NHS Commissioning Board
A special health authority

NHSCBA/31/05/12/1

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 between 1st April 2012 and 9th May 2012; and • 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

31 May 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 operational by April 2013.

2. At the Board meeting on 13 April 2012 there was a commitment made to provide a programme update to every meeting of the NHS Commissioning Board Authority's (NHS CBA's) Board, in order to provide assurance regarding delivery and to enable the Board to manage progress. This is the second of those updates.

Summary of programme progress to date

3. The NHS CB establishment programme continues to make good progress; this is checked and monitored regularly to make sure momentum is kept up and that resources are directed to priority areas of work. Highlights of the progress during this reporting period are outline below.

NHS Commissioning Board corporate accountability and governance

4. The second formal accountability meeting has been held between the NHS CBA Chair, Chief Executive, Managing Director and Secretary of State.

Partnerships

5. A partnership strategy has been developed, outlining the principles, operating model and the next steps for the NHS CB's partnership arrangements with external stakeholders. It has been agreed that partnership agreements will be in place with the following stakeholders by October 2012: Monitor, Care Quality Commission, National Institute for Health and Clinical Excellence (NICE), Public Health England, the NHS Trust Development Authority, and local government.

Organisational design and recruitment

6. Interviews for the National Director for Patient Insight post took place on 17 May 2012 and subject to an appointment, this completes recruitment to the NHS CBA's executive team.

7. The NHS CBA has confirmed the appointment of the following four Regional Directors in the Operations Directorate:

    - Richard Barker – Regional Director, North of England;
    - Dr Paul Watson – Regional Director, Midlands and East;
    - Dr Anne Rainsberry - Regional Director, London; and
    - Andrea Young - Regional Director, South of England.

8. The four Regional Directors will be part of the senior leadership team of the Operations Directorate, reporting directly to the Chief Operating Officer and working closely with the Director of NHS Operations and Performance, and Director of NHS Direct Commissioning and Commissioning Assurance.

9. A number of very senior manager (VSM) posts in the national support centre have been made available for ring-fenced competition, with interviews to be held in June 2012. Recruitment to further VSM posts will take place over the coming months though the precise number of VSM posts in the organisation is still to be determined. The majority of VSM posts in the Operations Directorate will be made available for ring-fenced competition at the beginning of June. This will include Local Area Directors and other senior posts reporting directly to the Regional Directors.

10. An organisational development (OD) strategy is in development and the work on OD is already informing recruitment activity and the design of the NHS CB.

Finance and procurement

11. Following Cabinet Office approval a final price has been agreed and the contract with the Business Services Authority (BSA) has been signed, as supplier of the financial spine. Efforts will now focus on implementation.

12. Following the Department of Health's (DH's) agreement to allow the NHS CBA the opportunity of managing Efficiency and Reform Group (ERG) controls subject to setting up the appropriate governance arrangements, a formal sub-committee of the NHS Commissioning Board Authority Board "Finance and Procurement Controls" was established on 13 April 2012.

Commissioning development

13. The clinical commissioning group (CCG) authorisation “applicants guide”, along with other governance support products, has been published on the NHS CBA website. In addition, the first wave of applicant CCGs has now been confirmed and the first set of draft CCG data profiles has been completed.

Commissioning support services

14. The second stage in the business review process for commissioning support services, known as ‘Checkpoint 2’, has been completed. The objective of Checkpoint 2 is to assess whether emerging commissioning support services are on a viable and secure path and have the ability to develop a full business plan by August 2012. Once completed, they will undertake the final checkpoint, prior to a decision on hosting arrangements by the NHS CBA. Twenty five regional NHS commissioning support services and the nationwide NHS communications and engagement service submitted outline business plans for Checkpoint 2 and details of the results have been published on the NHS CBA website.

Challenges

15. Although the NHS CB programme continues to make solid progress, it also faces some key challenges (see Annex A for further information).

People transition and recruitment

16. The people transition challenge remains key; this is an inherent risk across the programme, although plans have been developed to set out a clear recruitment strategy for the organisation. 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 in the current system, and the need to design the future.

17. Recruitment activity is taking place to the timetable agreed at the last Board meeting but a number of risks to delivery remain. It is crucial that a strong focus is maintained on completion of the organisational design over the coming month as this is central to achievement of timely delivery.

Directorate build / organisational design

18. Further work is being undertaken to finalise the organisational design of the NHS CB including the significant work that is being undertaken to review the proposed structure of the Operations Directorate. While good progress has been made since

March, there is still a considerable amount of work to do to finalise the organisational design.

Emergency Preparedness, Resilience and Response (EPPR)

19. Although the new Emergency Planning Resilience and Response (EPRR) Policy has been approved, there are only 11 months remaining to implement the model. Effective delivery of the model is dependent on the timely and effective transfer of roles and responsibilities to existing and emerging organisations.

Summary

20. Overall, the programme of the NHS CB remains on track. There is a high level of inherent risk, particularly around the movement, 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
31 May 2012

Current challenges and risks to the programme	
Challenges and risks	**Actions to address risks**
There is a risk that functions and posts transferring to the NHS Commissioning Board (NHS CB) from sending organisations cannot be fully clarified to the agreed timetable, particularly if the NHS CB's detailed organisational design work is not yet fully complete and / or there is loss of trade union support. *(Please note that this risk has been re-worded since the last Board Report)*	1. Detailed work on organisation design is being progressed. This includes reviewing the proposed arrangements for structuring the operations directorate. 2. Discussions have taken place with sending organisations about the process for identifying functional transfers. It is planned to finalise agreement with sending organisations regarding specific functional transfers during June and July. 3. Policies and procedures for managing the transition are being developed in partnership with sending organisations and trade unions. 4. These will be incorporated into a revised people transition policy for the NHS CB over the coming month. 5. A detailed recruitment plan for the period July to December is being finalised. 6. Further appointments have been made to the people transition team and a tender for external recruitment support is in development. 7. There has been continued emphasis on work in partnership with trade unions. 8. A very positive first meeting of the NHS CBA's partnership forum with trade unions was held in April 2012.
There is a risk that directorate designs are not completed in a consistent way, leading to delays in recruitment, incomplete implementation of duties and transfer of functions, and lack of clarity about allocation of resources. *(Please note that this risk has been re-worded since the last Board Report)*	1. Common design principles have been shared with national directors. 2. Consistent timescales have been set for the completion of detailed designs and job descriptions. 3. Bi-lateral meetings between the design team and national directors are scheduled to confirm the full range of duties and functions. 4. The Future Design Group (FDG) has agreed the approach for managing the contingency reserve and discretionary non-pay funds. 5. The treatment of the costs of informatics and public health functions, and support for networks, is being agreed with the Department of Health (DH).
There is an overarching risk surrounding the directorate build of the operations directorate (including the regional and areas offices). For example, current costs of Family Health Services (FHS) functions (to be transferred from primary care trusts to the NHS CB) and the variety of existing delivery models, may not be sustainable within the planned NHS CB running costs budget. In addition, we need to retain talent within the system and the risk is that we will see key talent migrating to foundation trusts on the basis that the recruitment process is taking too long and also that we will not be able to offer appropriate grade or interest in the jobs if we implement too flat a structure. *(Please note that this risk has been re-worded since the last Board Report)*	1. Work is under way to define the detail of the operations directorate build, so that the vision for new roles is understood and recruitment can progress. As part of this, we are seeking to ensure in design work that posts are attractive to prospective applicants. 2. In relation to FHS, a new delivery model is being developed to rationalise current arrangements and achieve efficiency gains. Work is underway to test these design proposals and finalise the funding model. The new FHS delivery model is likely to take two - three years to implement and is expected to release significant savings against the 2010/11 baseline cost of these services, reducing overall costs from around £100m to £60m. Funding for the end-state FHS functions will need to be identified from several sources.
There is a risk that although the Department of Heath, Public Health England and the NHS CBA have approved the new Emergency Planning Resilience and Response (EPRR) Policy, there is only 11 months remaining to implement the model. Effective delivery of the model is dependant on the timely and effective transfer of roles and responsibilities to existing and emerging organisations. *(Please note that this risk has been added since the last Board Report)*	1. Establish an NHS CBA implementation group to focus on the NHS element of the EPRR Policy. 2. Recruit EPRR critical staff at national, regional and local level to avoid corporate memory loss and maintain operational response capability. 3. Statement of assurance of meeting the requirements for delivering EPRR across the NHS by 31 March 2013. 4. Work with partner agencies and stakeholders to ensure these organisations understand the changes in health EPRR. 5. Establish Local Health Resilience Partnerships (LHRPs) and identify NHS CBA co-chairs prior to regional testing in November. 6. Identify and align EPRR roles and responsibilities to reflect emerging organisational design and accountability of the NHS CBA. 7. Support provider organisations to identify and train accountable emergency officers. 8. Support clinical commissioning groups (CCGs) to understand the need for own organisational resilience/business continuity planning, and the need for EPRR to be included in commissioning/contracts. 9. Integrate new health EPRR arrangements into local contingency plans. 10.Training, test and exercise of new arrangements. 11 Seek statement of assurance from NHS organisations of state of readiness to respond to incident following transfer of responsibilities on the 31/03/2013.
The authorisation of 212 CCGs between October 2012 and January 2013 is a challenge. There is a risk that, if there is insufficient capacity, the process will be less robust. The organisational change during this period, as NHS CB becomes established, presents an additional risk. We must also mitigate the risk of CCGs not being ready for full authorisation, which will necessitate additional capacity within NHS CB. *(Please note that this risk has been added since the last Board Report)*	1. Full development programme for all CCGs. 2. Identify NHS resources to support authorisation assessment and procure external support - May 2012. 3. Draft applicants guide for authorisation published setting out requirements for authorisation alongside details of the authorisation process and timetable - April 2012. 4. Establish the make-up of the four waves of authorisation - May 2012. 5. Assessors guide to authorisation made available - May 2012. 6. Training of assessors to take place to ensure nationally consistent approach to authorisation - June 2012. 7. First wave of CCG applications to be received - July 2012.
There is a risk that commissioning support is less than fully developed to deliver efficient, effective services to CCGs by April 2013. *(Please note that this risk has been added since the last Board Report)*	1. Ongoing business review process which will assure both NHS CB and CCGs that the emerging commissioning support services (CSSs) models are responsive, business focused and fit for purpose. Checkpoint two complete with 23 CSSs progressing to checkpoint three. 2. Commercial / customer orientated development programme underway to support organisational development of CSSs. 3. CSS Managing Director recruitment process launched that will ensure the right calibre of leadership. 4. Ongoing engagement with key national bodies and CCG leads through the GP stakeholder groups and 'informed customer' programme. Series of events and products planned for CCGs to support the design of their commissioning support intentions and CSS arrangements. 5. NHS CB to secure hosting for NHS CSS from April 2013.
There is a risk that the commitments in the mandate are unaffordable and / or not flexible enough to allow for local clinical leadership to flourish.	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.
There is a risk of failure of effective and co-ordinated finance and information flows through the new system (including information systems, finance spine).	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 complete and the implementation is now underway. 3. Coordination of existing information flows.
There is a risk that programme budgets may not be available in time and that clearance processes are not set up in time to allow delivery of all parts of the programme.	1. The business plan was signed off by the NHS CBA Board in March 2012 and submitted to the DH in May 2012. 2. Agreed operating budget with DH for 2012/13. 3. A working group has been established, chaired by the National Director of Finance, overseeing financial issues, information flows, and tariffs. 4. A formal sub-committee of the NHS CBA Board, "Finance and Procurement Controls", was established on 13 April 2012 enabling procurement decisions to be taken as necessary.
There is a risk of a 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).	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 commissionning 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 partership arrangements with a range of stakeholders. 6. Building on the organisational design workshops, monthly workshops will be held on an on-going basis with design leads and Senior Responsible Officers to support co-production and implement matrix.