

NHS COMMISSIONING BOARD AUTHORITY

Minutes of a Private Meeting held on 2 February 2012

Present: Professor Malcolm Grant, Chairman
Sir David Nicholson, Chief Executive
Mr Ed Smith, Non-Executive Director
Mr Ciaran Devane, Non-Executive Director
Sir Bruce Keogh, National Medical Director
Mr Paul Taylor, Interim Director of Finance

In attendance: Mr Bill McCarthy, Managing Director Commissioning Board Authority
Ms Jo-Anne Wass – Chief of Staff, Office of the NHS Leadership Team, Department of Health
Dame Christine Beasley – Chief Nursing Officer, Department of Health
Ms Lorraine Middlemas, Board Secretariat

Apologies: Dame Barbara Hakin, National Managing Director Commissioning Development, Department of Health

MINUTES OF MEETING

Item 1 – Oral Item – Welcome

1. The Chair opened the meeting and welcomed Ciaran Devane, in his new role as a Non-Executive Director.

Item 2 – Paper NHS Commissioning Board Authority – Programme Update

NHS CBA Programme Update

2. Bill McCarthy presented this item, which covered an update on the NHS CBA's Programme. The board updated the report.

Gateway review Update

3. Bill McCarthy gave an update on the Gateway review that was being carried out on the programme by the Major Project Team from the Cabinet Office (CO).
4. The main discussion points were:
 - the review team would feedback to Bill McCarthy on 3 February, and he would alert the Board to any issues arising from the report;
 - concerns were raised regarding the restrictive nature of the Government's procurement rules, and how they may adversely impact on the NHS CBA's

ability to deliver on some key projects. The interim Finance Director agreed to raise this with the Cabinet Office and DH colleagues;

- Following receipt of the Gateway Review report the CBA would formulate an action plan which would be monitored by the board.

5. The Chair of the meeting agreed with this approach.

Actions:

- **the Gateway Review and action plan would be shared with colleagues by the end of the week; and**
- **engagement in discussions with DH and Cabinet Office regarding concerns around the procurement issues.**

Item 3 – Paper Business Planning 2012/13 and Budget 2011/12 and 2012/13

6. This paper was presented by Paul Taylor. The paper updated colleagues on the business planning for the period from April 2012 until the establishment of the Non-Departmental Public Body. It also asked colleagues to approve the budget for 2011-12 and 2012-13, for a full year.

7. Colleagues were asked to:

- note progress on the NHS CBA's business planning exercise for 2012/13;
- delegate approval of the NHS CBA business plan for 2012/13 to the NHS CBA Chief Executive and Chair;
- approve the budget for 2011-12 and 2012-13; and
- delegate to the Interim Director of Finance the responsibility for securing from the DH sufficient resources to support the budgets in 2011-12 and 2012-13 and to take appropriate budgetary control steps to limit expenditure until there is clarity about the amount of resources available.

8. The main issues discussed were as follows:

- the business plan was currently being drafted. The aim was to finalise it by mid-March 2012. Once signed-off by the Chair and Chief Executive of the NHS CBA it will need to be sent to the DH;
- the board noted the importance of ensuring that responsibilities and budget are aligned. This will be particularly complex in 2012/12, a transition year with start-up costs and shifting responsibilities;

- in response to a question about flexible use of the funding, finance colleagues confirmed that there would be flexibility to move the money around, but only within the £80 million envelope;
 - it was also important to understand what SHAs/PCTs were doing in 2012/13 on behalf of the NHS CBA and what they would be putting into their accounts;
9. It was agreed that work should progress and clarity was required on the budgets.

Item 4 – Paper Financial Spine – A Proposal to Commission an Integrated Finance and Accounting System for the NHS Commissioning Board and CCGs

10. This paper was presented by Paul Taylor. It sought approval, subject to available resources and the necessary approvals, to procure an integrated Finance and Accounting System from Shared Business Services from 1 October 2012.
11. Colleagues were asked to:
- approve the proposal to procure a Finance and Accounting System for the NHS CB from October 2012 and for CCGs from 1st April 2013 from Shared Business Services (SBS);
 - delegate to the Chief Executive and the Director of Finance the authority to sign the contract with SBS in accordance with the terms set out in this paper and in the supporting business case, within the parameters of their delegated financial responsibilities;
 - delegate to the Director of Finance the urgent requirement to secure the necessary approvals from the DH to allow the procurement to proceed within the terms of the “Departmental Efficiency Measures”;
 - delegate to the Interim Director of Finance the authority for approval of the contract subject to the available resources being secured in the approved budget of the CBA and the CB for 2012-13; and
 - note that the contract pre-commits the NHS CB to an annual contract of £17m for 2013-14 and 2015-16, which will be met from the running cost envelope.
12. The main points discussed were:
- the NHS CBA should not have to go out to tender to procure a single Financial and Accounting System for CCG (and the CB) from SBS, if the NHS CBA agreed and signed-off the requirements by 31 March 2012;

- on the Cabinet Office efficiency controls, some work should be done with the National Audit Office to explore what support this organisation could offer in terms of stewardship and probity;
- it was important to procure this system to ensure organisations had a disciplined accounting system. However, the approval process is difficult as Arm's Length Bodies were covered by Government Efficiency Controls. NHS CBA colleagues were working with Richard Douglas (DH) and his team to try to move through the approval process quickly but this was probably the biggest risk to this project;
- the Plan B is for CCGs to take over PCTs current finance and accounting systems, which are spread-sheet based, and take a lot of man-hours to operate;
- KPMG has done a vfm appraisal and it was this comparison that the NHS CBA was using.
- on SBS a question was raised about mandating its use as the finance and accounting system for the whole NHS commissioning system. This will be achieved through including it a requirement In CCG. It was confirmed that the cost of using this system would not be passed on to CCGs;
- colleagues wanted assurance that the system could be delivered and implemented. Finance colleagues confirmed that it was challenging, but they had assurance of feasibility. However, clearly strong project management and contingency requirements would be needed for the NHS CB by 1 October 2012 and for CCGs 1 April 2013;
- transaction volumes are uncertain so there was a need to build in some flexibility around the price because of this issue.

13. The proposals set out in the paper were approved by colleagues at the meeting and they confirmed that the work should proceed.

Action: the NHS CBA needed to get the requirements agreed and signed-off for the tender for a single Financial and Accounting System for CCG by 31 March 2012;

Item 5 – Paper Arrangements for the National Patient Safety Agency

14. This paper was presented by Christine Beasley. The purpose of the paper was to assure colleagues that the patient safety functions that would transfer from the National Patient Safety Agency (NPSA) to the NHS CBA, were fit for purpose and would enable the NHS CBA to fulfill its duties with respect to safe care. Colleagues were asked to agree the transfer of the functions of the Patient Safety Division of the NPSA and its associated staff to the NHS CBA by 1 June 2012.

15. The main points of discussion were:

- there was an advantage in the timeframe, as it allowed planning and due diligence work to be carried out to ensure that when the NHS CBA took responsibility for this work, it would be robust; and

16. colleagues agreed to the transfer of functions from the NPSA from 1 June 2012.

Action: Work should commence to transfer the NPSA functions from 1 June 2012.

Item 6 – Paper Structural Design Proposals – Organisation Development Strategy

17. This paper was presented by Jo-Anne Wass. The purpose of this paper was to ask for colleagues' support to seek suppliers to aid the NHS CB in the development and implementation of its Organisational Development Strategy.

18. The main points of discussion were:

- it was recognised that the change programme was considerable;
- it was agreed that the procurement request for this work should be prioritised for this work programme should form part of same request for the Finance and Accounting System (the Financial Spine); and
- there were alternative mechanisms to carry out work with Senior Managers, eg. the Top Leaders Programme. However, the contract for the Organisational Development Strategy should be let by the NHS CBA/CB. In doing this, it was also important to get the branding right to show "ownership" by the NHS CBA/CB.

19. Colleagues recognised the importance of this work in relation to the capacity building of the organisation, and acknowledged the need to get it started. Therefore, approval was given for the work to commence.

Action: Commence the work and ensure the procurement arrangements formed part of the "procurement bid" on the Financial Accounting System.

Item 7 – The Framework Agreement

20. This paper was presented by Bill McCarthy. The purpose of the paper was to inform colleagues that the Framework Agreement has been finalised and agreed by the DH and the NHS CBA. Colleagues were also asked to note the arrangements and principles set out in the framework agreement and supporting annexes.

21. The main points of discussion were:

- this document signalled the formal agreement of the governance relationship between DH and the NHS CBA, as a ALB. This was a relatively standard document, and each ALB has a Framework Agreement of this sort; and
- there would be regular meetings between the NHS CBA Chair, Chief Executive and Secretary of State, to ensure all are kept informed of the NHS CBA's business.

22. This document had been placed on the NHS CBA's website.

Item 8 – Any Other Business

23. None.

24. Date of next meeting – 13 April 2012.