Finance and Performance Committee Report – September and October 2017

The Finance and Performance (F&P) Committee has met twice since the last Governing Body meeting and met on Tuesday 26th September and Tuesday 24th October. This report summarises the wide raging and detailed discussions that took place and in particular the decisions taken on the various investment proposals presented.

Escalations

No items were escalated at either committee meeting.

Investment Proposals

September

Better Care Fund (BCF) Budget and BCF plan – 2017/18: The committee **noted and endorsed** the Three Borough Integration and Better Care Fund Plan 2017-19.

IAPT Wave 2 Long-term Conditions Funding: The committee **noted** the decision taken by the Chief Officer to fund the IAPT Wave 2 Long Term Conditions bid, which will create a cost pressure for the CCG of £119,556 in 2018/19.

October

Primary Care Investment 2017/18: The committee **recommended for approval** the Primary Care Investment Business Case for 2017/18 for Chair's action to be taken in advance of the Governing Body, which equates to £1.3 million recurrent monies to be used non-recurrently, subject to further discussion at the 16th November collaborative Joint Finance Working Group.

Finance and Activity update

Month 5, Finance Report (September 2017)

At month 5, the CCG continued to report on plan both year-to-date (YTD) and against the forecast outturn; however, the net risk position remained a concern, as the most likely case was a CCG deficit and net risk of £3.6m, a reduction on the net risk of £4.3m reported in the previous month. Based on the risk adjusted forecast outturn position, urgent action was required to enable the CCG to achieve the control total. The CCG would need to review the risks and opportunities to recover the position. The committee noted that a management team discussion would take place to review the financial position; the investments decisions made to date and governance process undertaken, prior to holding a Governing Body seminar discussion in October to assess the opportunities and to reduce discretionary spend where possible.

Month 6, Finance Report 2017/18 (October 2017)

At month 6, the CCG continues to report on plan in both year to date and forecast outturn, however, this relies on a significant level of back-ended QIPP being delivered later in the year, and the release of non-recurrent balance sheet gains. Consequently, the risk and opportunities are assessed to be a net risk. At month 6, the CCG shows a net risk of £1.24m, a reduction on the £3.6m reported the previous month. The improvements of £1.6m were largely due to improvements in the position for the acute forecast and additional work undertaken to give a more robust assessment of the balance sheet position. The committee noted that the financial position would continue to be challenging in 2018/19. The committee noted that assessment of winter pressures impact on the financial position needed to be undertaken.

The back ended QIPP was included in the forecast and the level of risk associated with its delivery, with prescribing and generic drug costs causing pressure on the system with further work required on the balance sheet to improve the forecast. There was a net risk of £13m for CWHHE CCGs and £23m across NWL CCGs in order to achieve the control totals in 2017/18, but the net risk for CHHWE CCGs had reduced by 24.5% from £17.52m to £13.2m between M5 and M6. The committee noted the potential for starting the 2018/19 financial with a deficit position and the likely QIPP ask of between £10 - £12m. The CWHHE Finance Team had devised a process and list of actions for CCGs to take forward over the next few weeks to improve the financial control in the second half of the 2017/18 financial year, and report back on the bottom line. The committee **noted** the month 5 and 6 finance and activity reports and actions outlined by the Chief Financial Officer to improve the financial control position in the second half of 2017/18.

Imperial Contract Performance and Trend Analysis

Month 4, 2017/18 (September 2017)
The committee noted that year to date (YTD) there were unmitigated/mitigated variances of £2.38m/£2.03m respectively and an in-month adverse movement of £703k, which represented a £0.2m deterioration on trend. QIPP delivery was behind target with £1.96m deducted YTD. If QIPP were removed from the plan the adverse variance would reduce to £74k. The YTD adverse mitigated variance included some favourable variances against critical care of £356k, high cost drugs and devices of £93k and maternity of £65k, but these could not be relied upon going forward. The contracting team are now approaching next year's planning round and would need to close down those areas being tested and discuss the reported outturn.

Month 5, 2017/18 (October 2017)
Year to date (YTD) there was a unmitigated/mitigated variance of (£2.48m)/(£1.69m). There was a favourable movement of £852k in August with £200k of this relating to outpatients and £180k relating to critical care. A significant part of the in-month movement was a reflection of the NEL coding challenge and was included in the actual position instead of risks and opportunities. QIPP of £2.45m was deduced from the YTD position with QIPP delivery behind target and unidentified QIPP a significant factor in the forecast overspend. The removal of QIPP from the plan would show a favourable variance of £762k against areas such as Critical Care, Drugs and Maternity. However, this cannot be relied upon going forward. Members noted a forecast overspend of £5m, which was considered prudent with an additional £800k added to the position and includes benefits from RTT and back-ended QIPP and the potential benefits from critical care. The month 6 position based on unvalidated figures shows an improved position of £317k for September. The committee **noted** the month 4 and 5 Imperial reports.

QIPP

September 2017
The committee noted that YTD net savings of £3,181k were delivered which shows an adverse variance of 34% and a gap of £1,270k. The forecast was to deliver net savings of £12,180k against the QIPP plan of £19,428k, a gap of £7,249k (63% delivery) taking into account new schemes identified with an in-year benefit of £783k. The overall financial position of the CCG, which was impacted by a gap against the QIPP plan, was mitigated by the release of balance sheet items and contingencies on a non-recurrent basis. The committee noted that in terms of service outcomes it included a mixture of qualitative and quantitative KPI's with a reduction in avoided admissions one of the KPI's with validation and clarity on numbers to assist with next year's re-procurement. The committee **noted** the month 5 QIPP performance report plus QIPP Delivery Group minutes and actions

CWHHE Workforce Report (July 2017)
The committee **noted** the CWHHE Workforce Report which came to the committee for information.

Strategy and Transformation (S&T)

2017/18 month 5 Budget update (September 2017)

The committee noted that the 1% contribution across NWL CCGs was approved with the exception of Harrow CCG. Details of the provider support element of the S&T overall budget was detailed in the proposal paper, with S&T successful in securing external funding for the Diabetes Transformation Programme, Early Adopters Programme, Mental Health IAPT and the NWL Radiology Reporting Network. The committee noted that the S&T overall budget of £25.2m covered the operational aspect, provider support, contingency and primary care smoothing and would need to operate within this budget. S&T were also focusing on the impact of changes for the 2018/19 plans with greater focus on the bigger areas with less QIPP schemes. The committee were assured that the SOC1 costs would transpire with S&T in the process of working out the costs per site. The committee **noted** the month 5 S&T budget update

Corporate Risk Register - Finance risks (September 2017): The committee noted that H&F CCG had a consistent robust process in place to review the CCG risks; with all risks scored 8 and above on local risk registers escalated up to the Corporate Risk Register (CRR). The committee noted the sixth iteration of the CCGs local Corporate Risk Register and process in place to review the CCG risks; with all risks scored 8 and above on local risk registers escalated up to the Corporate Risk Register (CRR). In particular it noted the CCGs Financial Risks and the additional work required at local level to provide the committee with a greater level of assurance.