

BOARD PAPER - NHS ENGLAND

Title: Commissioning Support Unit (CSU) committee update

From:

Dame Moira Gibb, Chair of the CSU Committee

Rosamond Roughton, National Director: Commissioning Development

Purpose of paper:

To provide an update on discussions at the 14 January 2014 and 17 March 2014 CSU committee meetings.

Actions required by Board Members:

The Board is asked to note the discussions held and the decisions made at the 14 January 2014 and 17 March 2014 CSU committees

Context

1. The Commissioning support committee has two key responsibilities:
 - To oversee the **assurance** of Commissioning Support Units (CSUs), ensuring that they are fit for purpose and financially viable
 - To oversee the **development** of CSUs, ensuring that they continuously improve in their ability to deliver high quality, cost effective services, and develop independence in line with the Board's market strategy for all commissioning support services and its strategy for moving CSUs to autonomous forms.

January CSU committee

2. The final set of minutes and actions from the 14 January 2014 CSU committee is enclosed at annex A.

March CSU committee

3. A summary of the discussions at the 17 March 2014 CSU committee is provided below. The final minutes from the March committee will be provided to the Board in July following approval at the June CSU committee. In March, the committee:
 - noted the launch of the lead provider framework in February 2014 and the positive response it was generating amongst potential suppliers and other stakeholders (over 250 different suppliers have accessed the documents). There was a discussion around the need to ensure we have put in place effective information barriers to avoid any potential conflicts with NHS England developing the framework, being a potential buyer and potential supplier by virtue of hosting CSUs. A paper on the steps taken to avoid conflicts and ensure a robust decision making hierarchy was considered at the April Audit committee. Paul Baumann has stepped down from his place on the committee so that he can oversee and advise on the procurement process in an un-conflicted way;
 - The committee received an update on the timescales and process for guidance to support CSUs to move to more autonomous forms. The committee will be signing off the interim guidance in June (for publication in July) with final guidance being published in November, alongside the assurance process which will ensure CSU applications represent value for money for the taxpayer;
 - The committee supported the ongoing cost reduction to support CSUs to reduce their costs and strengthen their competitiveness and long term viability. The cost reduction programme last year (13/14) would generate savings of £1.1m per month going forward and payback would be realised within 13 months. Given the likely need for future cost reduction exercises

during 2014/15, the committee agreed that NHS England should consider reinstating a national HR transition process across the system to maximise redeployment opportunities.

- The committee received an update on the performance and financial position of CSUs and noted that CSU additional income had increased to £45m at month ten.

Actions required by Board Members:

4. To note the discussions held and the decisions made at the January and March CSU committees.

Dame Moira Gibb
Chair of the Commissioning support committee
May 2014

Annex A

COMMISSIONING SUPPORT COMMITTEE NOTE 14 JANUARY 2014

Present

Dame Moira Gibb, Chair (MG)
Ed Smith (ES)
Rosamond Roughton (RR)
Jo-Anne Wass (JW)
Ann Johnson (AJ)
Andrew Kenworthy (AK)
Bob Ricketts (BR)

Phil Walker, secretariat (PW)
Victoria Smith (VS)

Apologies

Margaret Casely-Hayford
Paul Baumann
Tim Kelsey

Agenda item	Summary and actions	Action Owner	Deadline
Notes from previous meeting	<p>AK provided an update on the actions from the previous committee which are largely addressed in the papers for the January committee.</p> <p>VS updated members on the analysis done to estimate the payback generated by the CSU cost reduction programme which would be realised within 9 months.</p> <p>Committee members approved the notes from the November meeting.</p>		
Consultation on making CSUs autonomous	<p>BR provided an update on the shortlist of options which have been developed to create autonomous CSUs.</p> <p>Members supported the four shortlisted options (social enterprise; staff mutual; customer-controlled social enterprise; equity joint venture). Committee members also supported the ruling-out of certain options (sale; outsourcing; creation of new NHS bodies; adoption by an existing NHS body).</p> <p>Members considered the draft document to support national consultation on the options, and potential safeguards, as well as the plans for a robust assurance processes.</p> <p><i>On subsequent discussion at the Board Development Session on 16 January 2014 about the approach to consultation, it has been agreed that – whilst still needing to consult and engage with CSU staff, CCGs and other stakeholders – such consultation would be better led by the CSUs themselves with NHS England’s role being to provide</i></p>		

	<i>CSUs with guidance as to permissible organisational options and necessary safeguards, and to assure CSUs' proposals once submitted. This then formed the basis of the paper which the Board considered in public on 24 January.</i>		
Lead Provider Framework	<p>BR provided an update on the development of the Lead Provider Procurement Framework which will accredit a number of high quality commissioning support suppliers for CCGs and other customers to call down from (through mini competitions) to secure the support they need.</p> <p>BR briefed members on the engagement to date to firm up the scope of the framework and to develop the underpinning standards and criteria that will be used to assess potential suppliers.</p> <p>AK commented that CSUs were responding positively by forming partnerships between themselves and with other independent sector suppliers to maximise the success of being accredited for the framework.</p> <p>RR agreed that there should be a report back to the committee on NHS England's engagement in working through its requirements of the framework.</p> <p>ES asked that a range of case studies should be developed going forward that showcase the degree of improvement generated by market competition, the lead provider framework and the ongoing development of CSUs.</p> <p>ES asked for the narrative around CSU autonomy be strengthened by linking to the lead provider framework.</p>	PW BR BR	March committee Ongoing January 14
Cost reduction	<p>AK provided an update on the cost reduction programme which is supporting CSUs to meet the ongoing financial pressures in the system and from customers by establishing a nationally coordinated but locally led consultation to enable CSUs to develop more efficient structures.</p> <p>14 of 18 CSUs are planning a mixture of compulsory and voluntary redundancies, 2 CSUs are planning voluntary redundancies only, and 2 CSUs (North Yorkshire and North of England) are not planning to make any redundancies.</p> <p>AK updated members that the programme is progressing positively, with trade unions working engaging constructively.</p>		

	Members supported the progress and the next steps.		
CSU Dashboard report	<p>AK provided an update on the key areas of focus for the CSU Transition Team in supporting CSUs as they face some significant pressures over the next few months, including supporting the contracting round and CCG 2 and 5 year operational plans, closing CCG accounts, managing the cost reduction programme and partnering in order to bid and secure a place on the lead provider framework.</p> <p>AK reported that:</p> <ul style="list-style-type: none"> • CSU income has now increased by a net gain of £41.1m over the first 8 months of operation • Many CSUs are working collaboratively to explore partnership options between themselves and other independent sector suppliers <p>There was a discussion around the customer satisfaction indicator and the committee asked that consideration be given to increasing the threshold as CSUs near the end of their first year of operation.</p> <p>Members supported the overall actions taken to manage risk of CSUs and those taken to support their ongoing development.</p>	AK	March 14
NHS Anglia	<p>AK provided an update on the outcome of the recent process led by CCGs, supported by the CSU Transition Team, to secure a future home for NHS Anglia.</p> <p>North East London CSU was selected as the successful CSU and transition of services will take place over the next couple of months so that the service can go live from April.</p> <p>Members supported the decision.</p>		
CSU Finance Report	<p>VS provided an update on the latest financial position across CSUs, that all CSUs are planning to achieve a target gross margin of at least 5% and total income is now forecasted at £752.9m for 13/14.</p> <p>AK highlighted that many CSUs are choosing to use some of their margin to support the current contracting round and in bringing in the right skills and expertise to support CCG's two and five year strategic plans.</p>		

	<p>Revised plans have now been received by the Transition Team which reflect the current trading performance and increase in income.</p> <p>The committee ratified the revised CSU financial plans.</p>		
AOB	<p>The next committee will be held on 17 March, 15.00 – 17.00</p>		