

Explanatory Memorandum to the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012

This Explanatory Memorandum has been prepared by the Finance Directorate of the Department for Health, Social Services and Children, and is laid before the National Assembly for Wales in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Velindre NHS Trust Shared Services Committee (Wales) Regulations 2012 ("the Regulations").

**Mrs Lesley Griffiths AM, Minister for Health and Social Services
8 May 2012.**

1. Description

The Regulations make provision for the establishment, functions, constitution and membership of the Velindre National Health Service Trust Shared Services Committee (“the committee”) including its procedures and administrative arrangements.

2. Matters of special interest to the Subordinate Legislation Committee

The Subordinate Legislation Committee may be interested to note that the Minister for Health and Social Services has also made the Velindre National Health Service Trust (Establishment) (Amendment) Order which gives Velindre NHS Trust the function of managing and providing shared services to the health service in Wales. This is an Order made under powers contained in section 18(1) and paragraph 5 of Schedule 3 to the National Health Service (Wales) Act 2006 (“the 2006 Act”) and is therefore not subject to the negative or affirmative resolution procedures.

3. Legislative Background

The Welsh Ministers’ powers to make the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 are found in sections 19(1), 203 (9) and (10) and paragraph 4(1)(f) of Schedule 3 to the 2006 Act.

This instrument follows the negative resolution procedure.

4. Purpose and intended effect of the legislation

It is proposed that from 1 June 2012 the function of managing and providing shared services to the health service in Wales will be given to Velindre NHS Trust. As stated in paragraph 2. above, Velindre NHS Trust’s Establishment Order will be amended to reflect the fact that this function has been conferred on it. As a result of giving Velindre NHS Trust the function of providing shared services to the health service in Wales, all persons who are currently employed by LHBs and Trusts in Wales in the provision of shared services will have their contracts of employment transferred, from 1 June 2012, to Velindre NHS Trust.

In general terms, these Regulations make provision for the establishment, functions, constitution and membership of the Velindre National Health Service Trust Shared Services Committee including its procedures and administrative arrangements.

Part 2 of the Regulations makes provision for the establishment of the Shared Services Committee of Velindre NHS Trust and provides that the committee will be responsible for exercising Velindre’s functions in relation to shared

services including the setting of policy and strategy and the management and provision of shared services to the NHS in Wales.

Part 3 of the Regulations makes provision for –

(a) the composition and membership of the Committee (regulation 5). The Regulations provide that the committee be comprised of the chief officers of each Local Health Board and NHS Trust in Wales (or their nominated representative) together with a chair who is to be appointed by the committee and the person who has been designated as accountable officer for shared services. This is to ensure that the views of all NHS organisations are taken into account when making decisions in respect of shared services activities;

(b) the appointment of the Chair and vice chair to the Committee (regulation 6);

(c) eligibility requirements for members of the joint committee (regulation 7 and Schedule); and

(d) tenure of office, termination of appointment and suspension of the chair and vice chair of the Committee (regulations 8 to 10).

Part 4 contains provisions in relation to the meetings and proceedings of the committee including the powers of the chair and vice chair (regulations 11 and 12)

5. Consultation

On the 13 February 2012, the Minister for Health and Social Services agreed the content of a Consultation Paper: *NHS Wales Shared Services* which was issued for an 8-week consultation period on 15 February 2012.

The consultation invited comments on (1) the Order that amends the Establishment Order of Velindre NHS Trust to give Velindre the function of managing and providing shared services to the health service in Wales with effect from 1 June 2012; and (2) the draft Regulations that require Velindre NHS Trust to establish a shared services committee of the Trust to manage the provision of shared services to the NHS in Wales and sets the constitution and membership requirements for that committee.

Chairs and Chief Executives of Trusts and Local Health Boards and Community Health Councils in Wales and the Community Health Board have been extensively consulted on these Regulations. In response to the Consultation Paper: *NHS Wales Shared Services*, issued for an 8-week consultation on the 15 February 2012, eight (8) responses were received.

Summary of Responses

The respondents were all supportive of the move to a hosted arrangement under Velindre NHS Trust but provided a number of comments covering the following areas:

- **Accountable Officer Status**
- **Definition of Shared Services**
- **Membership and status of the Committee**
- **Appointment/Removal and suspension and period of office of the Chair and Vice Chair**
- **Committee's Standing Orders**

Changes to the Draft Regulations

In summary the principal changes cover the following areas:

- Amendment to regulation 5(1)(c) to make it clear that the employee of Velindre NHS Trust who is a member of the committee is the person who has been designated as accountable officer for shared services. Legal Services have advised that it is not possible to refer to the Director of Shared Services in the Regulations as it is not good drafting practice to refer to a non statutory office in regulations.
- Whilst the Chair will be appointed by the Committee, transitional arrangements (in regulation 6(2)) will allow the first Chair of the Committee to be appointed by Velindre NHS Trust for a period of six months. This is to allow Velindre NHS Trust to start the process before 1 June so that a substantive Chair can be in post with effect from 1 June.
- The pool of potential candidates for the position of Chair has been widened and will now allow the Committee to appoint someone other than a non-officer member or non-executive director of a Welsh NHS organisation, if the Committee is satisfied that the person appointed has the necessary skills and experience to perform the duties of the Chair. Please see amendments to regulation 6(1) and (4).
- The maximum period of office for the Chair and Vice Chair has been extended to 4 years in any one period of tenure (regulation 8(3)) and no more than 8 years in total (regulation 8(5)).
- The Regulations have always provided that a chair or vice chair may not serve consecutive appointments as a chair or vice chair of the Committee. A new regulation 8(6) has been added to make it clear that even though a chair of the Committee may not serve consecutive periods of appointment, this restriction does not apply to the first chair of the Committee appointed by Velindre NHS Trust for a period of 6 months who may, if successful in the appointments

process run by the committee, be appointed by the committee as chair after the expiration of their 6 month tenure.

- Amendments to regulations 9 and 10 allow the Committee to remove or suspend the Chair or vice chair in accordance with the procedures set out in its Standing Orders.
- Amendment to Regulation 9 to remove the requirement to advise the Welsh Ministers before removing a chair or vice chair and amendment to regulation 10 to remove the requirement to advise Welsh Ministers when the committee decides to suspend a chair or vice chair. The reason for these amendments is to reflect the fact that Welsh Ministers do not have any role in appointing the chair or vice chair of the committee.

A copy of the response to the consultation can be found at:

<http://wales.gov.uk/consultations/healthsocialcare/services/?skip=1&lang=en>

6. Implementation

It is intended these Regulations should come into force on the 1 June 2012.

The Consultation process has been described in detail in the Regulatory Impact Assessment below.

7. Regulatory Impact Assessment

7.1 Options

Option 1 - Do Nothing

This option would not allow Welsh Ministers to specify that Velindre NHS Trust establish a Shared Services committee nor would it allow Welsh Ministers to specify the functions, constitution and membership of that Committee..

Option 2 – make the Regulations

The Regulations make provision for the establishment of the Velindre NHS Trust Shared Services Committee (“the Committee”); provide for the exercise of prescribed functions by the Committee, and make provisions relating to the constitution and membership of the Committee including its procedures and administrative arrangements. The Regulations are drafted in such a way as to ensure that all NHS Trusts and LHBs in Wales are represented on the Committee which is considered essential from a policy perspective as Velindre NHS Trust will be providing shared services to all NHS Trusts and LHBs in Wales

7.2 Costs

The cost of any administrative work in drafting and preparing the Regulations, including those costs incurred by Legal Services, will be accommodated within existing and planned administration costs budgets.

7.3 Benefits

A number of benefits will accrue from transferring the management and provision of Shared Services to Velindre NHS Trust. Primarily these will include:

- The transfer of Shared services from individual Health Boards and Trusts, will reduce their direct involvement in these services, allowing them to focus on delivering frontline services.
- Shared Services will be seen as a 'real' credible organisation, providing staff with a sense of identity, culture and values.
- Information will be produced from one source, meaning the production of more timely, consistent and accurate information using the same processes and practices enabling better decision making.
- Direct control will be improved, which will enable greater harmonisation and equality of procedures and processes on an all Wales basis to employ best practice.
- Consistency and more efficient Governance arrangements.
- Savings will be more easily identifiable and recorded on a consistent basis.

8. Competition Assessment

The competition filter has been completed and indicates that the Regulations will not have a detrimental effect on competition.

9. Summary

The Regulations make provision for the establishment, functions, constitution and membership of the Velindre National Health Service Trust Shared Services Committee including its procedures and administrative arrangements.