Hammersmith and Fulham
Clinical Commissioning Group

Item 13 (iv)

Finance and Performance Committee Report – January 2018

1. Introduction

The Finance and Performance (F&P) Committee met twice since the last Governing Body meeting, on Tuesday 27th November and on Tuesday 18th December 2018.

This report summarises the wide raging and detailed discussions that took place, and includes the decisions taken on the investment proposals presented.

2. Escalations

No items required escalation at either committee meeting.

3. Items discussed in November and December

3.1 Investment Proposals

Health Help Now App: The committee:

- **Noted** the decision taken by Janet Cree, Managing Director, at the Operational Group to **approve** CCG funding towards maintenance costs of £4,000 per annum from 20/21 onwards; with a six-month clause built in to allow the CCG to pull out of the contractual arrangements, once an alternative App becomes available. The planned go live date for the App was January 2019, with a review planned six-months prior to the CCG paying towards the maintenance costs.

AQP Audiology:

- **Noted** the procurement evaluation process followed to extend the current AQP audiology contracts and to add an additional provider on behalf of the CWHHE CCGs.
- **Recommended** that Chairs Action be taken to endorse Hearbase as a new provider of AQP audiology services in CWHHE as they have met the required standard.
- **Noted** that the F&P Chair would write to the H&F CCG Vice Chairs, and to Jane Wilmot, Lay member, in the absence of the Chair (on behalf of the five CWHHE CCGs) to set out the discussion had at the meeting and the decision required by the Vice Chairs and Jane Wilmot, Lay member, to endorse Hearbase as a new provider of AQP audiology services in CWHHE, prior to ratification at January's governing body

3.2 Finance and Activity update

<u>HFCCG Month 7, Finance Report (November 2018)</u>
Year to date (YTD) at M7, H&F CCG was reporting a deficit of £2.3m and £0.5m worse than plan, with small movements in mental health of £400k in the second half of the year. The forecast outturn position was on plan, but showed an in-year deficit of £3.5m, offset by an in year drawdown of £3.9m with a £0.4m surplus.

All £4.6m of reserves have been fully utilised to offset CCG financial pressures, mainly related to QIPP non-delivery, with no additional NWL support in the forecast outturn or in risks and opportunities from M7 onwards.

The underlying position of the CCG showed a deficit ranging from c£10m to £15m, but was contingent on the delivery of future recurrent QIPP. The likely outturn appears to be in the region of a £5.8m shortfall against plan, but this assumes the delivery of significant future non-recurrent QIPP.

HFCCG Month 8, Finance Report (December 2018)
The forecast surplus of £0.4m was seen as the best case scenario currently, with an in-year deficit of £3.5m offset by an in year drawdown of £3.9m. The forecast includes a number of key deliverables which are in the process of being actively managed and negotiated. The mid case and most likely scenario show a deficit and variance to plan of £5.6m.

The net risks and opportunities position of a c£22m variance combines a business as usual net risk of £10.8m and a £11.2m risk related to the mitigation associated with the external GP at Hand pressures by NHS England (NHSE). The mechanism to manage the GP at Hand mitigation remains under continual review with NHSE at a London and national level.

The underlying position for H&F CCG was a deficit ranging from £11m-£16m, and showed a slight deterioration from the prior month.

Primary Care M6 budget (November 2018)
The paper and new reporting format was presented to the committee to ensure members remained sighted on the budget position that went to the Primary Care Commissioning Committee and was shared with GP members around the new way of reporting to improve the understanding of the totality of spend in the CCG, to include the delegated budget and spend against the core primary care budget.

The M6 forecast showed that total spend in Primary Care was £4.9m above the target allocation, owing to the CCG receiving less than its target allocation for Primary Care. The total value of Primary Care services funded from core funding was expected to be £5.8m and £1.8m worse than budget, with the forecast overspend of £1.8m relating to QIPP plans not delivered during 2018/19, nonetheless are expected to be taken forward and delivered in 2019/20.

Primary Care M7 budget (December 2018)
The committee noted that the position had improved by £600k. The total spend in primary care would be £4.1m above the target allocation, and this relates largely to historic investments in primary care, funded from core funding.

Members noted that because the CCG receives less than its target allocation for Primary Care, the total value of primary care services funded from core funding was forecast to be £5m, and just over £1m worse than budget.

Update on the five year Forward View
The committee received the CCG's five year outlook based on the M7 forecast. It included an update from September; with a summary of the modelling parameters in 2019/20, and the in-year requirements to breakeven. Additionally, it included the demographic and non-demographic growth rates across all programme areas, and tariff increases year on year. The committee noted that the CCG are working towards delivering £27m of QIPP savings in 2019/20; pending the release of the latest guidance, with substantial changes anticipated.

3.3 Imperial Contract Performance and Trend Analysis
Month 6, 2018/19 (November 2018)
The Imperial Contract showed a year to date (YTD) mitigated favourable variance of £272k. The position also moved favourably in month by £23k, with activity 2.4% above plan and costs 1.8% below plan. QIPP of £930k was deducted YTD and if excluded, the position would show a favourable position of £1.2m.

A favourable variance of £460k was shown for outpatients driven by the majority of specialities being below plan, with respiratory and cardiology the single biggest areas contributing to the majority of the £367k favourable variance, with maternity also below plan by £249k. The favourable variances were utilised to offset an adverse variance against non-electives (NEL) of £1.1m, driven by under delivery against QIPP, with a smaller variance associated with direct access, day case and electives.

Pressures against trauma and orthopaedics and nephrology were highlighted, with further mitigations being pursued in respect of Ambulatory Emergency Care (AEC) charging and pathology pricing.

The M6 forecast showed a favourable forecast of c £0.5m, due to a higher run rate against planned care, with a more prudent view on challenges, and a reduction in the back ended QIPP target of £1.86m.

A challenge for formal resolution was submitted to the Trust for readmitted planned activity. Furthermore, work was underway to review day case and elective case mix activity; reviewing the HRG and comparable years as part of the process, and planned to present a formal challenge to the Trust for resolution.

<u>Month 7, 2018/19 (December 2018)</u>
The Imperial Contract shows a year to date mitigated favourable variance of £553k; with a favourably movement in month of £281k, with activity 2.3% above plan and costs 2.2% below. It was noted that QIPP of £1.09m has been deducted year to date. Favourable variances were reported against outpatients of £547k, maternity of £256k with other favourable variances totalling £860k.

The favourable forecast variance at M7 was £698k, moving favourably in month by £143k, due to a reduction in AEC activity, offsetting the impact of the patient transport adjustment previously reported in M6 as a risk now moving into the forecast.

A seasonality adjustment of £487k was included in the forecast outturn position used to anticipate the level of increased spend over winter, but does not include the potential impact of additional winter beds being phased in from the end of December 2018 and early January 2019. An executive level meeting between the commissioner and provider was scheduled to discuss the management of the risk associated with the additional beds from a finance perspective.

As a result of unpredictable monthly spend on high cost drugs and critical care, the level of spend in the forecast outturn has been matched to the year to date spend, with the appropriateness of this adjustment under review across all providers and CCGs

The committee noted that NHSE wold be sighted on the year-end position for 2018/19 and receive regular progress on the 2019/20 contract negotiations. The committee also wished to receive regular updates on the contract negotiation process for all of our key providers to include acute, mental health and community services and asked for this to be raised at December's NWL Finance and Performance Committee.

3.4 Corporate Risk Register – Financial Risks (November 2018)

The committee:

- Deliberated the risks in detail and agreed for five of the risks to be reviewed further with updates provided for the next meeting.
- Noted that since the last iteration of the corporate risk register that;
  - The total number of risks reduced from eight to six
  - The number of risks scored twelve and above reduced from three to two, with one risk scored fifteen and above
  - No changes to the current risk scores for all other risks were required.

4. Action Required

The committee is asked to **note** the Finance and Performance Report.

Paul Skinner
Chair, Finance and Performance Committee - Hammersmith and Fulham CCG