

**NATIONAL INSTITUTE FOR HEALTH AND CLINICAL EXCELLENCE
SPECIAL HEALTH AUTHORITY
ANNUAL GENERAL MEETING 2009
CHIEF EXECUTIVE'S REPORT**

The Board is asked to note the report.

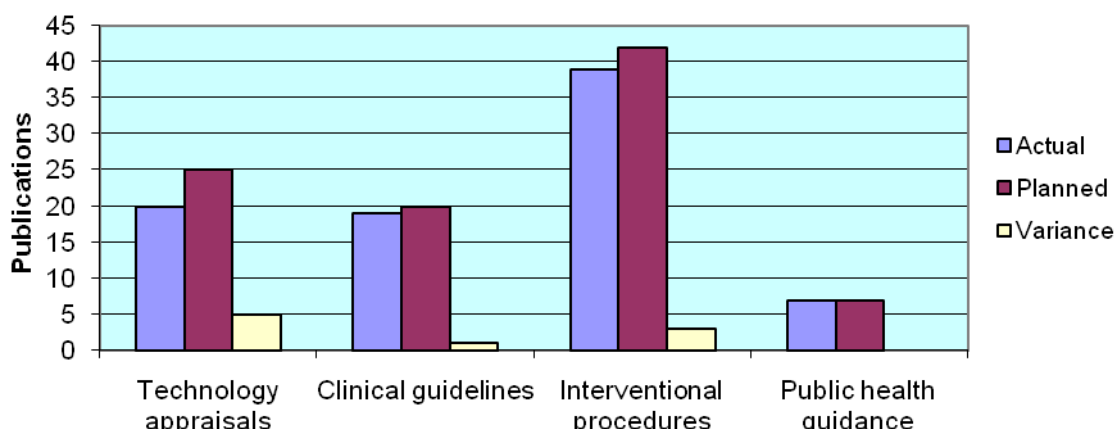
Andrew Dillon
Chief Executive

July 2009

NATIONAL INSTITUTE FOR HEALTH AND CLINICAL EXCELLENCE**SPECIAL HEALTH AUTHORITY****ANNUAL GENERAL MEETING 2009****CHIEF EXECUTIVE'S REPORT****1 Overview**

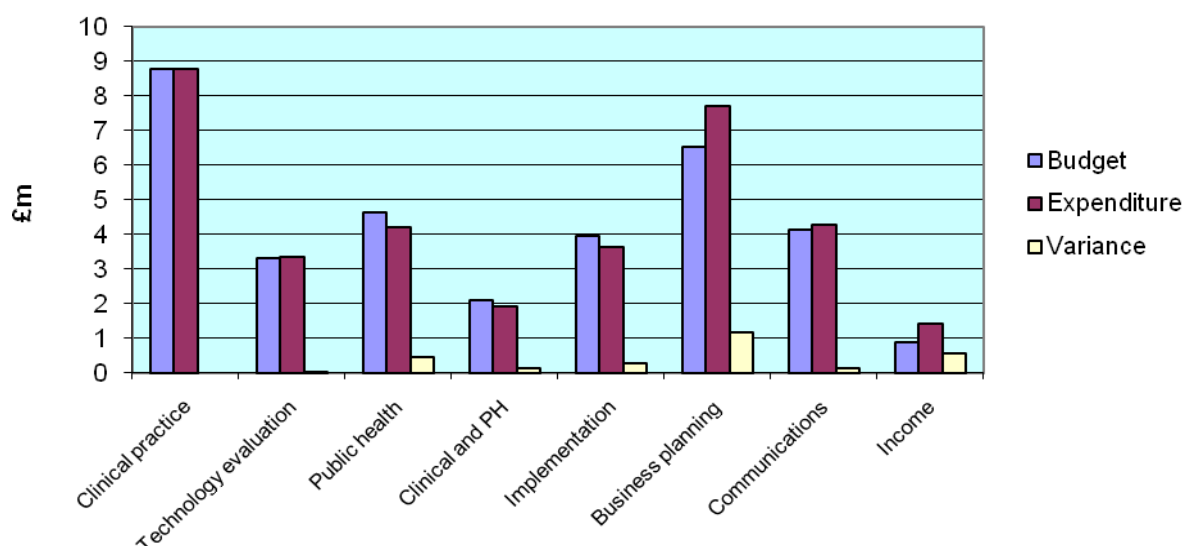
- 1.1 The Institute's Annual Report and Accounts, for 2008/9, are presented to the Board in a separate agenda item at this annual general meeting. Together, they describe the Institute's contribution to improving the quality and consistency of health and health care in the United Kingdom and our stewardship of the resources given to us. Full details of all our publications and the work of the teams at NICE, and examples of how our guidance is being used, are set out in the Annual Report.
- 1.2 This report provides the Board with a narrative on the key objectives set out in the business plan for 2008/9 and provides an opportunity for a more general reflection on the Institute's performance and the lessons it might have for the year ahead.
- 1.3 At each public meeting over the last 12 months, the Board has received a report on the key measures of performance, set out in the business plan, for the publication of guidance, the performance of the supporting directorates and on the management of the budgets. The report made in May set out the position for the full year (2008/9) and showed that against these key measures, we had performed well, delivering against our guidance programme targets publishing the great majority of the planned guidance and operating within our resources. The tables below remind the Board of the outturn position using these key indicators.
- 1.4 Guidance programme activity, measured by the number of publications, is determined both by the efficiency with which the methods and processes for each type of guidance are applied and by external and unpredictable factors, such as the need for additional evidence assessment, delays in product licensing and challenges to final guidance. Although the technology appraisal and interventional procedures programmes show a shortfall against planned activity for the year, the table below shows that we delivered most of what we promised in the business plan.

Programme guidance: 12 months to end March 2009



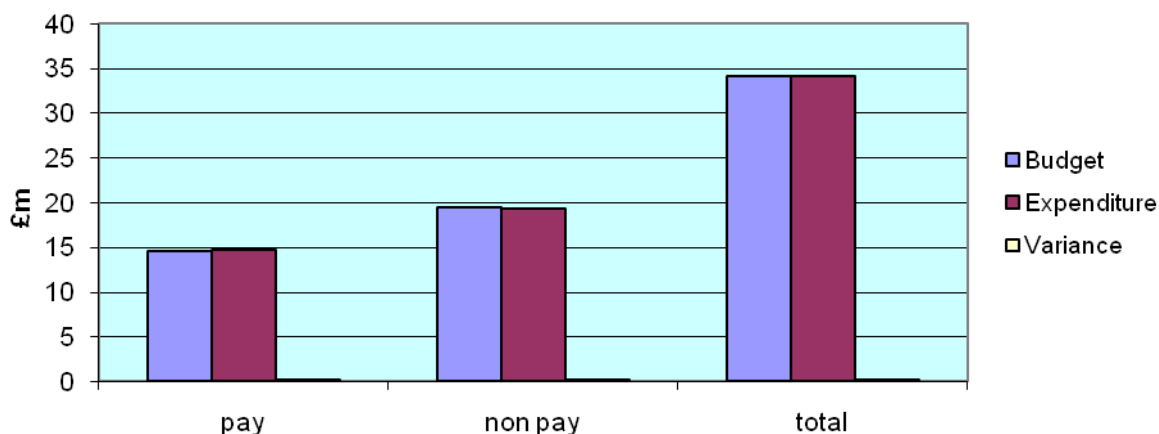
1.5 All the programmes and directorates operated within their budget allocations, with the exception of the corporate budgets controlled within the business planning and resources directorate. The overspending in the central Business Planning and Resources Directorate, of just over £1.17m, results from legal costs arising from the recent judicial reviews, higher than budgeted rent, rates and electricity costs in London and Manchester, and redundancy costs. Temporary staff costs are also reported in this budget, although the largely compensatory savings appear in the other centres and directorates.

Income and expenditure position to end March 2009



1.6 The overall position, set out in the table below, indicates that the Institute lived within the resources available to it, ending the year with an underspend of £20,000.

Summary position to end March 2009



2 Business planning principles

2.1 In developing the business plan, the Board agreed to apply the following principles:

2.1.1 Concentrate resources on the Institute's core activities of developing, disseminating and supporting the implementation of effective practice guidance.

2.1.2 Secure the application of our equalities scheme across all aspects of our work.

2.1.3 Ensure that business systems and structures produce stimulating and rewarding jobs that encourage staff to achieve their full potential.

2.1.4 Plan over three years (2008/9 to 20010/11) to ensure that the full organisational and financial impact of the changes taking place are taken into account.

2.1.5 Retain the management capacity to respond to changes or additions to the Institute's portfolio of programmes.

2.1.6 Seek opportunities to exploit the commercial potential of the Institute and its guidance outside the public sector.

2.2 Most, but particularly the first 4 of these principles have been used to guide our business planning since the early years of the Institute and have acted as important references as our responsibilities and resources have grown.

3 Business plan objectives

- 3.1 The key objectives in the business plan for 2008/09, together with an outturn summary are set out in Appendix A. Detailed reports on these actions were provided in the regular reports received by the Board during the year.
- 3.2 These objectives were agreed with the Department of Health before Lord Darzi's final report was published and therefore do not cover much of the early work, undertaken during the second half of the last financial year, on our current programme of expansion (see paragraph 4.1 below).

4 Additional challenges

- 4.1 The *NHS Next Stage Review*, conducted by Lord Darzi, published in its final form in July 2008, launched a period of unprecedented growth for NICE. As we began to plan for expansion in our current programmes and for our new responsibilities, ensuring the integrity, consistency and quality of our current work programmes became increasingly important. I would like to pay tribute to the Institute's staff – and the Directors and their associate directors in particular, for the way in which they have balanced the attention they have given the job in hand with the demands of scoping and then putting into place our new activities. Appendix B sets out the additional work undertaken on programme expansion and new developments, up to the end of March 2009.
- 4.2 An Office of Life Sciences was announced by the Prime Minister in January 2009. Led by Science and Innovation Minister Lord Drayson its job is to help the life science sector by working across Government to address a range of key issues, including those raised in *the Review and Refresh of Bioscience 2015*, a report by Sir David Cooksey which looked into and made recommendations for supporting the development of the biotechnology industries in the UK. The Office is co-coordinating national policy for a sustainable and integrated life sciences industry and is helping to stimulate investment in the industry. NICE has been the subject of one of the working groups and recommendations, which have now been published, both recognise the value of our work and identify ways in which we can help with this agenda.
- 4.3 Our two fee-for-service consultancy programmes began their substantive operations during the year. Although both featured in the business plan, I mention them here because, in their different ways, they represent a new departure with a degree of unpredictability not normally encountered in our standard guidance programmes. Our policy consulting service, now called NICE International, has stimulated interest around the world, from Asia to South America and we signed our first contracts during the second half of 2008. Although we are still

exploring the full potential of this work, the activity we engaged in during 2008/9 suggests a viable future for this new programme. The Scientific Advice Service began operations in January 2009 and immediately attracted customers from the global pharmaceutical community. Again, the early indications are that we have successfully identified both the product and the market and the prospects for growth look good. The Board will receive progress reports on both services at future meetings.

- 4.4 The Institute's establishment began to grow during the year as we expanded our programmes and began to establish new activities, in accordance with our agreements with the Department of Health. At the beginning of the year, NICE employed around 260 people; by March 2009, this had increased to around 280. Most of these new posts are in Manchester and this is where nearly all of our planned developments will be located. It has proved to be a very successful location, not just because of the intrinsic attractions of Manchester and the north west of England, but because of the pool in that region of able and experienced staff from which we have been able to recruit.

5 Conclusions

- 5.1 Both the original objectives, set in March 2008 and the additional challenges which arose during the course of the year, notably Lord Darz's *Next Stage Review* report, amounted to one of the most challenging years the Institute has experienced. However, I am happy to be able to advise the Board that the objectives set have been largely achieved and the additional, unanticipated activities reported to the Board during the course of the year were handled successfully.
- 5.2 I would like to this opportunity to thank everyone at NICE and all those who work with the Institute in an advisory capacity, for their energy and commitment.

Andrew Dillon
Chief Executive

July 2009

Appendix A Business Plan Objectives 2008/9

Business activity	Action	Outturn
Programme outputs	Publish 5 pieces of public health interventions guidance and 2 pieces of public health programme guidance.	All the public health guidance was published to schedule.
	Publish 7 multiple technology appraisal consultation documents, and 15 single technology appraisal consultation documents.	18 sets of recommendations were published. The shortfall of 5 occurred because 4 products failed to receive a license in time for the appraisals to be completed by the end of the year and 1 product had its license application rejected.
	Publish 42 pieces of Interventional Procedures Guidance.	39 reviews were published, with 3 being delayed as a result of a licensing delay, a delay in the publication of research and the need to re-scope a topic.
	Publish 20 pieces of clinical guidance comprising 17 clinical guidelines (including 3 updates), 1 optimal practice review and 2 short clinical guidelines.	All but 1 of the guidelines were published. The review of the latest update to the <i>type 2 diabetes</i> guideline was delayed as a result of concerns about the robustness of the health economic model.
New initiatives	Implement the phased introduction of holding advisory committees in public	All the Institute's standing advisory committees (technology appraisals, public health interventions, interventional procedures and primary care QOF) meet in

		<p>public, with the opportunity for a section to be held in provide when required. All new standing advisory committees will be similarly opened to the public.</p>
	<p>Take a lead role in the creation of a Centre for Clinical Evidence and explore the possibility of becoming a World Health Organisation (WHO) Collaborating Centre.</p>	<p>NHS Evidence (as the Centre for Clinical Evidence was called) was launched, on schedule and on budget on 30 April 2009.</p> <p>Opportunities for collaboration with the WHO continue to be explored opportunistically but no plan to become a collaborating centre has been pursued, in the absence of compelling case to do so.</p>
<p>Maintaining efficiency</p>	<p>The commissioning of the new collaborating centre arrangements within the Centre for Public Health Excellence will produce efficiency savings, simplify and improve processes and reduce opportunity costs.</p>	<p>2 new collaborating centres were commissioned and were in operation by the end of the financial year. These replaced the dozen contracts with the former Health Development Agency collaborating centres and a large number of single contracts with other individual suppliers. This reduced considerably the opportunity costs borne by CPHE. The overall cost of commissioning was reduced by approximately £200,000. The savings have been reapplied within the programme.</p>

	<p>The reconfiguration of National Collaborating Centres capacity within the Centre for Clinical Practice will improve consistency within the development process, improve quality and enhance flexibility.</p>	<p>A new national collaborating centre, formed from the chronic, primary care, nursing and supportive care and acute care centres, became operational, on schedule, on 1 April 2009. The new centre is called the National Clinical Guidelines Centre for Acute and Chronic Conditions.</p>
	<p>We will improve planning, coordinating and communications activities within, and between, the Institute's offices and will ensure that its internal communications and information systems remain fit for purpose.</p>	<p>A strategy for locating virtually all new developments in the Manchester office, gradually reducing pressure on the London office has provided the opportunity to review the layout of the London to improve the environment and the use of space. Investment in and improvements to the telephone and video links between the 2 offices were made during the year and now operate to a high standard.</p>
	<p>Optimal use will be made of its new facilities in Manchester to maximise organisational savings and efficiencies.</p>	<p>As new developments were located in Manchester, the existing space reached capacity towards the end of year. An additional 20,000 square feet of space was added and became operational in June 2009.</p>
	<p>The organisation will meet all efficiency targets in estates, information technology, human resources and financial areas, in accordance with the requirements of the Arms Length Body Review.</p>	<p>The Arm's Length Body review has now been completed. The Institute has continued to achieve or exceed the efficiency targets in all these areas. This has been achieved by continuing to develop the organisation in Manchester where costs are lower.</p>
	<p>Bring the development of audit criteria in-</p>	<p>There is now a successful programme of</p>

	house to improve quality and maximise efficiency	audit criteria development operating within the Implementation Directorate.
Development	Undertake consultation on the review of the process and methods manuals for the production of public health guidance.	The manual was published as per project plan in April 2009. The process and methods manuals have been completely revised and new sections added to reflect the learning of the first three years of operation of CPHE at NICE. An accompanying peer reviewed paper describing the conceptual framework which on which the new manuals are based was published in <i>Public Health</i> in January 2009.
	Prepare a consultation on the process guides to the single and multiple technology appraisals processes.	The existing guide was reviewed and proposed changes were the subject of consultation. The publication of the revised guide has been delayed to late 2009 to accommodate changes associated with the revision of the Pharmaceutical Price Regulation Scheme, in 2008 and the Office of Life Sciences initiative, in 2009.
	Complete a review of clinical guidelines development methods, including public consultation and publish a revised manual in October 2008.	A revised manual was published ,following consultation, in January 2009.
	Consult on and publish an updated interventional procedures process guide.	Following public consultation, the new Interventional Procedures Programme Process Guide was published in January

		<p>2009. This guide was a revision/update to the IP Programme Manual originally published in 2004.</p>
	<p>Further develop clinical and cost effectiveness methodology for considering diagnostic studies.</p>	<p>This work is being taken forward in the context of the new programme for evaluating diagnostics, which is currently in development.</p>
	<p>Engage effectively with the new governance arrangements for research funding</p>	<p>NICE has been working with the MRC to identify its research priorities and a Scoping Study was commissioned by the MRC to identify more precisely NICE's methodological research needs. The methodological topics identified by the scoping study have been considered by the MRC-NIHR Methodology Research Programme (MRP) Panel and a £2million call has been announced . The call reflects the breadth of issues and methodological research questions that have been highlighted within the Scoping study. There are many areas of methodological research but they can be grouped into following high level areas:</p> <ol style="list-style-type: none"> 1. Analysis and design of effectiveness studies and their synthesis 2. Synthesis of evidence from patients, the public and stakeholders

		<p>3. Economic analysis and uncertainty</p> <p>4. Measurement and valuation of benefits</p>
Enhance implementation	Issue tailored implementation support packages such as commissioning guides, audit tools, costing templates, slide sets and implementation advice to support guidance publication.	Achieved with some minor publication delays.
	Take forward work to embed NICE guidance into the broad educational framework and relevant curricula through the development of educational material for use, initially, by medical schools	An education strategy was developed and approved by the Board in January 2008. It's purpose is to support health professionals in enhancing their knowledge of NICE guidance and applying it in their day to day practice.
	Evaluate the uptake of guidance and barriers to implementation to inform and develop further the implementation strategy	The uptake of NICE guidance continues to be monitored on an ongoing basis, and all data are openly available on the nICE website.
	Contribute to effective dissemination of NICE guidance by making appropriate use of advances in information technology;	NICE technology appraisal guidance have been converted into a flexible electronic format, that can be readily searched and retrieved.
Partnership Working	Work in partnership with a range of organisations, including the Healthcare Commission, the Social Care Institute for Excellence, the NHS Institute for Innovation and Improvement, the Audit Commission, Connecting for Health, clinical and public health professionals in the NHS and local government and patient and public	These partnerships continue to be of central importance to NICE. The formation of the Care Quality Commission, which began operation in shadow form in the autumn of 2008 is a case in point. We engaged extensively with the Chair and Chief Executive of the new organisation to help form their approach to taking account of

	<p>stakeholder groups, to facilitate the implementation of our guidance;</p>	<p>NICE guidance in their new functions. Another example is the links we have built with Connecting for Health as we developed NHS Evidence, which also benefited, in its initial phase of planning, from a constructive relationship with the Institute for Innovation and Improvement.</p>
	<p>Keep under review how it identifies and engages with stakeholders across all its work programmes to ensure that their needs are effectively addressed and taking into account relevant actions identified in the Institute's Equalities Strategy;</p>	<p>Each of the Institute's programmes automatically 'scans' our stakeholder community to identify partners with an interest in individual guidance projects and where we are consulting on new developments, or changes to their approach to their work. This is done in conjunction with our Patient and Public Involvement Unit which advise teams in side NICE on their approach to engagement with stakeholders and supports organisations and individuals who work with us.</p>
	<p>Develop further and support opportunities for patient and carer, as well as public, involvement across the three guidance-producing Centres, the topic selection programme and the Implementation Directorate through the work of the Patient and Public Involvement Programme</p>	<p>The Board received reports through the year from the Patient and Public Involvement Unit on its work with the guidance-producing centres, supporting their engagement with stakeholders. An example; last year the Programme:</p> <ul style="list-style-type: none"> • Produced role descriptions and recruited lay members to 17 guideline development groups , 5 programme development groups , Technology Appraisals Committee D (3

		<p>members), the Primary Care Quality and Outcomes Framework Indicator Advisory Committee (3 members) and the Public Health Interventions Advisory Committee (one new member).</p> <ul style="list-style-type: none"> • Worked with patient organisations to identify patient and carer experts for all appraisal topics • Organised the inaugural meeting of the NICE equalities forum, attended by people from 18 equalities groups <p>carried out a survey of patient experts who attended NICE appraisal committee meetings and a survey of patient and carer members of guideline development groups.</p>
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Appendix B New developments initiated during 2008/9

Project	Deliverable	Lead Director	Status at 31 March 2009
Creation of NHS Evidence	<p>A web portal, for NHS and social care decision-makers, and the public, providing access to quality assured evidence and decision-support tools.</p> <p>A formal accreditation scheme for producers of clinical guidelines and recommendations for practice</p>	Gill Leng	Ready for launch on 30 April 2009
Primary care contract Quality and Outcomes Framework	Clinically and cost effective indicators available to NHS and BMA negotiators.	Val Moore	Methods and processes developed, costed and signed off. Consultation on general changes to the QOF process complete. Recruitment of advisory committee and supporting staff underway.
Topic selection process re-engineering and creation of the Horizon Scanning database	<p>A more rapid and efficient topic selection process, identifying topics earlier, especially for the technology appraisal programme.</p> <p>An operational pharmaceutical horizon scanning database</p>	Val Moore	<p>Selection process redesign and selection criteria out to public consultation.</p> <p>Discussion underway with Department of Health and other stakeholders on</p>

			the design and operation of the database.
Improving the timeliness of technology appraisals and meeting the needs of the revised PPRS	Topic selection process speeded up and additional capacity in place to enable technology appraisals normally published within 6 months of the product becoming available for use in the NHS. PPRS scheme functionality supported.	Carole Longson	Additional staffing capacity in the process of being put into place, alongside the recruitment of a 4 th Appraisal Committee. Consultation on changes to the appraisal process, to accommodate PPRS changes underway.
Creation of a patient access scheme unit	Advice to Ministers on the suitability of patient access schemes for the NHS	Carole Longson	Planning underway on design and operation of the new service.
Common evaluation pathway for devices and diagnostics	Single referral process through multiple evaluation pathways, producing national advice on high impact products	Carole Longson	Planning underway on design and operation of the new service. NICE given responsibility for the joint Industry/NICE/DH project board.
New diagnostics programme	Stream of technology appraisals (around 10 per annum) on new clinical diagnostics	Carole Longson	Planning underway on design and operation of the new programme.
Expansion of the clinical guidelines programme	Increased annual publication rate, more efficient updating process and updated product range	Fergus Macbeth	Initial planning underway.
Expansion of the public health programme	Increase in annual publication rate and more co-produced public health/clinical practice guidance	Mike Kelly	Initial planning underway.

NHS Standards	A set of standards, based on best available evidence, made available to patients and to NHS professionals.	Val Moore	Significant progress made on the content and format of standards. Discussions underway with Royal Colleges and other stakeholders. First meeting of the National Quality Board, which will identify standards topics, held on 30 March.
Education programmes	An increased number of on line education programmes published each year.	Val Moore	Initial planning underway.
Investment in implementation support	Implementation support materials output increased to in line with additional guidance output.	Val Moore	Planning to enhance capacity complete.
Investment in communications and other corporate infrastructure	Investment in the corporate infrastructure increased to support programme expansion	Ben Bennett, Jane Gizbert and Peter Littlejohns	Planning to enhance capacity complete.
Additional accommodation	Additional space added to the Manchester office to accommodate additional staff associated with programme expansion	Ben Bennett	Additional space acquired and in the process of being prepared for occupation.
NICE Fellows programme	A gradually expanding community of clinicians able to dedicate time to working with and on behalf of NICE to help improve the quality and consistency of care, both locally and nationally	Peter Littlejohns	Initial planning underway.