

NHS COMMISSIONING BOARD AUTHORITY

Minutes of a private meeting held on 20 September 2012

Present Professor Malcolm Grant – Chair
Sir David Nicholson – Chief Executive
Lord Victor Adebawale – Non-Executive Director
Mr Ciaran Devane – Non-Executive Director
Dame Moira Gibb – Non-Executive Director
Mr Naguib Kheraj – Non-Executive Director
Mr Ed Smith – Non-Executive Director
Mr Paul Baumann – Chief Financial Officer
Mrs Jane Cummings – Chief Nursing Officer
Mr Ian Dalton – Chief Operating Officer/Deputy Chief Executive
Mr Jim Easton – National Director: Transformation
Dame Barbara Hakin – National Director: Commissioning Development
Tim Kelsey – National Director for Patients and Information
Sir Bruce Keogh – National Medical Director
Mr Bill McCarthy – National Director: Policy
Ms Jo-Anne Wass – National Director: HR
Jon Schick – interim Board Secretary

Apologies Ms Margaret Casely-Hayford – Non-Executive Director

Item 1 – Minutes of previous meeting

1. The minutes of the previous meeting, held on 19 July 2012, were approved.
Good progress against the action log from the previous meeting was noted.

Item 2 – NHS CB Programme status report

2. Bill McCarthy introduced this regular update, noting good progress across the range of work streams in the programme, with no significant change in the programme risk since the last report to the Board. He drew attention to a significant volume of practical work to be undertaken by April 2013 in recruitment, estates, information, data and financial flows. Although good progress was being made in these areas, the report reflected increased inherent risk around financial and information flows, close management of these being led by Paul Baumann, Tim Kelsey and Bill McCarthy.

Action: Paul Baumann, Tim Kelsey and Bill McCarthy to maintain close oversight of the inherent risks around financial and information flows.

3. An update was provided on the DH assurance process and it was confirmed the Department planned to use the NHS CB's own assurance processes, as long as they continue to be satisfied these were addressing the correct issues.

Ed Smith would meet DH representatives to discuss the role of the Audit Committee in this work.

Action: Ed Smith and Paul Baumann to ensure the Audit Committee focuses on assurance required as the organisation moves through the DH assurance process.

4. The Board asked for further information related to the transition of Family Health Services (FHS) staff, as the risk in this area had increased compared to the previous period. In response:
 - Work undertaken with sending organisations to identify the relevant staff and validate information returns was explained. It was anticipated that around 2,500 FHS staff would be transferred to the NHS CB (subject to validation), these staff being subject to “lift and shift”, as previously agreed by the Board to mitigate significant risks related to payment of primary care contractors;
 - Forthcoming workshops with FHS teams were described. Over the next year, significant work was required to establish a baseline of how the services were operating, their use of IT and how they discharged their duties. This would inform the design of a unified and streamlined process from 2014-15 onwards;
 - Caution was expressed about the magnitude of the future work and organisational development programme related to FHS staff over the coming 18 months. Although the vast majority of FHS staff would be employed by the NHS CB, there was potential for significant streamlining of the service through possible centralisation and outsourcing in order to achieve 40% planned savings.
5. In relation to recruitment more generally, Jo-Anne Wass was cautiously optimistic that staff would be recruited according to the agreed timetable, with a majority of posts filled by March 2013 and all staff in the existing system informed if they have a job by December 2012. Good progress had been made in starting to embed the new culture, values and vision; line managers had been trained to give high quality one to one inductions, and the leadership cadre were being brought together on a monthly basis.
6. The largest risk area in relation to recruitment was the Operations Directorate, where complex conversations were being held with sending organisations in relation to around 3,000 staff. However, recruitment was moving at an exponentially faster rate as senior posts were being filled. Although some assumptions were being made outside of the organisation that the recruitment challenge would not be met, the total number of staff in the system broadly

matched the number of posts available. There was agreement that it would be important to ensure – other than for FHS staff and a small number of other groups where it was the most appropriate solution – lift and shift would only be used as a last resort. It would not provide a good permanent solution, either for the NHS CB or for the individuals themselves.

7. It was noted that a similar process was in train for Commissioning Support Unit (CSU) staff, these organisations concentrating upon ensuring clarity about their income and designing a structure that is affordable. They were also in discussion with sending organisations about the recruitment process.

Item 3 – NHS CB Estates strategy

8. Bill McCarthy introduced this paper, updating the Board on progress with the estates strategy and focused on how the next steps in implementation would be pivotal in how the single organisation expresses a consistent identity with national reach. It extended beyond estates and encompassed aspects of brand, identity and organisational development. The Board noted the anticipated geographical locations for operational teams shown in Annex B of the document, although individual buildings had not yet been identified in all locations. It was also noted that the NHS Leadership Academy was likely to be accommodated in a separate building in Leeds, which may potentially be owned rather than leased – although that would be subject to a business case.
9. It was important to ensure the Board budgeted adequately for anticipated annual running costs and anticipated these were likely to come in within the £20m currently planned, although recommended that a 10% contingency was retained until there was greater certainty about the final position. Early and positive discussions had also been held with the DH to investigate the possibility of obtaining £15m capital funding to help with branding and fit out of the estate, with a preference for this to happen rapidly as an important contributor to establishing the brand and identity of the new organisation.
10. Tim Kelsey explained the organisation had one key chance to reshape and establish its brand as it is launched, with significant work planned over coming weeks to run a coherent branding process that needed to be concluded in order to inform what needed to happen with buildings. A request to DH for transitional funding therefore needed to be put in the context of the entire cost of developing the NHS CB brand and repositioning the NHS for everyone.

Action: Tim Kelsey and Bill McCarthy to coordinate activities, ensuring planned work on branding is concluded in time to inform the work to be undertaken on buildings.

11. There was considerable discussion about the proposals, with:

- acceptance of the importance of ensuring that buildings needed to feel that they were for the first time part of the same single national organisation, and agreement that changes to buildings could be an important enabler to changing mindsets more widely;
 - shared concerns about the messaging and potential for adverse comment related to making significant investments at a time of significant financial challenge and cuts in administration costs;
 - agreement that there were advantages in pursuing funding from the DH whilst it was still available, and risks associated with missing the current opportunity. Although the request seems significant, it needed to be put into the context of significant overall reductions in future estates costs.
12. Following lengthy debate, there was general agreement that discussions with the DH to obtain possible transitional funding should be pursued. However, further information was requested on how this money would be spent – for example explaining the balance between branding work/signage and more involved building/fit-out works.
13. In addition, it was agreed there needed to be a clear narrative to provide confidence that this investment was not an extravagance; the estate was an integral part of the organisational development and cultural change of the organisation, and could give staff pride in working for a new national body which was investing in them. There was an urgency in developing this narrative before any investments were made.

Action: Tim Kelsey and Bill McCarthy to bring back to the Board a clear narrative on estates proposals, placing them in the context of repositioning the NHS for everyone and supporting the OD of a strong national organisation.

Action: Bill McCarthy/Paul Baumann to continue discussions with DH on potential transitional funding.

Action: Bill McCarthy/Paul Baumann to provide benchmarking information on occupancy and leasing costs.

14. In addition, further benchmarking information was requested on the occupancy and leasing arrangements in order to satisfy the Board that the proposed sums were reasonable and support disciplined decision-making.

Action: Bill McCarthy/Paul Baumann/Tim Kelsey to provide further information on how the transitional funding was proposed to be spent.

15. In the context of this discussion, the Board supported the recommendations in the paper and agreed to delegate authority to the Chief Executive on both the

occupancy and lease arrangements and the transitional support proposal; they asked to be kept informed, with further updates when more detail was available.

Item 4 – Commissioning Support Unit (CSU) hosting arrangements

16. Dame Barbara Hakin introduced this paper, providing an update on recent discussions with the NHS Business Service Agency (NHS BSA). Assurance had been provided to the NHS BSA that they would not be exposed to new liabilities, that the DH had agreed to underwrite potential future redundancy payments and that there was substantial HR capacity within the CSUs. As described in the paper, there remained a range of detailed legal and governance work to be undertaken, but none of this was expected to present any “show stoppers”. The NHS BSA had estimated they would require 10 staff to undertake the work requested to act as the employment partner for CSU staff.
17. The Board were updated on current assurance work, with CSUs going through Checkpoint 3 of a rigorous process to ensure they will be viable units with certainty of income and clarity on the requirements of their customers – both NHS CB and CCGs. The importance of balancing the commercial viability of CSUs with the achievement of NHS CB deliverables was also acknowledged, and it was suggested this could form part of the remit of a proposed Commissioning Support Programme Board Sub-Committee.
18. The Board agreed to enter into the proposed arrangements with the NHS BSA and were assured about the progress being made on the detailed specification for hosting. It was also agreed that the CSU Programme Board Sub-Committee should be established in shadow form, and that they should as an early priority further develop the draft terms of reference that had been attached to the paper. Ed Smith and Moira Gibb were confirmed as members of this Sub-Committee, and the chair would also discuss membership with Margaret Casely-Hayford, as well as confirm the chair for this group.

Action: Dame Barbara Hakin to take forward the work to establish the sub-committee in shadow form, and work with them on developing the terms of reference.

Action: Chair to confirm chairmanship of the sub-committee and discuss membership with Margaret Casely-Hayford.

Item 5 – Section 7A agreement

19. Bill McCarthy introduced this paper which described proposed arrangements to allow the NHS CB to commission certain public health services on behalf of the Secretary of State for Health. This would enable the setting of national

standards, as well as provide time for local authorities to take on their new functions. The document was being taken in Part 2 because it had yet to be approved by the Secretary of State and was therefore not yet in the public domain.

20. The draft document had been negotiated to obtain the maximum benefit for patients and communities, as well as safeguarding the interests of the NHS CB. With particular regard to the latter, the Board's attention was drawn to risks related to obtaining clarity about the current financial and performance baselines, with establishing these baselines over the first year forming part of the agreement, as well as built-in expectations about the anticipated pace of change.

21. During the Board discussion:

- It was noted that these were high profile services requiring attention to detail and high quality oversight. It was important to understand their magnitude and complexity, as well as their potential reputation impact (eg screening services);
- The Chief Financial Officer confirmed he was content with the financial aspects of the agreement;
- The importance was agreed of signalling ambition that the NHS CB would wish to see improvement in specific areas of these services, and that it would wish to ensure targets were met in a way which supported improvements in equality, rather than by concentrating on easy-to-reach groups. The potential to improve outcomes could be reflected more clearly in the agreement;
- Confirmation was sought and provided that there were no financial penalties or sanctions if the Board entered into the agreement, although there was an acknowledged reputational responsibility and risk;
- It was noted that further work would need to be undertaken on reporting arrangements, including financial given the separate ring-fenced funding, which would be taken forward via the Audit Committee.

Action: Bill McCarthy and Jim Easton to consider how the NHS CB can use the way it implements the agreement to signal ambition and target specific areas for improvement, including ensuring targets are not achieved at the expense of harder-to-reach groups.

Action: Ed Smith and Paul Baumann with Audit Committee to agree how to report on progress against the agreement including the underpinning financial arrangements and separate accounting arrangements.

22. The Board noted the work to-date and agreed to delegate authority for conducting final negotiations before publication to the Chief Executive.

Item 6 – Any other business

23. **Partnership agreement with NICE** – it was agreed that further drafting could be incorporated to ensure that the processes adopted by NICE will be consistent with the outcomes and deliverables that would be required by the NHS CB.
24. **1 October 2012 meeting** – the governance team were asked to enable Ed Smith and Barbara Hakin to participate via telephone.

Action: governance team to ensure Ed Smith and Barbara Hakin can participate in the 1 October 2012 meeting by telephone.