

Annual public meeting

Wednesday 16 September 2009



Supporting the NHS, supplying the NHS, protecting the NHS

Chief Executive - Nick Scholte Chair - Paul Rich

Welcome and introduction

Paul Rich - Chair

Who we are

The NHS Business Services Authority (NHSBSA) is a Special Health Authority (SpHA) of the Department of Health (DH) providing a range of services to support members of the public and the NHS frontline.

Our vision

To be the organisation of choice providing business solutions that deliver service excellence and value for money.

Our mission statement

Support the NHS, supply the NHS and protect the NHS

Our extensive service portfolio

- NHS Counter Fraud Service
- NHS Dental Services
- NHS European Health Insurance Card (EHIC)
- NHS Help with Health Costs
- NHS Injury Benefit Scheme
- NHS Pensions
- NHS Prescription Services
- NHS Security Management Service
- NHS Social Work Bursaries
- NHS Student Bursaries
- NHS Supply Chain Management

How we operate

We have a flexible management structure which allows us to focus on the needs of our customers, improving efficiencies and maximising opportunities to ensure synergy savings across our services.

Our common processes are grouped within six business streams, each with a clear role and focus. These are supported by shared service frameworks for each of the following:

- Finance
- Human resources
- Commercial
- Information technology
- Central services
- Business process improvement
- Contact centres

Success to date

In terms of value for money for the taxpayer, we are projecting cumulatively in real terms, a saving of some

£95 million

by March 2010, to operate all our services against a backdrop of increasing demand.

Our performance

Nick Scholte - Chief Executive

Summary of key achievements during 2008/09

NHS Dental Services and Dental Reference Service

- Implementation of a new system for delivering flexible and improved online reporting to all health bodies in England and Wales.
- Investment in the structure of our data warehouse has enabled information to be pulled from various sources to generate powerful reports which quickly highlight issues that need attention.

Summary of key achievements during 2008/09

NHS Prescription Services

- Processed more than 800 million prescription items. The annual payments made on behalf of the NHS amount to more than £8 billion.
- Continued with the rollout of a new pricing system designed to deliver significant efficiency savings in the processing of prescriptions. By October 2008, all community pharmacy accounts (around 64 million prescription items per month) were being processed through the new Capacity Improvement Programme (CIP).

- Developed our systems, working with suppliers and NHS Connecting for Health, so we can accept electronic prescriptions from pharmacy contractors.
- Continued to maintain the NHS dictionary of medicines and devices providing accurate information (99.99%) and supporting the National Patient Safety Agency (NPSA) led initiative to standardise abbreviation of product label names.
- Working closely with the NHS Information Centre, Healthcare Commission, the National Prescribing Centre and Connecting for Health to provide prescribing data to meet the wider requirements of the NHS.

Summary of key achievements during 2008/09

NHS Help with Health Costs & European Health Insurance Card (EHIC)

- Continued to raise awareness of our services in line with Health Select Committee recommendations, using regular direct mailings to pharmacies, GP surgeries and key stakeholders.
- Introduced systems to deliver the Prime Minister's commitment to abolish NHS prescription charges for people with cancer. Up to 150,000 patients already diagnosed with cancer are expected to benefit.
- Rationalised structures, mailing and distribution systems and printing requirements, delivering over £800,000 worth of efficiency savings.

Summary of key achievements during 2008/09

NHS Supply Chain Management

- Supported NHS Supply Chain to deliver real benefits to the NHS. We have monitored service performance to NHS customers and helped support changes required to deliver growth.
- Monitored and reviewed the savings delivered to the NHS in year two of the contract, which were approximately £30 million. Significant growth was also achieved through a number of service improvements and developments including a catalogue expansion as well as changes to the infrastructure which saw the opening of a new distribution centre in Rugby.

- Continued to develop our approach to supporting NHS Supply Chain with escalating savings over the remaining eight years of the contract driven through a programme of growth and further service development.
- Retained supply chain knowledge and capability within the NHS (an intelligent client role) and undertook specialist DH supply chain work to ensure the continued delivery of a number of essential DH initiatives including flu pandemic planning and service level agreement (SLA) management.

Summary of key achievements during 2008/09

NHS Pensions

- Successfully introduced a new section of the NHS Pension Scheme. There are now two sections to the NHS Pension Scheme – the 1995 amended section and the 2008 section.
- Managed an increased volume of workload of over 20% compared to the previous year through an emphasis on utilising best practices and resource flexibility.
- Introduced revised ill health retirement arrangements and also introduced transitional regulations to cater for those rejoining the pension scheme.

- Developed the necessary infrastructure to implement the Pensions Choice exercise.
- Successfully undertook a major data cleanse project to facilitate the introduction of the Pensions Choice exercise, updating 800,000 records in the process.
- Implemented new legislation with regard to the calculation of pension transfer values.
- Enhanced our assurance framework and financial reporting with regard to the NHS Pension Scheme accounts.

Summary of key achievements during 2008/09

NHS Counter Fraud and Security Management

- We identified that 428,000 frontline staff have been trained in conflict resolutions techniques in accordance with a syllabus we released.
- We continued to support the training of local security management specialists and over 90% of health bodies now have access to a trained and accredited security specialist.

- We held our third Security Awareness Month with NHS bodies; to help demonstrate to NHS staff and professionals that violence and abuse should not be viewed as “part of the job”.
- We supported the DH by developing a contractual framework for the delivery of safety devices for lone NHS workers.

Measuring our performance during 2008/09

We have developed a comprehensive balance scorecard which assists in driving continuous improvements in our performance. This is monitored by the Board and the Leadership Team throughout the year.

The scorecard can be interrogated at various levels and provides data on:

Financial performance, specific service level operating performance, project performance, key performance indicators, customer satisfaction, benchmarking of operational processes and industry standard services as well as employee engagement and satisfaction.

- Overall performance during 2008/09 has been good with most targets either achieved or improved.
- Two areas where there have been performance issues are within the contact centre and case administration processes within NHS Pensions.
- The contact centre issues have now been resolved, with performance in this area over the last quarter of the year continuing to be on target.
- Case administration performance continues to be below target. However, this is mainly due to issues beyond the control of the service, where information supplied by employers is missing, or where there have been delays receiving information regarding legislative changes.

Customer satisfaction

- During 2008/09 we undertook structured customer satisfaction surveys with stakeholders.
- The majority of our results scored green but identified specific areas for improvement in pension timeliness and case administration.
- Action plans developed to improve the experience of our customers.

Our people

NHSBSA wide staff survey in 2009.

Positive feedback included:

- Staff had a good understanding of the performance and standards expected.
- The organisation treats all people fairly and with respect.
- Staff reported they have good support from their manager.

Areas to be addressed include communication, managing change and offering more career progression.

Looking to the future

- Commencement of the three year Choice programme within NHS Pensions.
- Continuing the roll out of CIP to deliver the expected service and financial benefits.
- Progressing the work to review and re-let the contract supporting our dental services and the wider IT infrastructure of the NHSBSA.
- Ensuring our workforce is fit to meet the future challenges.

Annual accounts overview 2008/09

John Smith – Director of Finance

Introduction

- The annual report and accounts contain the Authority's administration accounts.
- These accounts consolidate the results of the NHSBSA's various business streams.
- The trading nature of Supply Chain activity is such that its income and expenditure require separate disclosure outside the NHSBSA's operating cost statement.
- The Authority achieved its financial targets by recording an underspend against both Revenue and Capital Resource Limits.
- The accounts were presented for audit and laid before Parliament in accordance with DH deadlines.

The three key financial statements are set out in the following slides:

- Operating cost statement
- Supply Chain trading activity
- Balance sheet

A further slide summarises capital expenditure during the year.

Operating Cost Statement for the year ended 31 March 2009

	2008-09 £000	2007-08 £000
Programme costs	688,061	663,841
Operating income	(481,335)	(474,371)
Net operating cost and resource outturn	<u>206,726</u>	<u>189,470</u>

- The increase in net operating costs of £17.3m is due primarily to a £11.1m increase in Social Work Bursary expenditure and a £5.8m increase in the cost of redundancies.
- The net resource outturn of £206.7m resulted in an underspend of £0.2m against the Authority's revenue resource limit of £206.9m.

Business Services Authority

Supply Chain Trading Activity

	2008-09 £000	2007-08 £000
Gross income		
Sales to NHS Customers	986,323	845,639
Sales to Non-NHS Customers	23,677	33,909
Fees and other income	2,500	0
	<u>1,012,500</u>	<u>879,548</u>
Cost of sales and administration		
Cost of Sales	893,370	787,078
Administration	119,130	92,470
	<u>1,012,500</u>	<u>879,548</u>
Net trading surplus for the period	<u>0</u>	<u>0</u>

- Supply Chain trading was outsourced to an external provider from 1 October 2006 – under the outsourcing arrangement, all trading related administration expenditure is met by the service provider and is funded from the trading surplus.
- From 2007/08, all non-trading income and expenditure relating to the Supply Chain Management is included in the Authority's operating cost statement.

Business Services Authority

Balance Sheet as at 31 March 2009

	31 March 2009 £000	31 March 2008 £000
Fixed assets:		
Intangible assets	1,111	1,723
Tangible assets	<u>46,493</u>	<u>46,257</u>
	47,604	47,980
Debtors: amounts falling due after more than one year	1,763	1,321
Current assets:		
Stocks	61,987	50,148
Debtors	105,077	84,389
Cash at bank and in hand	<u>9,330</u>	<u>40,120</u>
	176,394	174,657
Creditors: amounts falling due within one year	(109,421)	(104,917)
Net current assets/(liabilities)	66,973	69,740
Total assets less current liabilities	116,340	119,041
Creditors: amounts falling due after more than one year	0	(237)
Provisions for liabilities and charges	(3,135)	(2,638)
	<u>113,205</u>	<u>116,166</u>
Taxpayers' equity		
General Fund	110,555	107,996
Revaluation reserve	<u>2,650</u>	<u>8,170</u>
	113,205	116,166

- The Supply Chain share of the major balances is as follows:
 - Stocks - £62.0m (2008 - £50.1m)
 - Debtors - £88.2m (2008 - £65.3m)
 - Cash - £2.5m (2008 - £36.6m)
 - Creditors - £87.5m (2008 - £86.9m)
- Supply Chain balances are controlled by the external provider
- The main reasons for major movements in balances during the year are:
 - Increase in Stocks – 15% increase in sales plus the opening of a new distribution centre.
 - Increase in Debtors – debtor days up from 22 to 26 plus increase in sales level.
 - Decrease in Cash – a result of the additional stockholding and debtors balance
 - Decrease in Revaluation reserve – reduction in the carrying value of properties.

Capital expenditure

- The Authority's capital expenditure for the year totalled £14.4m.
- This was £2.1m within the Capital Resource Limit of £16.5m for the year.

The major areas of expenditure were:

- The Prescription Pricing Capacity Improvement Programme - £5.6m
- Pension Scheme New Scheme and Choice systems developments - £5.9m.
- The remaining £3.0m expenditure covered other IT system development, IT equipment purchases and buildings refurbishment work.