

BOARD PAPER - NHS COMMISSIONING BOARD

Title: NHS Commissioning Board governance review

Clearance: Bill McCarthy, National Director: Policy

Purpose of Paper:

- To inform the Board about work underway to ensure the organisation has in place a robust governance framework and suite of corporate policies to support its successful operation as it takes on its full responsibilities from 1st April 2013;
- To make proposals for the handling of clinical quality risk;
- To request delegated authority to finalise the scheme of delegation.

Key Issues and Recommendations:

- Good governance is essential to underpin the activities of the NHS CB as it strives to make decisions in the best interest of patients. The actions identified below will assist in providing governance foundations which need to be in place as the organisation moves on to take its full responsibilities from April 2013.

Actions Required by Board Members:

- To delegate authority to sign off the finalised scheme of delegation – including any consequent amendments to ensure consistency with other components of the corporate governance framework.
- To agree a proposal to establish a quality and clinical risk committee.
- To note an update on the work underway to develop a refreshed suite of corporate policies.
- To agree delegated financial limits for the period up to 31 March 2013.

NHS Commissioning Board governance review

Introduction

1. Leading edge governance will be key to the successful operation of the NHS Commissioning Board (NHS CB). It is fundamental to ensure the NHS CB is making decisions in the best interests of the patients it serves, helps staff to understand their responsibilities and accountabilities, and is essential for patients and the public to be able to hold the organisation to account.
2. Since its formal establishment as an Executive Non-Departmental Public Body from 1 October 2012, the NHS Commissioning Board (NHS CB) has been in a preparatory phase leading up to the taking on of its full range of responsibilities from 1 April 2013.
3. This paper updates the Board on work under way to ensure the ongoing operation of the NHS CB is underpinned by a corporate governance framework and supporting policies that are fit for purpose. It requests delegated authority to ensure the revised framework and policies are adopted in time for 1 April 2013. The Board is also asked to agree delegated financial limits to the period up to 31 March 2013, which have been endorsed by the Audit Committee.

Corporate governance framework

4. At its meeting on 1 October 2012, the Board adopted a corporate governance framework which included:
 - schedule of matters reserved to the Board;
 - scheme of delegation;
 - terms of reference for a number of Board committees;
 - standards of business conduct;
 - standing orders;
 - standing financial instructions; and
 - risk management strategy.
5. The majority of this framework will require little amendment as the organisation takes on its full responsibilities from 1 April this year, but priority has been given to revising the Scheme of delegation and confirming arrangements for the handling of clinical risk.
 - a. Scheme of delegation

A revised Scheme of delegation is being developed by the governance team with external legal support. The work has been informed by input from two non-executive directors who have been briefed about the

ongoing work, as well as extensive involvement of the senior leadership team. This has included a Leadership Form workshop session on “Getting decision making right to enable us to deliver for patients”.

As for other elements of the corporate governance framework, the scheme will cover the whole organisation including its hosted bodies. It therefore needs to work in a complex system and is being prepared to ensure clarity about decisions that can be taken, not only at different levels within the national support centre, but also across the organisation including its area teams and hosted bodies such as commissioning support units (CSUs).

Against that background, the scheme will enshrine a way of working in which frameworks for delegated decision-making are set at Board or Board committee level, but delegation of decision-making is maximised within a system that will provide robust assurance to the Board. The scheme will:

- 1) Ensure the organisation is as responsive as possible to patients’ needs by maximising ability for robust decisions to be made at as local a level as possible, and reserving them centrally only for a limited number when required;
- 2) Provide clarity about the separation between delegated decision-making and the organisation’s processes to assure the Board that robust decisions have been made. These assurances will be made to the Board or its committees where agreed, to ensure decisions have been made appropriately and are having the intended effect.

The scheme is being developed rapidly, and a verbal update on progress towards the finalised scheme will be provided at the Board meeting.

Given the importance of ensuring an updated scheme of delegation is in place for 1 April 2013, the Board is asked to delegate authority to sign off this off – including any consequent amendments to ensure consistency with other components of the corporate governance framework. It is proposed this delegation should be to a group comprising at least the Chair and Chief Executive, having consulted at least two non-executive directors including the Chair of the Audit Committee. It is also proposed that the papers to be approved under this delegation should be circulated in advance to all members of the Board, enabling their comments and input before sign-off.

In recognition of the significant transitional programme facing the organisation, it is likely there may be occasions when the new arrangements are “stress tested” and require additional urgent decision-making. Should this occur, urgent decisions will be taken by the Chief

Executive and Chair in accordance with clause 6.2.1 of the Standing Orders, and reported to the next meeting of the Board for formal ratification.

b. Clinical quality risk

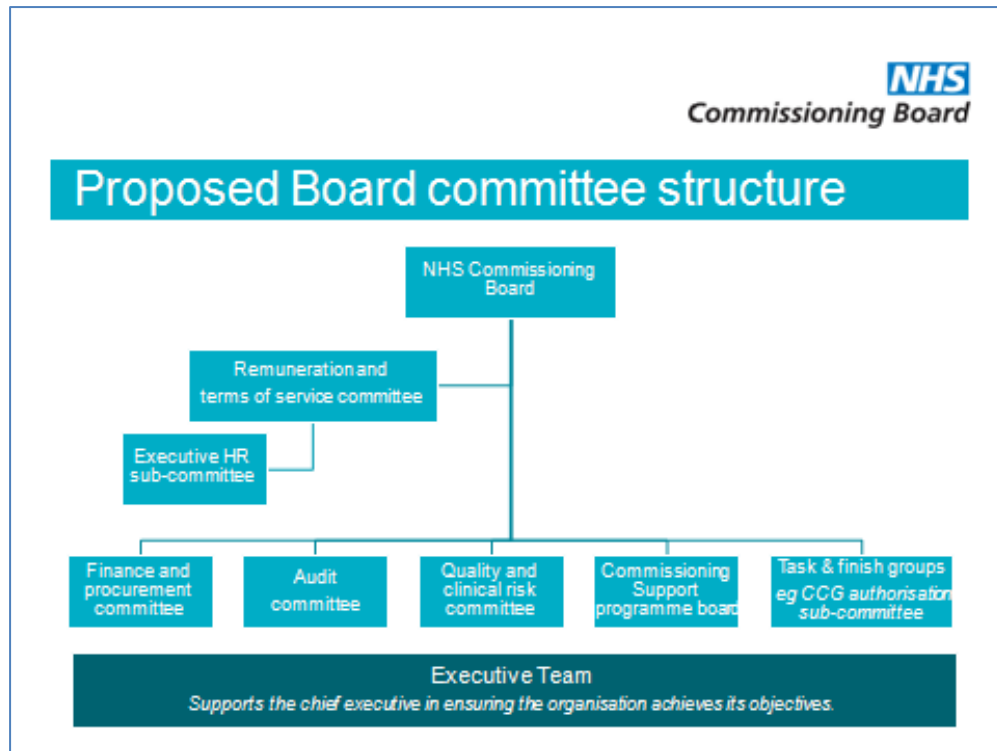
The NHS CB must ensure real and sustainable improvements in health and care, putting patients at the heart of the system. At a time of scarce resources and rising demand for healthcare, the NHS CB must also ensure there are robust systems in place to protect patients, identifying and mitigating against clinical quality risks.

Managing clinical and quality risk will require collaboration with other key agencies, leadership from clinical commissioning groups (CCGs), excellent information from the Quality Surveillance Groups and successful management of the NHS CB's own distinct role covering aspects including responsibilities:

- for specific professionals (for example the revalidation of doctors);
- related to clinical care within providers (in particular around the NHS CB's direct commissioning);
- more generally around commissioning and the local system (ensuring that quality is a central consideration to the work of the CCGs);
- for a wider leadership role across the system, working in partnership with regulators to share intelligence to collectively make judgements.

Alongside good systems and assurance related to these responsibilities, the NHS CB must also ensure it properly discharges its functions transferred from the National Patient Safety Agency, that it provides clinically justified and appropriate advice to other partners in the system, and that its customer contact system works well.

The priority to be given to quality and clinical services has been the subject of considerable board level discussion, including within the Audit Committee. Given the significant magnitude of the task related to quality and clinical services, the Audit Committee endorsed and supported a proposal that the NHS CB should establish a dedicated quality and clinical risk committee of the Board to oversee the programme. The resulting high-level committee structure of the Board, including this proposed committee, is illustrated below.



The Board is asked to agree the proposal to establish the proposed quality and clinical risk committee. Subject to this agreement, the terms of reference and proposed membership for the committee will be presented to the next meeting of the Board, on 12 April 2013.

Refresh of corporate policies

6. At its 1 October 2012 meeting, the NHS CB adopted a range of HR policies previously approved by the predecessor NHS Commissioning Board Authority. It also approved a number of other new policies related to matters including information governance, business continuity, freedom of information and health and safety. A full review is under way to ensure these remain fit for purpose as the organisation takes on its full range of responsibilities from April 2013, as well as developing a more comprehensive suite of policies moving beyond those simply required as a legal minimum. This review is being informed by feedback from the CSUs, who will be expected to adopt the same policies. Some of the early priorities (not an exhaustive list) include:

- policy assurance (“policy on policies”);
- complaints (including the new Customer Contact Centre);
- health and safety (update including more information on disability discrimination as requested by the Board in October 2012);
- freedom of information (update and integration with Customer Contact Centre policies);
- enquiry management (including Parliamentary Questions);

- content approval and management;
 - data protection and data sharing;
 - social media;
 - expenses;
 - lease cars;
 - relocation;
 - corporate information security;
 - email policy; and
 - acceptable use of the internet.
7. As previously discussed at the Board, there is an agreed process in place for HR policies in particular to be developed with Staff Partnership Forum involvement before recommendation to the Executive HR sub-committee. National directors are responsible for ensuring that key policies are in place within their areas and the Executive Team is overseeing the process to ensure all policies are fit for purpose before they are signed off for adoption. The Board will be provided with a further update on the policies that have been put in place at its 12th April 2013 meeting.
8. The Board is asked to note this update on the work underway to develop a refreshed suite of corporate policies.

Interim delegated limits

9. At its February 2013 meeting, the Audit Committee endorsed a set of delegated financial limits which are required in accordance with the Standing Orders and Standing Financial Instructions. They have been set at levels that provide appropriate control and scrutiny and are applicable for the six months until 31 March 2013. They do not, therefore, currently cover commissioning budgets.
10. The Board is asked to approve these interim delegated limits, which are attached as Appendix 1.

Bill McCarthy

National Director: Policy

February 2013

SUMMARY OF FINANCIAL LIMITS FOR PERIOD TO 31 MARCH 2013

	Description	Notes	Revenue Expenditure				Capital Expenditure	
			Healthcare Spending (Programme)		Non- Healthcare Spending (Admin)		Contract Approval	Invoice Approval
			Contract Approval	Invoice Approval	Contract Approval	Invoice Approval		
	Spending Approval limits	1						
	Board				>£1,000,000		>£1,000,000	
	Chair				£1,000,000		£1,000,000	
	Chief Executive				£1,000,000	>£1,000,000	£1,000,000	>£1,000,000
	Chief Financial Officer				£1,000,000	>£1,000,000	£1,000,000	>£1,000,000
	Director of Financial Control				£250,000	£250,000	£250,000	£250,000
	Other Directors				£100,000	£100,000	£100,000	£100,000
	Band 8d and 9 (or equivalent) budget holders				£50,000	£50,000	£50,000	£50,000
	Other budget holders				£10,000	£10,000	£10,000	£10,000
	Losses and Special Payments	2						
	Board				>£1,000,000			
	Remuneration Committee - redundancy, personal injury or other staff payments				>£250,000			
	Audit Committee - all payments other than staff				>£250,000			
	Chief Executive				£250,000			
	Chief Financial Officer				£100,000			
	The figures represent the cost to the organisation. If VAT can be reclaimed then the net cost should be used as the limit, if not, the VAT inclusive amount.							

SUMMARY OF FINANCIAL LIMITS FOR PERIOD TO 31 MARCH 2013

	Notes
1	Approval levels apply to requisitions, orders and invoices and include agreements to contract. The selection of the applicable authorisation level should refer to the total financial commitment that the NHS CB is incurring. Healthcare Contract (Programme) limits will be approved in advance of 1st April 2013
2	Scheme of reservation and delegation shown in the NHSCB's Corporate Governance Pack outlines those decisions that are reserved to the Board.
3	All losses and special payments above £100,000 will be reported to the Audit Committee. The SFIs set out procedures in cases of losses and special payments in Paragraph 14. This includes all write-offs of debt that is deemed to be uncollectable but excludes routine credit notes raised due to correct invoice corrections, errors etc.