

**BOARD PAPER - NHS ENGLAND**

**Title:** Chief Executive's report

**Clearance:** Sir David Nicholson, Chief Executive

**Purpose of paper:**

- This report highlights several significant events that have taken place since the last meeting of the Board and are not covered elsewhere on the agenda. It also records urgent action taken since the last Board meeting, and use of the company seal between October 2013 and January 2014.

**Key issues and recommendations:** The period since the last Board meeting has seen progress in a number of areas. Our strategy work has continued to develop following publication of our planning guidance in December 2013. NHS England is implementing a comprehensive programme of actions to address the commitments made in the Government response to the Francis Report. We concluded a Framework Agreement with the Department of Health.

**Actions required by Board Members:**

- The Board is asked to note the report.

## Chief Executive's report

### Introduction

1. This report highlights several significant events that have taken place since the last meeting of the Board and are not covered elsewhere on the agenda. It also records urgent action taken since the last Board meeting.

### Development of our strategy

2. The planning guidance released in December 2013 required all clinical commissioning groups (CCGs) to develop five year strategic plans, that demonstrate how high quality care for all will continue within a sustainable health system during 2014/15 – 2018/19. NHS England also identified the six characteristics that any high quality sustainable health and care system in England would have. The plans should demonstrate how they relate to the six characteristics.
3. Since publication of the planning guidance, the Strategy Unit has been focussing on supporting the development of the six characteristics in two related strands of works; firstly looking at the evidence base behind various models that fit with the six characteristics and by starting to work with ambitious health systems that are commencing implementation of their locally developed strategic plans.
4. The first sponsored initiative will be a series of behavioural simulations run during March and April. There are four available spaces for health systems to run the behavioural simulations which take the demographics and challenges of an anonymous health system and ask participants to simulate their responses when asked to develop and commit to implementing a strategic plan. Regional strategy leads have been asked to identify potential health systems interested in participating and the first simulation will be run in March.

### Strategic and operational planning

5. On 24 February I wrote to CCGs and our Regional and Area Directors to thank them for all of the hard work they have put into the preparation and submission of plans for 2014/15 to 2018/19.
6. In my letter I highlighted the importance of three issues which need to be reflected in commissioning plans. They are: **improving health**, which must have just as much focus as treating illness; **reducing health inequalities** to ensure that the most vulnerable in our society get better care and better services to bring an acceleration in improvement in their health outcomes; and **parity of esteem**, making sure that we are just as focussed on improving mental as physical health.
7. I have asked Area Teams to pay particular attention to parity of esteem, including that sufficient crisis services are being planned by CCGs. Everyone Counts anticipates the completion of the full roll-out of the access to

psychological therapies programme by 2014/15 and that every CCG plan will include at least 15% of adults with relevant disorders having timely access to services. Area Teams are asked to be assured that credible plans are in place to make progress towards parity of esteem for 2014/15, including in the financial settlements between CCGs and providers.

8. A tool has been produced (Parity of Esteem: transformative ideas for commissioners) which outlines how CCGs can achieve parity of esteem between physical and mental health by allocating their resources differently through the provision of an evidence base, case studies and a guide to managing, securing and evaluating services.
9. Guidance on the assurance of operational plans was issued to Area Directors (copied to National Directors and Regions) on 12 February. This guidance reiterated that Area Teams would take the lead on this single assurance process, albeit with specific Ministerial interest in the Better Care Fund. The first cut of operational and financial plans were received on 14 February. Area and regional teams are working to stratify CCG plans on the basis of their review.
10. We will also risk stratify plans for direct commissioning, particularly focussing on specialised commissioning plans. Final operational CCG plans are due to be submitted on 4 April 2014, alongside first cut strategic plans. Final strategic plans are due on 20 June 2014. An Invitation To Tender to support 11 challenged health economies was issued on 14 February 2014, and a joint letter from NHS England, Monitor and the NHS TDA was sent to affected CCGs on 17 February 2014. Successful bidders will be selected during March.

#### **Tariff for mental health services in 14/15**

11. There has been considerable interest recently in the approach we have taken in partnership with Monitor to the setting of the tariff for 14/15.
12. Following consultation, NHS England and Monitor published the National Tariff Payment System for 2014/15, which set out the prices and efficiency requirement for providers for 2014/15.
13. As a result of issues raised during the consultation, we decided to include an additional uplift in the tariff for acute services to reflect some of the pressures reported by providers in responding to the recommendations of the Keogh reviews and the implementation of CQC's new inspection arrangements.
14. This is a short term measure, which will support acute providers in 14/15. However, it is important to bear in mind that the 15/16 financial settlement for the NHS will require a significant shift of resources from hospital based care to integrated care.
15. Both NHS England and Monitor are committed to working with all parts of the service, including mental health and community services, to further

understand cost pressures in order to support development of the 2015/16 national tariff. NHS England has agreed to meet with a number of mental health stakeholders to explain the tariff arrangements and explore how we will demonstrate our commitment to 'parity of esteem' for mental health.

### **The Francis Report**

16. It is now a year since Robert Francis QC published the report of the public inquiry into the failures at Mid Staffordshire NHS Foundation Trust. A great deal has happened since then to respond to the report's central finding: that a fundamental culture change is needed in the NHS to put patients first.
17. The Government's second, and final, response to the Francis Report, *Hard Truths*, was published in November, on behalf of the whole NHS system. This went beyond the initial priority actions that had been taken since March 2013, and responded directly to all of Francis's recommendations, and to the findings of the independent reviews of mortality, patient safety, complaints, healthcare assistants, and reducing the burden of bureaucracy, that were announced in the initial response, *Patients First and Foremost*.
18. NHS England contributed fully to *Hard Truths*, and is now implementing a comprehensive programme of actions to address the commitments it made. These actions include:
  - a re-launch of the patient safety system, including the development of a national patient safety website, and the establishment of a network of patient safety collaboratives;
  - the publication by June 2014 of information within each hospital ward on the planned and actual staffing levels on a shift by shift basis;
  - developing a joint strategy to embed the NHS Constitution in everything the NHS does, including implementation of the Constitution's principles, values, rights and pledges in all organisations involved in delivering NHS-funded services; the role of leaders in championing Constitution values; and the importance of values to the recruitment, development and support of staff; and
  - the roll-out of the friends and family test across mental health, community and primary care settings by the end of December 2014, and all NHS services by the end of 2015.
19. NHS England will work closely with partners to publish a report in November 2014 setting out details of the progress that has been made in the year since *Hard Truths* was published.

### **Transforming Primary Care Support Services**

20. At the Board meeting on 24 January 2014 an update on the Primary Care Support Services Programme (PCSS) was received in the private part of the meeting. The Board was told about progress on developing the options for change, taking account of feedback received from the consultation so far. The

Board was assured that rigorous testing is taking place before any options are finalised.

21. The Board was also briefed about a proposal that had been received from Shared Services Connected Limited (SSCL) to provide primary care support services nationally. SSCL is a Cabinet Office joint venture with Steria.
22. The Board felt the need to consider this option, and in line with all the proposals has requested a full assessment of the SSCL proposal to determine whether it could deliver safe efficient PCS services.
23. This detailed assessment work is underway. Meanwhile the current consultation on the regional options is continuing to ensure that staff, Trade Unions and our partners can give their views and help shape the future of these services

### **Ratification of the NHS England and DH framework**

24. NHS England concluded a Framework Agreement with the Department of Health (DH) in mid-February. All Government arm's length bodies (ALBs) are required to have a Framework Agreement with their parent department which covers how key elements of their relationship will work, including partnership working, governance and accountability. The Agreement also sets out wider guidance issued to ALBs on Government requirements about how particular functions should be carried out, such as Treasury guidance on 'Managing Public Money'. Since the health reforms all DH's ALBs have been working to achieve similar Framework Agreements.
25. The Agreement sets out how NHS England and DH will work in partnership to improve health outcomes for people in England, and how each will discharge their accountability responsibilities effectively, based on delivering the Mandate objectives, discharging statutory functions and providing assurance and seeking Government clearance where required.
26. The Agreement recognises the autonomy and freedom of individual organisations to carry out their functions as they see fit, and the relationship of support and guidance which NHS England has with CCGs. It covers NHS England's governance arrangements, audit, risk management, delegations and financial management, and HR responsibilities, with reference to wider requirements applied to ALBs across Government.
27. The Agreement also includes the principles which underpin NHS England's partnership working with DH and other ALBs, patients and the public, including commitment to the values in the NHS Constitution. The Agreement is supported by three Annexes setting out the wider guidance applicable to NHS England; our finance and accounting responsibilities; and our public-facing communications.
28. The Framework Agreement has had close examination and input from NHS England Directors and their teams throughout the production process. An

earlier version was shared with the Board in 2012 and the current version has been altered to include revisions by DH, Treasury and Cabinet Office. The Board agreed to delegate the negotiation and final approval of the Agreement to Executive Board members, however the final Agreement was signed off by the Chair.

### **Urgent actions taken since the last meeting of the Board**

29. I would like to report three urgent actions taken since the last meeting:
- approval of establishment of Information systems for NHS services: Data services for commissioners;
  - approval of CSU business case for business intelligence capability; and
  - approval of business case to provide a telephone appointment line to support Choose & Book and, in the future, NHS electronic referrals when NHS Direct ceases to operate.
30. Further details of these urgent actions are contained in Annex A.

### **Use of the company seal**

31. In accordance with section 10 of the Standing Orders, the table at Annex B details all documents which have been sealed with the NHS Commissioning Board seal between 1 October 2013 and 31 January 2014. All sealed documents have been signed and authorised by either two executive members or one executive member and the Board secretary.

**Sir David Nicholson**  
**Chief Executive**  
**March 2014**

## Annex A: NHS England urgent actions

Name of urgent action	Lead national director	Overview	Details	Board members approved	Date to be reported to Board
Health and Social Care Information Centre	Tim Kelsey	Approval of Directions 2013	Urgent action to approve the establishment of Information systems for NHS services: Data services for commissioners.	Malcolm Grant (Chair) David Nicholson (CEO) Ed Smith (Non-executive director) Ciaran Devane (Non-executive director)	6 March 2014
CSU business case for business intelligence capability	Rosamond Roughton	Approval of business case and draft contract	The CSU needs to get external support to improve their Business Intelligence service delivery to customers as soon as possible. Business Intelligence is a key strategic service line for the CSU and impacts on other key service lines such as provider management and financial forecasting. It is important for both the local health economy and CSU viability going forward that it delivers a high quality service to customers in these areas. The CSU has identified that it does not have the skills and capacity in house to develop its service in the timescales required and wishes to contract with a private provider to develop the BI offering.	Malcolm Grant (Chair) David Nicholson (CEO) Paul Baumann (Chief Financial Officer) Moira Gibb – (Chair of the Commissioning support committee)	6 March 2014

Name of urgent action	Lead national director	Overview	Details	Board members approved	Date to be reported to Board
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Business case approval for appointment line	Paul Baumann	Urgent action to approve final business case to provide a telephone appointment line to support Choose & Book and, in the future, NHS electronic referrals when NHS Direct ceases to operate on 31 March 2014.	NHS Direct, who currently provide the Telephone Appointment Line, will cease to operate on 31 March 2014. In order to maintain a continuous service to the public (the appointment line currently receives 65,000 calls a week), the new operator must begin their transition by 14 February.	Malcolm Grant (Chair) David Nicholson (CEO) Tim Kelsey (National Director) Moira Gibb – (Chair of the Commissioning support committee) Ed Smith (Chair of the Audit committee)	6 March 2014
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**Annex B: Documents sealed with the NHS Commissioning Board seal between  
1 October 2013 and 31 January 2014**

<b>Number</b>	<b>Date</b>	<b>Document</b>
12	9.10.13	Legal entity form in relation to EU funding for EU joint action on patient safety project
13	24.10.13	Deed relating to novation of agreement for the supply of home oxygen (Air Products PLC and Baywater Healthcare UK Ltd)
14	31.10.13	Tenancy at Will relating to York House, Horley, Surrey
15	19.11.13	Deed of Novation and Guarantee – Mrs R Darbar: Smile Creations Innovations Ltd and NHS Commissioning Board (to enable to become a dental body corporate)
16	28.11.13	Deed of Variation – new build elective facilities on trust site, Hull Royal Infirmary, Kingston upon Hull
17	28.11.13	Deed of Variation – new build elective facilities, Renal Dialysis Unit, Scarborough Hospital
18	28.11.13	Deed of Variation – new build elective facilities, Renal Dialysis Unit, Scunthorpe General Hospital
19	28.11.13	Deed of Variation – new build elective facilities, Renal Dialysis Unit, Diana Princess of Wales Hospital, Grimsby
20	28.11.13	Deed of Variation – part of facilities, Clatterbridge Hospital, Clatterbridge, Wirral
21	19.12.13	Deed of Variation relating to termination security guarantee – diagnostic services agreement for PET/CT scanning in various locations in the North of England
22	9.1.14	S96 agreement for the provision of financial assistance
23	19.12.13	Deed of Variation – part of facilities on Trust site, St Helens Hospital
24	30.1.14	Deed of Obligation – relating to payment by Maidstone Borough Council, primary healthcare contribution involving PJ Burke Properties in respect of land at Fairleigh Hill, Tovill, Maidstone
25	30.1.14	Deed of Obligation – relating to payment by Maidstone Borough Council, primary healthcare contribution relating to land known as Iden Manor, Cransbrook Road, Staplehurst, Nr. Maidstone
26	30.1.14	Deed of Obligation – relating to payment by Maidstone Borough Council, primary healthcare contribution in respect of developing land at Forest Hill, Tovill, Maidstone