Health and Social Care Information Centre (ENDPB)

Board Meeting – Public Session

Title of Paper:	Public Accounts Committee into NPfIT and implications for HSCIC
Board meeting date:	19 June 2013
Agenda Item No:	HSCIC 13 05 03(b)
Paper presented by:	National LSP Programme Director
Paper prepared by:	National LSP Programme Director
Paper approved by (Sponsor Director)	CEO
Paper to be included in the:	**Public Board**
If paper is to be included in the Private Board please complete justification below:	
Justification for inclusion in Private Board:	
Purpose of the paper:	This report from the National LSP Programme Director provides an update on Public Accounts Committee that occurred on 12 June 2013 and considers the implications for HSCIC
Actions required by the Board:	To note for information

Public Accounts Committee into NPfIT and implications for HSCIC

Purpose

1. This report from the National LSP Programme Director provides an update on the Public Accounts Committee (PAC) that occurred on 12 June 2013 and considers the implications for HSCIC.

Background

2. The National Programme for IT (the Programme) in the NHS was launched in 2002. It was designed to reform how the NHS in England used information to improve services and patient care. The government announced in September 2011 that the Programme would be dismantled. The five strategic outsourcing Local Service Provider (LSP) contracts entered into by the Department of Health (the Department) in 2003/4 were proven to be the most challenging element to deliver of what was the Programme. Despite the problems, however, LSP delivered products are now used by about 345,000 NHS staff and form part of critical NHS infrastructure.

3. There had previously been three PACs into the Programme. In advance of the fourth PAC, on 12 June 2013, the Department published on 6 June 2013 its "Final Benefits Statement for programmes previously managed under the NPfIT"[1]. The statement sets out the costs of the Programme up to March 2012 and gives examples of some of the benefits arising from the services delivered the Programme generated for the NHS. The Department forecasts that benefits will slightly exceed costs over the whole life of the systems, £10.7 billion compared with £9.8 billion.

4. In parallel the National Audit Office (NAO) published its "Review of the final benefits statement for programmes previously managed under the National Programme for IT in the NHS"[2]. It noted that benefits are expected to exceed costs slightly over the life of the systems, but there is uncertainty around whether the benefits will be realised. The NAO report, published as a memorandum for the Committee of Public Accounts, found the Department took a structured, logical approach to measuring and reporting costs and benefits.

5. The NAO concluded there was considerable uncertainty whether the forecast benefits will be realised. It noted around two-thirds (£6.6 billion) of the total estimated benefits are forecast to arise after March 2012. For three programmes, 98 per cent of the total estimated benefits were still to be realised. Some £2.5 billion (26 per cent) of the total costs are also forecast to arise after March 2012.

[1] https://www.gov.uk/government/publications/final-benefits-statement-for-programmes-previously-managed-under-the-national-programme-for-it
[2] http://www.nao.org.uk/report/review-of-the-final-benefits-statement-for-programmes-previously-managed-under-the-national-programme-for-it-in-the-nhs/

6. The NAO also noted that there is a range of risks to the realisation of future benefits. In particular, it is noted that for some programmes, future benefits rely on the successful deployment of a set number of systems at a set time. Experience over the last ten years suggests this will be challenging to achieve, particularly in the case of the local care records systems (i.e. the LSP programmes).

Scope of the questioning

7. The questions were put to the witnesses: Sir David Nicholson, Chief Executive for the NHS in England, Charlie Massey, Director General for External Relations, Department of Health and Tim Donohoe, Senior Responsible Owner for Local Service Provider Programmes.

8. Please note due to an issue of timing this paper is based on a single video viewing of the PAC hearing, not the final transcript.

9. The questions focussed on the delivery and commercial aspects of the LSP contracts, specifically:

    a. the time and cost to deliver the Lorenzo Electronic Patient Record system by one of the LSP suppliers, Computer Sciences Corporation (CSC);

    b. the commercial history of the Department's contract with CSC, specifically the renegotiation of the CSC contract that resulted in the Department signing an Interim Agreement with CSC on 31 August 2012;

    c. the time it is taking to negotiate and finalise the subsequent Revised Project Agreement with CSC;

    d. why the Department did not terminate the contract with CSC;

    e. the cost paid by the Department to both CSC and Trusts for delivery of additional Lorenzo sites;

    f. the status of the legal proceedings with Fujitsu, whose contract was terminated by the Department on 28 May 2008;

    g. whether the Programme was the correct strategy;

    h. the names of the legal firms and legal fees paid by the Department to support the legal proceedings with Fujitsu and the CSC renegotiations.

10. There were very few questions on the Final Benefits Statement.

11. The one question where HSCIC was referenced was asked by Mr Richard Bacon (Con, South Norfolk) as to whether there was pressure from "the new Information Centre on centralisation, on what Trusts buy (in terms of replacement systems), and to standardise their system". Charlie Massey answered, stating he was the Department sponsor for HSCIC and that "although previously the Information Centre did lots of things, an

Informatics Services Commissioning Group was in place to take a strategic view of commissioning the HSCIC. He said he did not recognise the central view put forward."

12. Sir David Nicholson concluded this section of the PAC, by stating he thought elements of the Programme, such as the National Infrastructure, were delivered very well and delivered real value to the NHS. The PAC then continued on the issue of use and approval of gagging orders in NHS Trusts.

Implications for HSCIC

13. Although the scrutiny was focussed on the Department and Sir David Nicholson, the specific relevance of this to HSCIC is that HSCIC has c120 strong team within the LSP Delivery Directorate managing the LSP Programmes with CSC (North, Midlands and East of England), BT (London and the South), and the South Local Clinical Systems programmes on behalf of the Department via a draft Memorandum of Understanding. HSCIC staff also provided the bulk of the factual briefing materials for the PAC hearing to the Department.

14. The purpose of the LSP Delivery Directorate is "to support customer Trusts and our SRO to deliver the remaining commitments from the LSP contracts, gain maximum benefit, and then safely exit from them in 2015/16" (although some CSC contracted Trusts leave up to 2022). HSCIC role regarding the LSP contracts, relative to the Department, is in Annex A to this paper.

15. The NAO report noted:

    a. "... from April 2013, the Department's central team and some local programme teams moved to the Health and Social Care Information Centre and were restructured to help them become more responsive to local needs. There is a risk that the transition may result in disruption to the delivery of programmes, and delays in the realisation of benefits.";

    b. "...other programmes, such as the Electronic Prescription Service and the Picture Archiving and Communications Systems, received only limited information from trusts, and had to extrapolate from the data that was received to generate estimates of total Benefits";

    c. "North, Midlands and East Programme for IT, developed models to estimate the levels of benefits realised by extrapolating demonstrated benefits";

    d. "The Department's Benefits Eligibility Framework recommends that programme teams should arrange an independent review of their estimates. However, none of the programme teams commissioned such a review";

    e. "Accountability for realising and reporting benefits remains with the senior responsible owners of the various programmes";

    f. "...from April 2013, chief executives of NHS trusts and NHS foundation trusts became responsible for the realisation and reporting of benefits on the ground."

16. There are two key implications for HSCIC:

a. A reputational risk for HSCIC, by virtue of its ongoing association with the LSPs. This was the most challenging element to deliver of what was the Programme. This risk is not limited to exposure at the PAC hearing, as HSCIC supports the SRO and customer Trusts deliver the remaining obligations and exit from the contracts. These are challenging elements to deliver and therefore the reputation risk is ongoing until 2015/16. There is no financial risk, as the Department owns the contracts and the programme capital and revenue funding, and provide the administration funding for the support it receives from HSCIC.

b. The role HSCIC plays supporting others in the delivery of benefits. The accountabilities for overall SROs and individuals Trusts are clear- as per 12 e. and f. above. However HSCIC has been asked to conduct a review of how benefits are delivered, with a view to supporting Trusts improve their realisation and reporting, and therefore the overall cost/benefit of the LSP programmes. This in the past has proven a challenging area for NHS Connecting for Health, Strategic Health Authorities, and Trusts. It is probable that HSCIC will be commissioned by NHS England to provide a similar role in supporting (but not being accountable) for benefit realisation for other programmes delivered by HSCIC. HSCIC needs to ensure ongoing clarity of accountability with the SROs and chief executives of NHS trusts and NHS foundation trusts, reserving its role purely as one of facilitation and support.

Tom Denwood June 2013
National LSP Programme Director

Annex A- Summary accountability matrix

The table below shows the split of key accountabilities between the main parties involved in LSP delivery:

	Customer Trust	HSCIC (LSP Delivery Directorate)	DH (LSP SRO function)	LSP supplier
Summary role	**Implementation of systems, business change, and subsequent benefit delivery, in context of 'new deal'**	**'Honest broker' ensuring contracts get delivered (in widest sense) by supplier and NHS**	**Owning the business proposition, the requirement, delivery of the requirement and 'consolidated' benefits delivery**	**Delivery of deployments and ongoing services in line with the contract**
Detailed role	In context of 'new deal': • Deployment project management; • On the ground supplier management; • Project delivery tasks (e.g. clinical build; data cleansing; training of end users; local infrastructure provision; 1st level helpdesk, etc). • Benefits delivery; • Management of cascaded contract opportunities and liabilities via 'new deal.'	Matrix 'thin client' team underpinned by MOU with LSP SRO providing support for: • Deployment; • Service management assurance; • Technical assurance; • Test assurance; • Clinical assurance; • Information governance; • Financial and commercial; • Supplier management; • Holding NHS to account; • Expected to be formally commissioned for benefit delivery and exit planning support; • Catalyst for change.	Supported by HSCIC commissioned via MOU: • Chair LSP Programme Boards; • Own business case; • Responsibility for LSP budgets; • Responsible for contracts; • Monitor and control progress; • Macro benefits delivery; • Macro exit planning; • Commission Independent Assurance; • Commission stage and closure reviews; • Specific escalations; • DH, NHS, NHS CB and Cross-Government Relationships; • Scrutiny of HSCIC performance.	• Provision of key software and hardware to deliver systems (but not PCs/peripherals in the Trust); • 'On the ground' delivery support for deployments and stabilisation (while deployment in progress); • Train the trainer; • Ongoing service management support; • Maintenance upgrades.