

**BOARD PAPER – NHS ENGLAND**

**Title:** Business Planning committee

**From:** Professor Sir Malcolm Grant, Chair of the Business planning committee

**Purpose of paper:**

To provide an update on discussions and actions following the meeting of the Business Planning committee held on 25 March 2014.

**Actions required by Board members:**

The Board is asked to note the outcome of discussions and next steps from the Business planning committee held on 25 March 2014.

## **Summary of committee discussions**

1. The committee held its third meeting on 25 March 2014.
2. The committee signed off the minutes (attached in annex A) and noted the update on actions from the previous meeting.
3. The committee received two papers proposing the content for the final business plan and agreed the following:
  - i. That the plan (including budgets) was approved prior to any final alterations and delegation for sign-off was given to the Chief Executive, Chief Financial Officer and National Director, Policy;
  - ii. to reflect the risks to delivery clearly within the business plan;
  - iii. for the chair to write to the Secretary of State on publication of the plan, outlining the key risks;
  - iv. to use the new corporate visual identity in the business plan;
  - v. the publication of a separate mandate reconciliation table;
  - vi. to include the financial tables in the final business plan; and
  - vii. to develop a more robust mechanism for monitoring apportionment of NHS England running costs.
  - viii. that all Responsible National Directors should consider the possibility of 'match funding' with organisations to support delivery.
4. The committee discussed the significant scale of ambition of the business plan which meant there was no more room for additional commitments. The financial envelope and risks to delivery required constant monitoring.
5. The committee approved the use of the corporate visual identity in this instance but felt that it would benefit from a future discussion at the Board.
6. It was agreed that the National Director Policy & National Director Finance would work to develop a robust mechanism for monitoring the apportionment of NHS England running costs, to report back during the quarter 1 review.

### **Actions required by Board Members**

7. The Board is asked to note the outcome of discussions and next steps from the Business Planning committee in March 2014.

**Professor Sir Malcolm Grant**  
**Chair, Business Planning committee**  
**March 2014**

## NHS England

### Minutes of the Board Business Planning Committee 18 February 2014

#### Present

- Professor Sir Malcolm Grant (Chair)
- Mr Ciaran Devane – Non-Executive Director
- Mr Ed Smith – Non-Executive Director
- Dame Moira Gibb – Non-Executive Director
- Sir David Nicholson – Chief Executive
- Mr Paul Baumann – Chief Financial Officer
- Mr Bill McCarthy – National Director: Policy

#### In attendance

- Ms Tracy Richardson – Business Planning Manager

| Item |   |
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| 1    | <b>Welcome</b>  |
|      | The Chair welcomed members to the second meeting of the Business Planning Committee.  |
| 2    | <b>Actions from last meeting</b><br><br>The chair reviewed the minutes from the previous meeting and the group signed these off. The actions from the previous meeting were reviewed and it was noted that all had been completed.  |
| 3    | <b>Structure of the plan</b><br><br>Bill McCarthy took the committee through the paper associated with this item and drew the committee's attention to the proposed structure of the business plan based around 3 themes – 'High Quality Care for all Now', 'High Quality Care for all for the Future' and 'Developing our Organisation'. These themes were generated following engagement with internal and external stakeholders. Within these 3 themes, 32 key priority areas have been identified. The first theme includes key priorities that focus in large part on Mandate and Constitution delivery, the second focuses on the key characteristics as outlined in the Planning Guidance plus 2 overarching priorities and the third focuses on key areas of development for NHS England as an organisation.<br><br>Bill McCarthy described the proposed delivery model, which draws on the NHS change model, and is intended to help us shape these priority areas and examine our approach to delivery. |

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|                | <p>The committee noted that there could be a conceptual difficulty in differentiating between the 19 priorities identified within the 'Now' theme and the 8 identified within the 'Future' theme. It was agreed that many of the 'Now' priorities would and should lead towards delivering high quality care for the future. David Nicholson noted that at the heart of everything we do, even when we have to make relatively short term decisions, we should be progressing towards delivery for the future. The group confirmed that as part of scoping the 'now' priorities one of the key tests for SRO's is how the work contributes to delivering the strategic priorities for the future.</p> <p>The committee discussed the fact that 32 is a relatively high number of priority areas, however, they also noted that the breadth of work within the Organisation may merit this. The committee also noted that if this number were to be reduced there is a risk that the remaining priorities would be so broad as to lose focus. The committee therefore agreed the identified 32 priority areas.</p> <p>Ed Smith noted that we need to move towards transparency of actual spend, not just budget, against our priorities and an evaluation of the impact of that spend. Bill McCarthy noted that currently our financial analysis identifies programme monies against business plan priorities rather than a full, bottom up analysis of all costs against priorities. Bill McCarthy noted that in progressing with developing this full analysis it would be important that the business plan covers everything we as an organisation do and there should not be a separate cohort of 'business as usual' work that is not described within the 32 programme. David Nicholson noted that this would need to be a managed transition as our current business plan does not take this approach.</p> |
| <b>Actions</b> | <b>To ensure that SRO's describe how the work within the 'Now' priority areas lead towards the delivery of the 'Future' aims</b>   |
| 4              | <p><b>Budget setting and alignment of resource</b></p> <p>Paul Baumann took the committee through the paper associated with this item and outlined that the intention was to ask for the committees input regarding ways in which to close the gap for both running and programme budgets.</p> <p>Paul Baumann first outlined the situation with regards running costs and identified that there were 2 pressures – one relating to discretionary running costs and one relating to areas that were under-funded or not-funded when the organisation was established but are not discretionary, e.g. estates or IT costs. Paul Baumann drew attention to the issue of PCS and explained that the paper assumes no delivery on savings in 2014/15 and incurring the cost within of delivering the change. The resultant combined pressure is circa £90 million. Paul Baumann explained that he was currently in discussion with Richard Douglas relating to the PCS cost pressures but these conversations were not concluded.</p> <p>Paul noted that ETM had identified 4 possible broad approaches to resolving the financial constraints regarding running costs. The committee discussed these options and also discussed the need for a more fundamental review, linked to the organisational priorities, to understand the shape of organisation that we need to deliver our priorities. Bill McCarthy and Paul Baumann noted the need to undertake this although it was agreed that this could not be completed by 31 March 2014. The committee noted that an amalgam of the 4</p>   |

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|                | <p>approaches suggested by ETM should be pursued to allow delivery during the first 6 months of 2014/15 however by October 2014 a fuller review should take place to assess resource utilisation and our strategic direction.</p> <p>Paul Baumann then moved on to discuss programme bids and confirmed that current bids against allocation was circa £157 million over-bid. A discussion took place about the broad areas of allocation, including organisations including NHS IQ and AHSNs. With regards AHSN's it was noted that there is a balance to be found between upholding local autonomy whilst also paying regard to the contribution towards the future strategic aims.</p> <p>Ed Smith noted that some teams are bidding for a substantial increase in programme funding compared to their allocation and/or spend in 2013/14. It was suggested that further challenge was required regarding the content and robustness of plans to spend this programme money.</p> <p>The committee also noted the need to ensure that we are funding programmes of work that fit with our vision for the future of enabling transformational change rather than traditional means of operating based on high levels of control.</p> |
| <b>Actions</b> | <b>Paul Baumann and Bill McCarthy to undertake further work, bearing in mind the committee's steer, to help the organisation close the gap in running and programme costs</b>   |
| 5              | <b>Timetable</b>  |
|                | <p>Bill McCarthy outlined the timetable for the next 5 weeks. It was agreed that Board on 6 March would be asked to delegate formal responsibility to sign off the business plan to this committee.</p> <p>Ed Smith stated that he and Moira Gibb may be unable to make the next meeting on 25 March.</p>   |
| <b>Actions</b> | <p><b>To ask Board to delegate formal responsibility to sign off the business plan to this committee.</b></p> <p><b>To consider the date of the next meeting to see if this could be rearranged to include Ed Smith and Moira Gibb (noting the time constraints relating to completing the remaining work and signing off the plan by 31 March)</b></p>   |