NHS
Wolverhampton
Clinical Commissioning Group

WOLVERHAMPTON CLINICAL COMMISSIONING GROUP

Finance and Performance Committee

Minutes of the meeting held on 23rd February 2016
Science Park, Wolverhampton

Present:

Dr D Bush	Governing Body Finance and Performance Lead (Chair)
Mr J Oatridge	Independent Committee Member
Mrs C Skidmore	Chief Finance and Operating Officer
Mr S Marshall	Director of Strategy and Transformation
Mr M Hastings	Associate Director of Operations

In regular attendance:

Mrs L Sawrey	Deputy Chief Finance Officer
Mr G Bahia	Business and Operations Manager
Mr V Middlemiss	Head of Contracting and Procurement (part meeting)
Mrs H Pidoux	Administrative Officer

1. Apologies

Apologies were received from Mr Marshall and Mr Mincher

2. Declarations of Interest

FP.16.14 There were no declarations of interest.

3. Minutes of the last meeting held on 26th January 2016

FP.16.15 The minutes of the last meeting were agreed as a correct record with the caveat that the following amendments are made:

- Item FP.16.08 – External Placements Panel (Children) update – the sentence ‘Mr Oatridge commented that whilst the previous report to the Committee gave clinical and quality assurance this report was relating to finance’ to be changed to ‘Mr Oatridge commented that whilst the previous report to the Committee gave clinical and quality assurance this report was relating to finance and did not go as far as providing financial assurance’.
- FP.16.10 – title of Public Health work to be change to Immigration Population Project.

4. Resolution Log

FP.16.16 There were no open actions at this time.

5. Matters Arising from the minutes of the meeting held on 26th January 2016

FP.16.17 There were no matters arising from the minutes of this meeting.

6. Finance Report

FP.16.18 Mrs Sawrey informed the Committee that at Month 10 there were no major changes in the position to be reported. The following key points were highlighted:

- During January the CCG agreed with NHS England (NHSE) that it would extend its year end surplus by £1m. This has been reflected in reporting and the revised surplus is £6.905m.
- The forecast overspend on the Healthcare contracts portfolio has reduced as a result of a reduction to the RWT forecast outturn and a favourable resolution to queries with Heart of England Foundation Trust. A repayment will also be received from Nuffield following the identification of coding issues.
- QIPP forecast outturn delivery has increased slightly from last month as a result of validation of activity levels.
- A full review of the Better Care Fund (BCF) risk has been undertaken, including the CCG's share of risk on Local Authority (LA) Budgets. The forecast outturn net risk for the CCG has increased significantly, however, the proportion of risk has reduced for the CCG due to the nature of the increased spend and risk share arrangements. The main drivers for the increase has been the LA spend in Adult Nursing Residential placements. The CCG has challenged the LA through the BCF Finance and Information Group. The LA have confirmed this is the worst case scenario and do not expect any further deterioration in the remaining months.

Dr Bush asked for clarification regarding the over performance of Dermatology - Out Patient Procedure which continues although a community dermatology service has been commissioned. It was clarified that the modelling for 15/16 was based on figures from RWT and it appears that too much was taken out of the plan. This has been rectified for 16/17.

Dr Bush raised a concern relating to the reducing numbers of Continuing Health Care patients and whether this is causing suffering for patients. It was reported that the Team responsible for this were adhering to the policy and that the protocol in place should protect patients who need the care. Dr Bush stated that there were concerns relating to the criteria and how these are interpreted. Whilst the reduction of patients is financially beneficial there are clinical concerns. Assurance was given that it is anticipated that the patient numbers have plateaud to a normalised level. It was also noted that if a patient's health changes they can be reassessed.

Resolved: The Committee;

- noted the contents of the report.

6. QIPP Report

FP. 16.19 Mrs Sawrey presented the QIPP report. The annual QIPP plan is £11.8m. The QIPP Forecast Delivery at Month10 is reported at £8.2m against the target of £9.1m.

It was reported that the focus is now on 16/17 projects.

Resolved: The Committee;

- Noted the contents of the report and the current position.

7. Monthly Contract/Performance Report

FP.16.20 **Contract and Procurement**

Mr Middlemiss provided the Committee with a summary of the current procurement register. There are currently 6 procurements at various stages of the process; Step Down/CHS Framework, MSK, Translation Services, AQP Audiology, Non-Emergency Patient Transport and Independent living equipment services.

Mr Middlemiss reported that along with Mr Hastings he has met with the Arden and Gem CSU Manager responsible for procurement to discuss mitigation of the risk during the transition period during the change of CSUs. Assurance has been taken from this meeting.

Mr Oatridge asked that the procurement schedule be amended to also show when the contract is due to be awarded.

Resolved: The Committee

- noted the contents of the report
- procurement schedule to be amended to show when the contract is due to be awarded.

FP.16.21 **Performance**

Mr Bahia reported that at Month 9, of the indicators, 63 are green and 40 are red. There are in total 122 indicators, 19 of which are for information only. The following key points from the report were highlighted;

- A&E 4 hour waits – RWT have failed to achieved target for the month. The CCG have agreed a Remedial Action Plan(RAP) with the Trust focussing on the key drivers for failing to achieve targets, e.g. high levels of staff sickness, bed availability, patient flow, delays in patients having first assessment, patients and ambulances arriving in batches, process issues. Several actions have been identified to resolved issues. RWT has submitted a recovery trajectory for January, February and March, however as the target

has not been met in January the CCG will withhold 2% in line with the contract.

The System Resilience Group has supported plans for a GP in the Emergency Department, to Extend HALO and seek to bring forward the start date for phase 1 of the Urgent Care Centre (UCC).

The Trust has requested, through the RAP, to change to the trajectory figure, however, the CCG have not supported this request.

- Referral to Treatment 18 Weeks (RTT) – the target is being achieved; however, this is close to the threshold. Concerns remain in areas as previously reported General Surgery, T&O and Urology. NHSE funding has been received by the Trust to carry out validation work around waiting lists. A plan has been submitted by the Trust as to how they will meet number. It was noted that the CCG has offered the Trust £400k to support in reducing waiting lists, however, an activity plan has not been received from them.
- Cancer Waits – in December standards were hit as patient numbers were slightly lower. The same issues are affecting performance as previously reported. Recent figures received indicate that performance has decreased in January and the Trust has failed to meet the threshold once more.
- C. Diff – the Trust is performing below threshold. Work is onging to eradicate Avoidable cases and a full investigation is underway.
- Ambulance Handover breaches – these have increased. Discussions have taken place with WMAS. The issues are due to the high volume of activity.
- Delayed Transfer of Care (DTOC) - the target has been achieved. Tripartite work with PricewaterhouseCooper continues and support work has commenced.
- Mental Health IAPT – all access targets are being achieved with patients actively being moved to recovery. Year to date threshold is still below target.

Resolved: The Committee;

- Noted the contents of the report.

Mr Middlemiss left the meeting.

8. 16/17 Financial Plan and Budget

FP.16.22 Mrs Sawrey presented to the Committee the draft financial plan for 2016/17, noting adherence to the 16/17 planning rules and flagging risks to the financial position.

It was reported that in December 2015 NHSE confirmed that it has set firm three year allocations for CCGs. Followed by two indicative years. NHSE also confirmed that CCG admin allowances (Running Costs) will remain flat until 2020/21. The CCG has now received recurrent allocations.

The Committee was reminded that a paper was presented to the last meeting setting out the planning process and this was reiterated.

It was highlighted that growth modelledhas been based on demographic (ONS) projections provided by Public Health and non ONS projects derived from trend analysis and local knowledge. CHC spend for 16/17 has risen recognising the impact of the living wage and pension increases and also more patients with higher cost packages.

When the Long Term Financial Model (LTFM) was being developed a draft National Tariff had been published which includes the efficiency and inflation assumptions issued. The CCG has applied such percentages to tariff based/healthcare contracts. For other budgets the CCG has modelled inflation and efficiency based on trends and local knowledge.

The planning guidance sets out specific business rules which will need to be met as follows;

- Commissioners must plan for a cumulative reserve (surplus) of 1%
- Commissioners must plan to draw down all cumulative surpluses above 1% in the next 3 years
- Commissioners must set aside 1% of their allocation for non-recurrent expenditure and this should be uncommitted at the start of the year
- Commissioners must set aside an additional 0.5% as contingency
- Better Care Fund plans for 2016/17 must explicitly support reductions in unplanned admissions and delayed transfers of care
- Maintain the parity of Esteem for Mental Health Services by ensuring growth in spend is at least the same as overall allocation increase (3.56% for the CCG).

Within the plan for 16/17 the CCG is planning to draw down £800k of its cumulative surplus, as the first tranche for reducing its non-recurrent surplus to 1%. The CCG is planning to draw down the cumulative surplus to a residual level of 1% as per the planning guidance.

The Long Term Financial Model involves calculating budgets and comparing this against allocation. In order to submit a balanced plan in February the model included a QIPP programme of £11.9m, 3.4% of allocation. This is a stretching target when considering the achievement of QIPP in 15/16 included more readily available savings. The current QIPP position is;

- £5.8m of schemes well progressed in development and will deliver
- £2.3m of schemes either at outline stage or subject to contract negotiations
- £3.0m of schemes which are being worked up
- £800k without schemes identified

Budget Holders have been fully engaged in setting budgets, confirming their establishment and non-pay requirements.

It was noted that following an exercise undertaken as part of the strategic alignment of roles and, as a result more focus on co-commissioning, further changes to the staffing structure have been agreed at executive level. Running cost budgets therefore reflect the CCG requirements for 2016/17. Programme budgets have been calculated based on the planning assumptions and known changes.

The CCG has identified risks included within the 2016/17 budgets which total £5.5m. After risk adjusting for likelihood of occurrence the risk reduces to £3.75m. The key areas of concern are:

- £1.5m related to two issues being (i) the non-publication of the final National Tariff (due March16) which could increase costs over and above planned figures and (ii) the risk of over performance against contracts during the financial year.
- £500k associated with further slippage in the QIPP delivery as contract negotiations have not yet concluded.
- £1.5m associated with BCF where many schemes are transformational in nature and it is prudent to reflect a possible slower than anticipated change in practices.
- £250k associated with service transfers from Specialised Services in terms of tariff changes and volumes of patients. This relates to the Morbid Obesity transfer due in 2016/17.

Whilst the CCG financial plan for 2016/17 meets all the planning requirements and can withstand the mitigation of a certain level of risk there are still a number of variables that, without their resolution, place undue additional risk on the position that may make it undeliverable. In summary these are:

- National Tariff has yet to be finalised (Potential additional cost pressure beyond current estimates is unknown)
- Contract negotiation with main acute and Mental Health providers (RWT and BCPFT) are not yet complete (final contract figures cannot be tested against the LTFM)

- Scale of the QIPP target given that an element is yet to be attributed to specific schemes
- Planning assumption that £800k drawdown will be made available to the CCG in 2016/17. (If not awarded the CCG is limited in its ability to pump prime the Primary Care Strategy).

Mrs Skidmore reminded the Committee that at this time she would normally be asking the Committee to consider recommending to the Governing Body to sign off financial plans and the CCG budget for the following year. However, at this stage there are too many variables and risks in the plan for her to be able to recommend to the Committee to do this.

Resolved – The Committee,

- noted the content of the report
- noted the budgets and the associated risks
- recommends to the Governing Body that it should note the financial plan as presented but also the risks still to be resolved. Hence it should not sign off the finance plan and budgets until the risks have been addressed.
- a further update will be brought to the March meeting with a view to recommending sign off at the April Governing Body meeting.

9. 16/17 QIPP Plans

FP.16.23 Mrs Sawrey reported that since the report presented was written the unallocated QIPP has been identified as £800k. Further detail is contained in the budget report discussed earlier in the meeting.

Mrs Sawrey reminded the Committee that there are two categories for QIPP Schemes, either Transactional (pricing, contractual or technical changes) or Transformational (service redesign, pathway changes etc.).

It was highlighted that each QIPP scheme has been RAG rated based on the NHSE scale and a table of the schemes was included in the report.

Resolved – The Committee;

- Noted the contents of the report and the ongoing work of the CCG to address the 'QIPP gap'.

10. 16/17 National Tariff Payment System

FP.16.24 The HFMA – 16/17 National Tariff Payment System document was circulated for information.

11. Any other business

FP.16.25 There were no items raised under any other business.

12. Date and time of next meeting

FP.16.26 Tuesday 29th March 2016 at 2.00pm, CCG Main Meeting Room

Signed:

Dated: