

## **DLN Cluster Transformation Fund 2026/7**

### **\*UPDATED\* Application Information and Guidance**

#### **Foreword**

In light of the ongoing financial pressures facing the NHS both locally and nationally, we have found it necessary to reconsider our approach to the 2026/7 Transformation Fund initiative. We want to be open with colleagues that funding will not be available in its originally anticipated form, as much of the fund now needs to be redirected to support wider system priorities.

We fully recognise the significant effort that colleagues have invested in developing bids to date and appreciate the considerable levels of energy and commitment shown in working collaboratively.

It is important that we do not lose the value of the work already undertaken. The bid process has generated strong thinking, innovation, and a clearer understanding of what good looks like in terms of impact, deliverability, and alignment to our strategic priorities.

As such, the assessment process will continue, and where bids demonstrate significant impact, strong outcomes, and clear alignment to system priorities, the ICB may look to commission these through alternative routes, to ensure they still directly inform how we recommission and redesign services going forward. This is likely to require us to consider how we pool or reprioritise existing resources, rather than relying on new transformation funding.

To support this, we have extended the submission deadline to 5pm on 30<sup>th</sup> April to enable teams to refine and strengthen their proposals in line with the criteria.

The aim of accelerating delivery of our Five-Year Strategic Commissioning Plan and Population Health Strategy remains and reflects our shared commitment across the Cluster to improve outcomes, reduce inequalities and strengthen long-term financial sustainability.

This approach is designed to catalyse bold, collaborative transformation that reshapes pathways of care, shifts resources closer to communities and delivers measurable improvement at pace.

We continue to seek a small number (2-3 per ICB) of ambitious, system-level proposals that demonstrate clear return on investment, strong partnership working and sustainable impact beyond the period of non-recurrent funding. Our expectation is that providers and partners will come together to bring forward big, credible ideas that align with our neighbourhood health ambitions and deliver the three shifts: hospital to home, analogue to digital and treatment to prevention.

We look forward to working with you to accelerate transformation across DLN.

Maria Principe  
Executive Director of Commissioning

Bill Shields  
Executive Director of Finance

## **1. Introduction**

The DLN Cluster committed 0.5% of commissioning resource in 2026/27, equating to £33m, rising to up to £100m over three years. This non-recurrent investment was intended to accelerate structural transformation across our system. However, we have now found it necessary to use this funding to support wider system pressures.

Given the energy and commitment colleagues have already invested into development of applications we are still inviting submissions for a revised deadline date of 30<sup>th</sup> April. The purpose is still to incentivise collaborative, whole-pathway redesign across our health and care landscape. We will assess all bids with the intention of considering alternative commissioning routes for those deemed credible and aligned with our strategic and commissioning intentions.

## **2. Strategic Intent**

The Transformation Fund approach supports bold, large-scale innovation aligned to our Strategic Commissioning Plan and Population Health Strategy. In 2026/27 we will prioritise proposals that reduce use of hospital-based services and deliver constitutional and NHS performance standards by focusing on urgent and emergency care recovery and planned care reform.

We expect initiatives to support delivery through integrated neighbourhood health services, and improved care for people living with frailty, multiple long-term conditions and those on end-of-life pathways. Planned Care reform should promote the 'left shift'. Prevention will be crucial as will addressing health inequalities and inequity in the delivery of reform for CORE20PLUS populations.

## **3. Scale and Ambition**

We intend to prioritise a small number of high-impact investments rather than multiple small pilots. As a guide, we anticipate supporting two to three transformational proposals per ICB footprint for consideration in future commissioning decisions. We also welcome credible Cluster-wide opportunities. Applications at ICB scale should be coordinated locally to ensure clarity of purpose, avoid duplication, and maximise collective impact.

This invitation is open to all NHS providers across the DLN system. Proposals must be credible, evidence-based and collaborative, bringing together primary care, community services, VCSE, acute providers and local authorities as appropriate. Applications must demonstrate meaningful scale and system impact.

We accept there may be a nominated 'leading' organisation that submits an application on behalf of an alliance or collaboration of supporting organisations. The leading organisation will assume direct responsibility for the delivery of the scheme. We will work with the leading organisation to confirm any contractual implications or route to supporting delivery through contractual mechanisms. The DLN Cluster has stated a commitment to explore new contracting models in 2026/7 and we would wish to work with our provider community to enact this. We will remain compliant with PSR requirements in our consideration of options.

The approach is intended to support additionality and transformation. It will not be used to offset existing or planned budget reductions, nor to sustain activity that cannot be confidently maintained once any non-recurrent funding ends.

#### **4. Financial Expectations and Return on Investment**

All proposals must demonstrate a positive return on investment within two years and a minimum 4:1 return over three to five years, with at least 2:1 expected to be cash releasing. Applications must clearly set out the route to cash, phasing of benefits and named benefits owners.

The level of economic and financial modelling required for each application should be proportionate to the scale, complexity, and risk of the proposal. Proposals may use proxy measures and indicative modelling where appropriate, provided assumptions are clearly stated.

Non-financial benefits may include improved outcomes, experience, equity, access, or workforce sustainability. It is recognised that benefits may be realised in the longer term (beyond 5 years) especially for CORE20PLUS populations.

Benefits should be underpinned by robust assumptions based on local as well as national data where available (e.g. model hospital metrics etc.)

Any additional cost associated with the scheme is expected to be covered after year one. For clarity, against an agreed baseline there should be no additional cost to the commissioner in 2027/8 as a result of implementation of the scheme unless expressly agreed.

Benefits realisation is a core expectation within the funding period. Successful applications will be required to agree clear milestones, delivery trajectories, and reporting arrangements. The ICB will track delivery and benefits through established governance processes.

Funding will be released in line with agreed milestones. The DLN Cluster reserves the right to implement performance adjustment mechanisms where delivery of proposed benefits is regarded to be at high risk in terms of timescales or quantum of impact. A formal review of the programme of work will be triggered where delivery is reported as persistently 'off track.'

We accept that some schemes may not materialise intended benefits. As a responsible strategic commissioner, the DLN Cluster reserves the ultimate right to terminate implementation of the scheme, avoiding excess cost in the system and supporting future investment of Transformation Funds.

## **5. Collaboration and Governance**

Applications must be sponsored by a senior ICB commissioning leader and demonstrate robust collaborative governance arrangements. Each proposal must identify a lead organisation and Senior Responsible Owner at executive level. Clear benefits realisation plans, risk management arrangements and EQIA (where indicated) are required.

## **6. Assessment and Decision-Making**

Proposals will be assessed using a weighted framework that considers strategic alignment, options appraisal, benefits and value for money, and deliverability. Applications will undergo quality review by the Transformation Fund Commissioning Review Panel (TFCRP) before being submitted to the Joint Commissioning Executive Group (JCEG) that will make the final decision on suitability for further commissioning development. The TFCRP will only forward endorsed proposals to JCEG. Applications that are not endorsed will be offered feedback. Applicants may be invited to re-submit their proposals where feedback has been duly considered and where the ICB remains open to further applications.

## **7. Timeline**

The Fund launches on 27 February.

**Applications using the prescribed DLN Transformation Proforma are now due by 5pm on 30 April.**

Applications are to be emailed to - [nnicb-nn.systempmo@nhs.net](mailto:nnicb-nn.systempmo@nhs.net)

**Decisions for first wave applications are expected Mid-May.**

### **8. Future transformation**

We have been clear of priorities for 2026/7. In future years, it is our intention that the scope of the Transformation Fund will expand to support delivery of all headline key deliverable targets identified in our 5-year Strategic Commissioning Plan.

### **9. Conclusion**

The DLN Transformation Fund represents an opportunity to reshape our system for the long term. We are looking for ambitious, innovative, evidence-informed proposals that deliver measurable improvement and sustainable financial impact. This is an opportunity for us as a system to move further and faster together in delivering improved outcomes for our population.