

Report to: East Sussex Health and Wellbeing Board

Date: 15 July 2025

By: Stephen Lightfoot, Chair, NHS Sussex

Title: NHS Reform

Recommendations:

East Sussex Health and Wellbeing Board is recommended to note the submission from NHS Sussex to NHS England which responds to national guidance on Model Integrated Care Boards and next steps for the transition arrangements for Sussex.

1. Background

1.1 This paper summarises the journey from the independent investigation of the NHS conducted by Lord Darzi – *The State of the NHS in England* – which was published in September 2024, through to the biggest public conversation on the future of the NHS to help inform the development of the Government's 10 Year Health Plan during the winter of 2024/25, to the announcement of the major organisational changes and cost saving targets for the NHS in March 2025.

1.2 These most recent announcements included the national direction for all NHS Integrated Care Boards (ICBs), including NHS Sussex, to reduce their running costs by an average of 50% to £18.76 per head of weighted population by December 2025.

1.3 This paper then describes the NHS Sussex response to this national direction and the proposal to create a new Sussex and Surrey ICB from 1 April 2026. The paper details the approach being taken, the transition arrangements and the significant impact on our workforce.

1.4 Although the transition to a new Sussex and Surrey ICB will be complex to implement, we are determined that the new ICB will take the best from both of our systems and become the excellent strategic commissioner we need to be. Our collective ambition is to improve the health outcomes, reduce the health inequalities and secure the best value for money from NHS services for the population of three million people living in Sussex and Surrey in line with the Government's 10 Year Health Plan.

2. NHS reforms and how NHS Sussex is responding to the requirement to reduce its organisational costs by 53%

Independent investigation of the NHS

2.1 In July 2024, the new Secretary of State for Health and Social Care commissioned Lord Darzi to conduct an immediate and independent investigation of the NHS in England assessing patient access, quality of care and the overall performance of the health system.

2.2 On 12 September 2024, Lord Darzi published his detailed report 'The State of NHS in England', and it made very difficult reading. His conclusion was that "the NHS is in critical condition, but its vital signs are strong". He went on to say that "some have suggested this is primarily a failure of NHS management, but they are wrong". Lord Darzi then went on to summarise the major themes for improvement:

- Re-engage staff and re-empower patients
- Lock in the shift of care closer to home
- Simplify and innovate care delivery for a neighbourhood NHS
- Drive productivity in hospitals
- Tilt towards technology
- Contribute to the nation's prosperity
- Reform to make the structure deliver

Public conversation on the NHS

2.3 In October 2024, the Department of Health & Social Care and NHS England launched 'Change NHS' to help shape a new 10 Year Health Plan. This was the biggest ever public conversation about the future of the NHS with more than 220,000 contributions from members of the public and health and care staff. This culminated in the Change NHS National Summit held on 4 April 2025, which brought back hundreds of members of the public and health and care staff who had taken part in earlier events across the country, to review the draft proposals. In addition to the national events, NHS Sussex delivered four face-to-face public meetings across Sussex, four online workshops and a staff session as part of the process so that the contributions of 433 people from Sussex could be incorporated into this national conversation about the NHS.

10 Year Health Plan

2.4 The Government is expected to publish its 10 Year Health Plan for England in the first week of July 2025, but this was not available at the time of writing this report. However, the 10 Year Health Plan is expected to describe how the Government will deliver three key shifts in the way that healthcare services are delivered in the future:

- From hospital to community
- From analogue to digital
- From treatment to prevention

Major NHS announcements

2.5 On 13 March 2025, and in advance of the 10 Year Health Plan being published, the Government announced three major reform and cost saving programmes in the NHS:

- The abolition of NHS England (NHSE) and the integration of its functions into the Department of Health and Social Care with a 50% reduction in the 18,000 staff currently employed by both organisations over the next two years
- All Integrated Care Boards (ICBs), including NHS Sussex, must reduce their running costs by an average of 50% by December 2025

- All NHS Trusts must reduce their corporate services cost growth since 2018/19 (i.e. before the COVID-19 pandemic) by 50% by December 2025

2.6 These announcements followed the resignation of the former Chair, Chief Executive, Chief Finance Officer, Chief Operating Officer and Chief Delivery Officer of NHS England in the preceding weeks, as well as the subsequent appointment of a new Chair (Dr Penny Dash) and a new Transition Chief Executive (Sir James Mackey) for NHS England from 1 April 2025.

Foundations for the reform of the NHS

2.7 On 1 April 2025, the new Transition Chief Executive of NHSE sent a letter to all ICB and NHS Trust Chairs and Chief Executives setting out the priorities for working together in 2025/26 to lay the foundations for the reform of the NHS. The immediate priority is for every system to achieve a financial breakeven position in 2025/26 and then maintain a sustainable financial breakeven position when every system moves towards a nationally defined 'fair shares' funding allocation based on the size and demographics of their population over the next three years.

2.8 These national financial priorities are challenging for Sussex as our system did not have a breakeven financial plan for 2025/26 on 1 April 2025. In addition, the national modelling identified that the NHS in Sussex currently receives £186 million of over-funding compared to the national formula, which is equivalent to 4% of our total NHS Sussex funding allocation of £4.5 billion in 2025/26. However, following further discussions, system partners in Sussex agreed to take on more financial risk so we could re-submit a breakeven plan for 2025/26. Work has also started on developing a Sustainability Plan with the aim of meeting the growing demand for NHS services in Sussex with a 4% lower 'fair shares' financial allocation over the next 3 years.

2.9 The NHSE letter on 1 April 2025 reinforced that ICBs, like NHS Sussex, have a critical role to play as strategic commissioners and this is going to be central to realising the ambitions that will be set out in the 10 Year Health Plan. The ambition of these changes is to avoid duplication of activities and streamline the roles and responsibilities of each part of the national, regional and local NHS.

Model ICB

2.10 On 10 April 2025, NHSE published the guidance that all ICBs would need to operate within a financial allocation of £18.76 per head of their weighted population and this target is the same for all ICBs across the country. The current cost base for NHS Sussex is equivalent to £39.83 per head of population, which means that the running costs of NHS Sussex must be reduced by 53% by December 2025.

2.11 On 6 May 2025, NHSE published its Model ICB Blueprint to inform the development of the new organisational structure for ICBs in their role as a strategic commissioner. Importantly, it confirmed that ICBs exist to improve their population's health and ensure access to consistently high-quality services with the accountability for ensuring the best use of their population's health budget. This will be achieved by four core functions:

- Understanding local context – *assessing population needs and the quality, performance and productivity of existing healthcare provision*
- Developing long-term population health strategy – *long term population health planning and care pathway redesign to maximise value based on evidence*
- Delivering the strategy through payer functions and resource allocation – *assurance on what is purchased and whether it delivers the outcomes required*
- Evaluating impact – *user feedback and evaluation to ensure optimal use of NHS resources and improved health outcomes for the population*

2.12 The Model ICB Blueprint also identified 18 functions and activities for ICBs to transfer out to other national, regional and provider organisations over an unspecified time period, although some of these functions will require a change in the law before they can be fully transferred:

- Oversight of provider performance
- Emergency Preparedness, Resilience and Response (EPRR)
- High level strategic workforce planning
- Local workforce development and training
- Research, development and innovation
- Green Plan and sustainability
- Digital and technology leadership and transformation
- Data collection, management and processing
- Infection prevention and control
- Safeguarding
- Special Educational Needs and Disability (SEND)
- Development of neighbourhood and place-based partnerships
- Primary care operations and transformation
- Medicines optimisation
- Pathway and service development programmes
- NHS Continuing Healthcare
- Estates and infrastructure strategy
- General Practice IT

NHS Sussex response

2.13 NHS Sussex then had 18 working days to develop and submit a costed proposal to NHS England on how we could deliver the Model ICB Blueprint in Sussex, whilst continuing to deliver all our current statutory responsibilities before any functions are transferred out of the ICB, within the financial target of £18.76 per head of weighted population from 1 January 2026. This required intensive work from our executive team and the involvement of our NHS Sussex Board to meet this national deadline. Although there was some discussion with our key partners about the options during the month of May, the national timetable did not allow sufficient time to consult all of our stakeholders and the public on our proposed ICB changes as we would have wanted.

2.14 After considering the outline options, the NHS Sussex Board requested that our executive team develop and cost two different ICB options to compare with our existing NHS Sussex annual cost base of £74.7 million:

- Existing Sussex geographical footprint (coterminous with the proposed Sussex combined mayoral authority) with a 1.876 million weighted population and a £35.2 million annual cost base
- New Sussex and Surrey geographical footprint (coterminous with the two proposed mayoral authorities in Sussex and Surrey, which also includes the Surrey Heath and Farnham areas of Surrey currently covered by the NHS Frimley ICB) with a 3.06 million weighted population and a £57.7 million annual cost base.

2.15 On 21 May 2025, the NHS Sussex Board considered the two proposals and the viability of each option. It was recognised that with either option the significance of the changes would mean the creation of a new organisation, with a new purpose and a different way of working to how we have worked previously.

2.16 The analysis of the Sussex only ICB option demonstrated that despite implementing substantial cuts of up to 76% in some functions, the total funds required to operate a safe and resilient organisation exceeded the target operating cost by approximately £12 million. These additional costs resulted primarily from the need to enhance the efficiency of all current ICB functions and maintain their operation before some of them can be transferred to other entities, and this option would simply not meet the ICB cost target set by NHS England. Furthermore, this Sussex only ICB option would have significantly reduced capacity in all of its functions, no place-based resource to commission neighbourhood health services and limited capacity to engage with system partners or the public on service redesign.

2.17 By comparison, the larger financial operating target for the combined Sussex and Surrey option would retain the capacity, capability and resilience to deliver the core ICB functions required by NHS England, as well as some place-based resource to work with and commission services with the new unitary authorities in Sussex and Surrey. There are also long-established health partnerships across the two geographical areas with the Surrey & Sussex Cancer Alliance, Surrey & Sussex Local Medical Committee and Community Pharmacy Surrey & Sussex, as well as NHS providers such as Surrey & Sussex Healthcare NHS Trust, South East Coast Ambulance Service NHS Foundation Trust, Queen Victoria Hospital NHS Foundation Trust and Royal Surrey NHS Foundation Trust who provide NHS services to patients in Sussex and Surrey.

2.18 The Sussex and Surrey proposal also includes the retention of two separate Integrated Care Partnerships, one for Sussex (which is currently called the Sussex Health & Care Assembly) and one for Surrey (which is currently combined with the Surrey Health & Wellbeing Board) so that an independent focus can be maintained on the population health needs in each of the two proposed Mayoral Authorities. This approach of one ICB, two systems and five places (assuming local government reorganisation results in three unitary authorities in Sussex and two unitary authorities in Surrey) will help to retain local leadership and decision making on the development of neighbourhood health services and the delivery of the priorities set by each Health & Wellbeing Board.

2.19 The NHS Sussex Board reviewed these options at its meeting on 21 May 2025 and agreed by a majority vote to submit the Sussex and Surrey ICB proposal with all the completed cost templates to NHS England for approval by the deadline of 30 May 2025. The NHS Surrey Heartlands Board also met on 21 May and agreed to submit the same proposal to NHS England.

2.20 It should be noted that all four upper tier local authorities in Sussex and Surrey have stated their opposition to the proposed Sussex and Surrey ICB as they believe it is contrary to Government guidelines on Mayoral Combined Authorities, and it will not enable meaningful and effective neighbourhood healthcare to be delivered on the larger ICB footprint, and that it could lead to even greater cuts in NHS expenditure for their local communities. However, NHS Sussex and its successor organisation will continue to work with local authorities and our wider system partners to ensure we deliver on our shared ambition to improve the health outcomes and reduce the health inequalities within the population we serve.

Current Status of New ICB Proposals

2.21 Following numerous meetings and discussions during the month of June, NHS England confirmed on 23 June 2025 that the NHS England Executive and Ministers have agreed to move from a total of 42 ICBs across England to 26. This new total will consist of 11 ICBs remaining on their existing footprints and 15 new ICB clusters being formed from the other 31 ICBs.

2.22 On 24 June 2025, NHS England confirmed that the new ICB boundaries across Sussex and Surrey, including Surrey Heath and Farnham, have been accepted. NHS England has also encouraged NHS Sussex and NHS Surrey Heartlands to progress their proposal at pace so that the cost reductions can be achieved by 31 December 2025 and the new Sussex and Surrey ICB can be legally constituted by 1 April 2026.

2.23 NHS England also published new Job Descriptions for an ICB Chair and Chief Executive on 23 June 2025 with the stated aim of completing the ICB Chair appointments by the end of July 2025. The new Chairs will then work with their NHS Regional Director to appoint the new ICB Chief Executives as soon as possible after that.

2.24 A Model ICB Design Group, with the input of the Local Government Association and the Association of Directors of Adult Social Services, will be set up to develop further national guidance on the transfer out of ICBs of Continuing Healthcare, Safeguarding and services for people with SEND, as well as medicines management.

NHS Sussex Leadership Changes

2.25 Non-Executive Chairs are usually appointed for a term of three years and Stephen Lightfoot's term as the Chair of NHS Sussex was due to end on 30 June 2025. Having reflected on his personal priorities for the next three years, Stephen confirmed to NHS England in April that he did not want to be reappointed for another term as either the Chair of NHS Sussex or the Chair of the new Sussex and Surrey ICB. However, Stephen has agreed

to stay on as Chair of NHS Sussex until September to support the transition and allow sufficient time to appoint his successor for the new organisation.

2.26 The NHS Sussex Chief Executive Officer Adam has been working on assignment with NHS England for part of his time over the last two years, and this assignment became full-time from 13 January 2025. As a result, Mark Smith was appointed as Interim Chief Executive Officer and Indiana Pearce was appointed as Interim Chief People Officer of NHS Sussex from the same date.

2.27 Adam Doyle's assignment with NHS England has now concluded and Adam returned to his substantive role as Chief Executive Officer of NHS Sussex on a full-time basis from 4 June 2025.

2.28 Recognising the additional workload and leadership required for the creation of a new Sussex and Surrey ICB, Mark Smith has been appointed as the NHS Sussex Deputy Chief Executive Officer and Transition Director for nine months until 1 April 2026. In further discussion with NHS Surrey Heartlands, it was agreed that Mark will also be the Transition Director for Surrey and will be responsible for leading a joint transition support team across both ICBs.

Transition arrangements

2.29 A new operating model is being developed for the new Sussex and Surrey ICB with the following design principles:

- Prioritising strategic commissioning capability in line with national expectations
- Enabling integration at place and neighbourhood levels, with system-wide coordination
- Delivering a modular, scalable structure capable of adapting to future needs
- Ensuring role clarity, naming consistency, and job matching to mitigate equal pay risks
- Maximising digital enablement and interoperability to streamline delivery
- Costing no more than £18.76 per head of weighted population.

2.30 Work has focused on establishing a Joint Transition Team, developing programme management methodology, joint governance, structural design and development of the resources necessary to take us into formal staff consultation on the proposed organisational changes during the summer of 2025. The Joint Transition Team will include staff from Sussex and Surrey organised into a matrix of workstreams across Design & Operating Model, People, Finance, and Communications & Engagement.

2.31 A Joint Transition Committee (JTC) has also been established as a Joint Committee of both ICB Boards to provide bi-weekly strategic oversight of transition planning and implementation in line with the national and local priorities. Chaired on rotation by the ICB Chairs, membership will include the Chief Executive and one Non-Executive Director from each ICB, plus the Joint Director of Transition and the NHS England Regional Director of Strategy and Transformation.

2.32 In addition to the transition arrangements for a new ICB organisation for Sussex and Surrey, we are also continuing to explore how some ICB functions and services could be delivered more efficiently and consistently at scale across all four of the new ICBs in the South East Region. This approach has already been established with the delegation of specialised commissioning for 70 specialist services from NHS England through the Joint Committee of South East ICBs from 1 April 2025.

2.33 Throughout this process, it is recognised that communications and engagement will be vital to support the effective transition into a new ICB organisation and other functional arrangements. A joint communication plan will ensure regular and consistent communication to internal and external audiences across Sussex and Surrey.

Impact on our people

2.34 It cannot be underestimated the impact of these changes on the circa 1,350 staff employed by NHS Sussex and NHS Surrey Heartlands ICBs. Our staff have experienced a period of uncertainty since the announcement to halve the running costs of ICBs was made on 13 March 2025, and this follows a previous period of change within both organisations to make running cost reductions last year.

2.35 When the new target operating model for the new organisation has been developed, we will need to consult all our staff in Sussex and Surrey on the proposed changes. This process has not yet been conducted, and the final numbers have not yet been determined, but we are expecting a significant number of posts will be disestablished to achieve the required annual cost base of £18.76 per head of weighted population by 31 December 2025. This will have a direct and significant impact on our valued and highly skilled staff members across Sussex and Surrey, many of whom are members of our local communities.

2.36 We are offering as much support as we can to our staff, holding regular meetings, being transparent with regular communications, offering advice and providing support programmes. We are also working closely with our staff networks and Trade Unions to ensure our staff feel heard, valued, and supported throughout this significant period of change.

3. Conclusion

3.1 Although the transition to a new Sussex and Surrey ICB will be complex to implement, we are determined that the new ICB will take the best from both of our systems and become the excellent strategic commissioner we need to be. Our collective ambition is to improve the health outcomes, reduce the health inequalities and secure the best value for money from NHS services for the population of three million people living in Sussex and Surrey in line with the Government's 10 Year Health Plan.

3.2 We recognise that this also takes place as wider changes, such as devolution with our local authority partners, and we will continue to ensure that there is clear communication with system partners on the next steps, as we progress through the changes ahead.

Stephen Lightfoot
Chair, NHS Sussex