

BOARD PAPER - NHS COMMISSIONING BOARD AUTHORITY (NHS CBA)

Title: NHS Commissioning Board Development and Implementation Programme update

Clearance: Bill McCarthy, Managing Director

Purpose of Paper: to provide an update on delivery of the NHS Commissioning Board Development and Implementation Programme.

Key Issues and Recommendations:

- the report provides a progress update covering the period up to 31 March 2012; and
- the report provides an overview of the main activities during this period and the key programme challenges.

Actions Required by Board Members:

1. To note current progress with delivery of the programme.

NHS Commissioning Board Authority

13 April 2012

NHS Commissioning Board Development and Implementation Programme Update

Background

1. The NHS Commissioning Board Development and Implementation Programme is focused on setting up the new NHS Commissioning Board (NHS CB) and making sure it is fully operational by April 2013.
2. Bill McCarthy is the Managing Director responsible for establishing the NHS CB and is the programme's Senior Responsible Officer.

The Programme

3. The NHS CB is being set up to make sure that in the future we deliver improvements to people's health outcomes in England. This will be delivered by clinically led commissioning and all of the functions of the Board should reflect this aim and support clinical leadership. The Board is committed to making sure that there is a strong patient and public voice in the commissioning system going forward, and a key element of the current programme of work is about how we hardwire this into everything we do.
4. The current programme of work is also focused on making sure we design an organisation and commissioning system that will ensure that the best quality of services are available to the public, that they are safe for patients, and that ensures commissioning addresses current and persistent health inequalities. Promoting innovation, and excellent research to underpin this, will be vital going forward.
5. The current programme of work is made up of 43 project strands. These cover the areas set out above, as well as practical start up, how we work with our partners across the reformed health and social care system, and critically the setting up of the new Clinical Commissioning Groups (CCGs). The programme also includes work to put in place processes for the NHS CB itself to directly commission some services, including primary care and very specialised services.

6. The programme covers the work of the NHS CBA (October 2011 to October 2012) and the work of the NHS CB itself from October 2012 until it is fully operational in April 2013.
7. A programme update will be provided at every meeting of the NHS CBA's Board, in order to provide assurance regarding delivery and to enable the Board to manage progress.

Summary of progress to date

8. There has been good progress in all work programme areas; this is checked and monitored regularly to make sure momentum is maintained and that resources are directed to priority areas of work. Some critical milestones have been achieved, including the Health and Social Care Bill receiving Royal Assent and securing Cabinet Office approval for the finance spine procurement . Highlights are outlined below.
 - ***Legal establishment and NHS CB corporate accountability and governance***
9. Royal Assent has now been received for the Health and Social Care Bill. The NHS Commissioning Board will be an Executive Non Departmental Public Body and a steer has been given by Secretary of State for a target date of 1 October 2012 for its establishment. A clear project plan has been mapped and agreed with Cabinet Office to cover secondary legislation and transfer of all assets and liabilities into the Executive Non Departmental Public Body.
10. The first accountability meeting has been held between the NHS Commissioning Board Authority Chair and Secretary of State, and the first two assurance meetings have taken place between Bill McCarthy and Richard Douglas (the senior Department of Health sponsor).
 - ***Directorate build and people transition***
11. Progress has been made on the organisational design of the future NHS CB, including making sure it includes all of the functions, duties and powers contained in the Act. A design workshop has been held to confirm the operating model for specialised commissioning. From April 2012, we will be systematically tracking and supporting individual directorate design and build. A recruitment strategy is being developed and shared with the senior management group of the NHS CBA, and engagement has begun with trade union representatives and some stakeholders (for example Primary Care Trust Chief Executives).

12. The NHS CBA has confirmed the appointment of the following eight National Directors:

- National Director of Finance - Paul Baumann (currently Director of Finance at NHS London);
- National Medical Director - Sir Bruce Keogh (currently NHS Medical Director);
- Chief Nursing Officer - Jane Cummings (currently Director of Nursing at NHS North of England);
- Chief Operating Officer - Ian Dalton (currently Cluster Chief Executive, NHS North of England);
- Chief of Staff - Jo-Anne Wass (currently NHS Chief of Staff);
- National Director: Commissioning Development - Dame Barbara Hakin (currently National Managing Director of Commissioning Development);
- National Director: Improvement and Transformation - Jim Easton (currently National Director for Improvement and Efficiency); and
- National Director: Policy, Partnership and Corporate Development - Bill McCarthy (currently Managing Director, NHS Commissioning Board Authority).

13. The National Director for Patient Insight post is currently out to advert and interviews are scheduled to take place in May 2012.

- ***Financial spine***

14. Cabinet Office approval has now been secured for the procurement of an integrated finance accounting system.

Challenges

15. Although the NHS CB programme continues to make solid progress, it also faces some key challenges (see Annex A for further information). The people transition challenge remains key. This is an inherent risk across the programme, and although plans are being developed to set out a clear recruitment strategy for the organisation, these will require further detail. This is being worked on urgently. It is vitally important that we make sure the NHS continues to deliver safe services to a high standard throughout this transition. This means carefully balancing the resource and staff needed for both day-to-day delivery and the need to design the future. Resource is also a key issue facing the programme; although the 2012/13 budget has now been confirmed, there remains an issue relating to procuring external capacity. To resolve this issue, a formal sub-committee of the NHS CBA Board "Finance and Procurement Controls", is due to be established from 13 April 2012.

Summary

16. Overall, the programme of the NHS CB is on track. There is a high level of inherent risk, particularly around the movement of, and recruitment of, nearly 4,000 staff over a short period. This is being closely programme managed, with mechanisms to raise risks and resourcing issues to both the senior management group and the Board as necessary.

Bill McCarthy

Managing Director, NHS Commissioning Board Authority

13th April 2012

Current challenges and risks to the Programme	
Challenges and Risks	Actions to address risks
The recruitment of nearly 4000 people to the NHS CB over a short period is an inherently high risk. There is a challenge to make sure that "sender" organisations and "receiver" organisations agree about what functions transfer.	<ol style="list-style-type: none"> 1. A recruitment strategy has been developed and shared with the NHS CBA's senior management group, trade union representatives and some stakeholders. 2. Discussions are on-going between sender and receiver organisations and the Department of Health (DH) with the aim of seeking agreement about the functions that will transfer. 3. When these discussions are complete for individual functions, detailed discussion will then cover whether TUPE, COSOP or transfer order will apply. 4. Significant discussions are underway with trade union colleagues. 5. Organisational design details have now been made publicly available following the Board meeting on 2 February 2012, providing further information for staff about the future shape of the organisation. The NHS BA is contributing to health system-wide work on communications relating to people transition to ensure that all staff receive timely and accurate information.
Failure of effective and co-ordinated finance and information flows through the new system (including information systems, finance spine).	<ol style="list-style-type: none"> 1. A working group has been established, chaired by the Interim Director of Finance, overseeing financial issues, information flows, and tariffs. This reports to the senior management group. 2. Procurement of an integrated finance accounting system is underway. 3. Coordination of existing information flows.
The commitments in the Mandate are unaffordable and / or not flexible enough to allow for local clinical leadership to flourish.	<ol style="list-style-type: none"> 1. Close working with the DH on the development and design of the draft mandate. 2. NHS CBA participation in the engagement process being led by the DH.
Decisions on NHS CB design and directorate structures are delayed due to lack of clarity on key issues (for example functions of the NHS CB in future)	<ol style="list-style-type: none"> 1. Detailed directorate design is progressing well, with proposals on budgets and structures for the NHS CB approved by the NHS CBA Board on 2 February 2012. 2. Key outstanding issues should be resolved by April 2012.
Lack of strong stakeholder engagement during the design process, leading to lack of support and lack of rigour in the design. Also a risk of the broader system, in particular the NHS, not understanding the role of the NHS CB (and Special Health Authority before it).	<ol style="list-style-type: none"> 1. A communications team has been recruited which is developing a strategy to ensure strong, coherent messages about the NHS CB are heard throughout the system. Communications activity will now increase post-Royal Assent. 2. There is a key piece of work on clinical leadership with a strong element of stakeholder engagement. 3. An engagement plan will be developed for each core business process; this has begun, critically in areas of commissioning development. 4. Beginning to engage Clinical Commissioning Groups (CCGs) in the broader programme. 5. There has been significant work on a partnership strategy and to develop partnership arrangements with a range of stakeholders.
Programme budgets are not available in time / clearance processes are not set up in time to allow delivery of all parts of the programme.	<ol style="list-style-type: none"> 1. The business plan will be signed off by the NHS CBA Board late March 2012 for submission to the DH at end of April 2012. 2. Agreed operating budget with DH for 2012/13. 3. A working group has been established, chaired by the Interim Director of Finance, overseeing financial issues, information flows, and tariffs. 4. A formal sub-committee of the NHS CBA Board, "Finance and Procurement Controls", is due to be established from 13 April 2012 enabling procurement decisions to be taken as necessary.
Family Health Services (FHS) functions (to be transferred from Primary Care Trusts to the NHS CB) are a key function over the transition period, and there is a need to make sure resilience of the different models around the country are sustained.	<ol style="list-style-type: none"> 1. The current Family Health Services function will be moved into the NHS CB in its current form prior to transforming for quality and efficiency.