

To: The Board

For meeting on: 28 October 2015

Agenda item: 8

Report by: Helen Buckingham, Chief of Staff

Report on: NHS Improvement Update

Summary

1. Initial set up activity for NHS Improvement is under way, with an internal programme management team being recruited and an invitation to tender issued to the market for provision of support.
2. A business case for the external support has been prepared and approved in principle by the Controls and Executive Committees. This requires further approval from the Board given its potential value (which exceeds the CEO's delegated authority) and external approval from the Department of Health.
3. This paper summarises the case and seeks Board approval to let a contract for external consultancy support.
4. It should be noted that due to the ambitious time line the business case has been submitted to DH already, subject to Board approval.

Programme Update

5. Since the last Board meeting we have announced the appointment of the Chief Executive of NHS Improvement, Jim Mackey, currently Chief Executive of Northumbria Healthcare NHS Foundation Trust. Jim will take up post on November 1st 2015. In addition, John Wilderspin has been appointed as the Integration Director and has already taken up his role.
6. In addition, we have made progress in recruiting to the internal programme team, and on the appointment of external consultancy support as set out below. It is important to emphasise that the majority of the work required to design and develop NHS Improvement will be carried out in house. However some additional support is required to provide external challenge, and to increase the capacity available in order to minimise impact on business as usual at this very busy time.

Business Case Requirements

7. The total value reflected in the case, which is appended at Annex A, is up to £1.8m, comprising the following:
 - Interim costs £0.8m, which were approved by the Controls Committee on 16 October 2015; and
 - Initial consultancy support between £0.7m and £1m
8. In addition, there is the option of further consultancy support valued between £0.1m and £0.5m.
9. Board approval is being sought for the consultancy support.

Interim staff

10. An internal programme management team is being set up comprising 15-20 staff with responsibility for oversight of the programme, guiding key elements of the process and engaging the broader staff bases of the organisations. Secondments from within Monitor, NHS TDA and NHS England have been sought and applications are being processed.
11. We estimate half of this team will require interims either directly or to backfill roles released from line activity.

Consultancy support

12. An invitation to tender has been issued seeking bids to provide external support in the following areas:
 - Developing an agreed organisational structure, including overall functions and design principles;
 - Designing options for a new operating model to provide clarity on how NHS Improvement will deliver its functions; and
 - Developing values and ways of working to underpin the new functions and operations.
13. Tenders have been received from eight bidders in the range of £0.7m to £1m.
14. To provide a broad range of the skills that we think are needed we have encouraged bids from consortia led by professional services firms and including partners e.g. health think tanks/academics/specialists contributing expertise on aspects such as NHS regulation, provider policy, organisational design and development, leadership and culture change.
15. The invitation to tender also includes optional areas of work relating to developing and supporting plans for leadership review and development, and delivery of interventions or enabling actions to embed culture and values. Bidders were asked to quote for these deliverables, and bids have been returned in the range £0.1-0.5m.

16. The optional elements of the procurement have not been included in the case as these are uncertain and no commitment has been made. A separate business case will be brought for these elements should the decision be made to activate the optional elements. Should a decision be made to proceed with these options, the estimated total consultancy cost would be between £0.8m and £1.4m. Note that the bidders coming forward with the highest value proposition for the core consultancy support and the highest value proposition for the optional support are different consortia and therefore the maximum potential combined cost is £1.4m.

Approval requirements

17. As the total value of the consultancy support including optional elements could exceed £1m, Monitor Board approval is required. Please note that due to the proposed timescale, with work beginning in early November, this case has been submitted to DH to gain their approval in parallel. DH is aware that the approval of Monitor's Board is pending.

18. The business case represents the cost of the initial external consultancy and interims. Monitor has up to c£2m headroom within existing budgets, and NHS TDA has identified c£1m to contribute to the set up costs so this proposal is affordable within current budgets.

19. In practice there could be trade-offs in deferring different Monitor or NHS TDA projects to achieve the overall contribution so the final split might not be necessarily equal. This will be tracked within the monthly Management Accounts.

Recommendations

20. The Board is asked to approve the letting of contracts for consultancy support with a value up to £1.4m, noting that approval of business cases for the optional elements would be delegated to the Controls Committee.

Helen Buckingham
Chief of Staff

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

We believe the paper will not have any adverse impact upon these groups and that Monitor has fulfilled its duty under the Act.

Exempt information:

None of this report is exempt from publication under the Freedom of Information Act 2000.