Funding Requests, Data Management and Financial services across CCGs in Yorkshire and Humber, Transformation and Consultancy services for New Care Model Vanguard, and Business Intelligence & Procurement support for Direct Commissioning for NHS England.





Financial Summary

2015-2016 was the third straight year that NECS' performance was in line with NHS England expectations around margin and turnover.

At a comparable level, revenues are down slightly on 2014-2015, but this was particularly impressive as these latter numbers were distorted by the late addition of some significant contracts from NHS England. In addition, 2015-2016 revenues reflect the delivery of 10% discount to CCGs in line with national guidance. The underlying position once adjusted for the discount shows growth of 4%.

Gross employee benefits increased in 2015-2016, reflecting an overall growth in the number of people employed in NECS, on the back of contract wins in Yorkshire and Humber.



At the end of the year, a surplus of £2.65m remained



Other costs reduced markedly in 2015-2016. The comparative figures for 2014-2015 were inflated by the inclusion of sub-contractor costs incurred in the delivery of the NHS England RTT contract. Underlying overhead expenditure fell in-year as a result of investment in IT infrastructure, in the main.

At the end of the year, a surplus of £2.65m remained, which will be carried into 2016-2017 and used to invest in the new COIN system.

Neil Nicholson | Finance Director

Risks & Challenges

Looking ahead, our key risks are likely to be competition through the Lead Provider Framework (if our existing customers decide to test the market) and re-organisation in response to the £30 billion savings challenge (resulting in fewer NHS organisations and the consolidation and integration of CCGs with either Local Authorities or within an Accountable Care Organisation).

During 2016-2017 and 2017-2018 our focus will be firmly fixed on local health system Sustainability and Transformation Plans, and supporting our planning units with their design, engagement and implementation. Whilst our customers will remain predominantly CCGs and NHS England we anticipate working ever more closely with other stakeholders in these localities especially in the north east and Cumbria.



2016 may prove to be a defining year for NECS



In anticipation of the demand for additional support and expertise we are gearing up in a range of capabilities: analytics and population modelling, economic modelling, digital planning, engagement and workforce planning.

Finally, when it comes to autonomy, 2016 may prove to be a defining year for NECS. Our north east and Cumbria CCGs have signalled their firm intent to explore the possibility of a customer-owned, independent NECS. Their very clear rationale being that a customer-owned model would create the optimum conditions for the acceleration of reform and the transformation to the new care models that our north east and Cumbria communities so deserve.

From a governance perspective there will be significant adjustments to be made and our potential customer-owners will face another cultural challenge as they assume responsibility for the success of their commissioning support trading company. But we anticipate that our aims and objectives, as stated in our business plan, will hold true albeit with some refinements to our marketing strategy and sales targets. If this model proves to have the support of the people of NECS and the Governing Bodies of the CCGs then we will be entering a new era – for NECS, for commissioning and for the NHS.

Statement of Changes in Taxpayers' Equity

NHS North of England CSU

	General fund £000
CSU Balance at 01 April 2015	8,145
<i>Changes in CCG Taxpayers' Equity for 31 March 2016</i>	
Net operating costs for the financial year	2,653
Net recognised CSU expenditure for the financial year	2,653
Net funding received from NHS England (capital)	1,316
CSU balance at 31 March 2016	12,114
CSU Balance at 01 April 2014	6,198
<i>Changes in CCG Taxpayers' Equity for 31 March 2015</i>	
Net operating costs for the financial year	0
Net recognised CSU expenditure for the financial year	0
Net funding received from NHS England (capital)	1,946
CSU Balance at 31 March 2015	8,145

Statement of Financial Position

NHS North of England CSU

	31 Mar 2016 £000	31 Mar 2015 £000
Non-current assets		
Property, plant & equipment	3,041	2,470
Intangible assets	0	0
Total non-current assets	3,041	2,470
Current assets		
Inventories	0	0
Trade & other receivables	8,394	10,123
Cash & cash equivalents	9,731	5,012
Total current assets	18,126	15,135
Total assets	21,166	17,606
Current liabilities		
Trade & other payables:	(9,052)	(9,461)
Total current liabilities	(9,052)	(9,461)
Total assets less current liabilities	12,114	8,145
Non-current liabilities		
Total non-current liabilities	0	0
Total assets employed	12,114	8,145
Financed by taxpayers' equity		
General fund	12,114	8,145
Total taxpayers' equity	12,114	8,145

Statement of Cash Flows

NHS North of England CSU

	31 Mar 2016 £000	31 Mar 2015 £000
Cash flows from operating activities		
Net operating costs for the financial year	2,653	0
Depreciation and amortisation	745	677
(Increase)/decrease in trade & other receivables	1,729	(5,884)
(Increase)/decrease in other current assets	0	0
Increase/(decrease) in trade & other payables	571	(1,292)
Net cash inflow (outflow) from operating activities	5,698	(6,499)
Cash flows from investing activities		
Interest received	0	0
(Payments) for property, plant and equipment	(2,294)	(406)
Net cash inflow (outflow) from investing activities	(2,294)	(406)
Net cash inflow (outflow) before financing	3,403	(6,905)
Cash flows from financing activities		
Net funding received	1,316	1,946
Net cash inflow (outflow) from financing activities	1,316	1,946
Net increase (decrease) in cash & cash equivalents	4,719	(4,959)
Cash & cash equivalents at the beginning of the financial year	5,012	9,971
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	0	0
Cash & cash equivalents at the end of the financial year	9,731	5,012

Statement of Comprehensive Net Expenditure

NHS North of England CSU

	31 Mar 2016 £000	31 Mar 2015 £000
Administrative costs		
Other operating revenue	(42,082)	(37,213)
Gross employee benefits	30,621	25,143
Other costs	10,707	9,997
Programme costs		
Other operating revenue	(23,445)	(29,531)
Gross employee benefit	12,942	13,154
Other costs	7,961	14,735
Net operating costs for the financial year	(3,296)	(3,715)
Other comprehensive net expenditure		
Margin spend agreed by nhs england	643	3,715
Total comprehensive net expenditure for the financial year	(2,653)	0

Testimonials



The team at NECS have worked extremely well to understand our needs and requirements, providing expert financial and analytical support to develop our New Care Models Value Proposition. They were proactive in the way they worked, often to extremely tight deadlines. We are very happy with the help and support received and will certainly seek their support for other pieces of work. 


Jo Williams | Assistant Director Health and Social Care Integration, Nottingham City CCG



NECS were invaluable in their support of Harrogate and Rural District's New Care Models Value Proposition requirements to NHS England. Their expertise in activity and financial modelling allowed us to articulate our economic case for change, and their facilitation of workshops and conversations across our six partner's organisations allowed us to clarify our thinking and approach to the integration agenda. 


Anthony Fitzgerald | Director of Strategy and Delivery, NHS Harrogate and Rural District CCG



The CCG GP Chair, expressed his thanks on behalf of the Cabinet for the comprehensive work that went into the production of the document; it was a tough ask, especially over the summer holiday period, but provides a good foundation from which to build the work of the MCP. 


Principia site feedback



This has been a successful piece of work which delivered upon initial brief. This work has fast tracked NHSE for the new financial year in understanding the progress of the Vanguards and where best to support them... 

Helen Arthur | NHSE Harnessing Technology Lead, New Care Models Programme



Through the approach taken by the NECS analytical team, the data was rationalised, prioritised and summarised and presented to the Maternity Review Team in a digestible format. This way the team were able to hear the voices and experiences of thousands of women, their families, health professionals, charities and commissioners with regards maternity services, what was good about them and how they need to change. This helped to inform the recommendations of the National Maternity Review. 

Thelma Goddard | Clinical Strategy and Policy Business Manager NHS England



NECS facilitated two bespoke Logic Model workshops, with our Programme Office and project managers, for us to learn this new methodology and support timely submission of our Value Proposition to NHS ENGLAND. In doing so, they helped to translate the vision of our new care models and its core components across a number of sub-projects and provided a flexible and supportive approach to ensure our relevant needs and challenges were met. This was followed up by further helpful advice and responsive assistance which enabled us to complete the models in the very short timescale available. 

Janette Watkins Programme Director | Working Together Programme – A partnership involving seven hospital Trusts in South Yorkshire, Mid Yorkshire and North Derbyshire



NECS' approach has meant a collaborative and trusted partnership has been created between them and our NCM team. They have worked hard to understand both the vision of our New Care Model site and the challenges we face. NECS have been focussed on ensuring any support is relevant to our needs and have been flexible in their offering and approach as priorities have changed. NECS continue to provide our senior team with support, advice and challenge. 

West Wakefield Health and Wellbeing Ltd MCP



Partners in improving local health

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