EXPLANATORY MEMORANDUM TO

THE NATIONAL BLOOD AUTHORITY AND UNITED KINGDOM TRANSPLANT (ABOLITION) ORDER 2005 No.2532

THE NHS BLOOD AND TRANSPLANT (GWAED A THRAWSBLANIADAU'R GIG) (ESTABLISHMENT AND CONSTITUTION) ORDER 2005 No.2529

THE NHS BLOOD AND TRANSPLANT (GWAED A THRAWSBLANIADAU'R GIG) REGULATIONS 2005 No.2531

1. This explanatory memorandum has been prepared by the Department of Health and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 As part of the Review of Arms Length Bodies, the Abolition Order abolishes two Special Health Authorities - the National Blood Authority and United Kingdom Transplant- and provides for the transfer of the rights, liabilities property and staff of the two Special Health Authorities to the new Special Health Authority to be known as NHS Blood and Transplant.

2.2 The Establishment and Constitution Order establishes a new Special Health Authority to be known as NHS Blood and Transplant and provides for its constitution and functions.

2.3 The Regulations provide for the membership and procedures of NHS Blood and Transplant.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 The powers being exercised are those required to abolish existing Special Health Authorities and to set up a new Special Health Authority and make provisions relating to that Authority and exercise regulation making powers in respect of the new Authority including:

4.2 In respect of the **Abolition Order**:

- provisions relating to the enforceability and transfer of the rights liabilities property and officer of the two Special Health Authorities to be abolished by the Order

- provisions for the continuity in the exercise of functions and the winding up of the affairs of the two Authorities.

4.3 In respect of the **Establishment Order** :

- identifying the functions of the new Authority
- the constitution of the new Authority
- clarify the remuneration of members
- arrangements for the exercise of functions including public meetings and Reports

4.4 In respect of the **Regulations:**

- provisions relating to the appointment of members and officers and the procedure and rules of the new Authority.

4.5 **Background to the Arms Length Body Review**

4.6 NHS Blood and Transplant will come into operation on 1 October 2005 as part of the Arms Length Body Review to support the donation and safe use of human tissues. This new authority will replace the National Blood Authority and UK Transplant.

4.7 On 30 October 2003, the then Secretary of State, John Reid, announced his intention to carry out a review of the Department of Health's arm's length bodies (ALBs) at the Health Select Committee. He announced overall parameters for the review on 20 May 2004 of :

- a 50 per cent reduction in the number of arm's length bodies
- savings in expenditure of £0.5bn
- a reduction in posts of 25 per cent

4.8 On 22 July 2004 the report *Reconfiguring the Department of Health's Arm's Length Bodies* was published which sets out the Government's conclusions based on the analysis of the review and the input of the ALBs. The main findings of this are summarised in the facts and statistics section. The Implementation Framework document, published on 30 November 2004, sets out the principles, processes and timescales by which we will implement the ALB change programme.

4.9 The review and rationalisation of the ALBs is the first phase of a programme to overhaul the way the Department of Health works with all the stakeholders in the health and social care system. Stakeholder bodies and some of the formally-sponsored arm's length organisations in particular will have an increasingly significant role in protecting health and regulating healthcare in this country, and ministers want to ensure that these roles reflect current expectations while at the same time reducing the burden of oversight and bureaucracy on front-line services in health and social care. The department's review of its ALBs is intended to lead to a rationalisation of their numbers and remits in order to deliver:

- appropriate impact for minimal burden

- public sector efficiency and minimisation of the bureaucratic overhead
- devolution
- closer working between health and social care
- re-location

5. Extent

5.1 This Instrument applies to England and Wales.

6. European Convention on Human Rights

6.1 Not applicable

7. Policy background

7.1 NHS Blood and Transplant will come into operation on 1 October 2005 as part of the Arms Length Body Review to support the donation and safe use of human tissues. This new authority will replace the National Blood Authority and UK Transplant.

7.2 The objective of the merger is to increase the supply of donated blood, organs and tissues and raise the quality, effectiveness and efficiency of blood and transplant services**.**

7.3 The ALB programme is part of a wider programme of change to improve efficiency and cut bureaucracy in the management of the NHS. The objective of all these activities is to reduce the burden on the frontline and free-up more resources for the delivery of frontline services to patients and users.

7.4 Consultation

7.5 The Department of Health has worked closely with stakeholders, including representatives in Scotland, Wales and NI and the National Blood Authority and UK Transplant since the announcement of the review of the ALB structure.

7.6 UK Transplant and the National Blood Authority have established an External Transitional Advisory Group to inform and consult upon the merged organisation. The group involves over 20 representatives from professional and advisory groups within the UK who have an interest in the current and future blood and transplantation agenda.'

7.7 The first meeting of the NHS Blood and Transplant (NHSBT) External Transitional Advisory Group was held on 27th July 2005 and attended by over 20 representatives from professional and advisory groups within the UK who have an interest in the current and future blood and transplantation agenda.

7.8 Department of Health Sponsor Professor Lindsey Davies together with Bill Fullagar NHSBT designate Chair and Martin Gorham NHSBT designate Chief Executive provided an overview of the Arm's Length Body Review and the implications for NHSBT. The financial and resource challenges that lay ahead were openly discussed. It was emphasised that, whilst it must have a proper concern for the cost-effectiveness of all its activities, NHSBT would place high priority on improving customer and partner relationships, and maintaining and building upon the recognised quality of the current services.

8. Impact

8.1 The ALB change programme itself will deliver a redistribution to the frontline of at least £0.5 billion a year by the end of 2007/8. The impact on the ALB sector was set out initially by John Reid in October 2003 and discussed with stakeholders to June 2004. The number of bodies will be reduced to 20 from the base year of 2003/4, despite the sector assuming new functions under statutes approved by Parliament. This will inevitably mean significant changes in the organisation, staffing, financing and governance of the ALB sector.

8.2 The review of the ALB sector aims to minimise and modernise bureaucratic overheads and to improve efficiency. Both existing and new ALBs will be expected to be efficient and cost effective and to make their fair contribution to overall savings by reviewing back office services and by carrying out activities more efficiently without jeopardising frontline services.

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