

Strategic Finance Committee

Minutes of the meeting held on Tuesday 28th August 2018, 14:00-16:00
WG Grace Room, South Plaza

Minutes

Present		
Peter Marriner	Strategic Finance Committee Chair	PM
Julia Ross	BNSSG Chief Executive Officer	JRo
John Rushforth	Independent Lay Member – Audit, Governance and Risk	JR
Jon Hayes	BNSSG CCG Chair	JH
Deborah El-Sayed	BNSSG Transformation Director	DES
Mike Vaughton	BNSSG Deputy Chief Financial Officer	MV
Sarah Truelove	BNSSG Chief Finance Officer	ST
Claire Thompson	BNSSG Deputy Director of Commissioning (Planning & Performance)	CT
Apologies		
Lisa Manson	BNSSG Commissioning Director	
In attendance		
Steve Rea	BNSSG Associate Director of Programme Delivery	SR
Martin Jones	BNSSG Medical Director	MJ
David Moss	BNSSG Head of Primary Care Contracts	DM
Rob Ayerst	BNSSG Head of Finance – Community & Primary Care	RA
Paul Edwards	Interim Deputy Director for Commissioning	PE

	Item	Action
02	Declarations of Interest No interests declared	
03	Minutes The minutes of the open and closed sessions were confirmed to be accurate and a true reflection of the previous meeting. Action Log The Action log was reviewed. It was acknowledged that a number of actions had since been closed and a refreshed log would be shared with the meeting minutes.	
04	Month 4 Financial Report ST introduced the finance performance report for the period to the end of July 2018 (month 4). She advised that the CCG is seeing a continuation of	

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	<p>activity and cost pressures on acute hospital plans and budgets. The CCG had requested and has received contract data from NBT. This will be reviewed in detail to allow a fuller understanding of the drivers for the additional activity and costs. However at month 4 the CCG has seen some improvement in the rate of change in the adverse position with the acute providers and the forecast position for the year is shown as £9.4m against the budget. The year to date position on acute hospital contracts is an overspend of £4.8m.</p> <p>The actions underway in response are; At NBT an operational audit of front door practice and conversion rates is being progressed by the Commissioning Directorate; Rapid and react services are now being recruited to and will be operational by October. The aim of these services is to reduce admissions and to speed up discharge; Full Commissioner checks of the data from NBT will be carried out following receipt of the full data set on 20th August.</p> <p>MJ asked what opportunities have been considered to identify incentives to supportive changes in clinical behaviour. In reply ST advised that the system ought to consider and have regard to the wider resource impacts of the growth in activity and develop alternative models within this context that can add value to both patient experience and use of limited resources.</p> <p>With regard to savings performance ST noted the very good performance for the year to date which shows savings delivered of £8.3m against a profiled plan for £8.7m. The Financial Recovery Plan report provides further detail.</p> <p>ST described the key risks to delivery of the financial plan this year and advised the CCG will meet with NHSE colleagues to undertake a ‘deep dive’ on the financial position on 17th Sept. This meeting will provide an opportunity to review the NHSE position on some of the key risks linked to known national issues. In particular the CCG has maintained a dialogue with NHSE on ongoing costs arising from No Cheaper Stock Obtainable (NCSO) for primary care medicines. The CCG has estimated a cost pressure of some £400k per month. Although the NCSO impact is expected to reduce during the year as medicines supply issues are resolved we are also seeing an increase in so-called Category M drug prices that will offset this benefit. Resolution of this is important to for CCG financial position in the full year.</p> <p>In response to a request for further information on the impact of reserves on the financial run rate ST advised that Acute hospital over-performance is expected to continue but at lessor rate as planned savings schemes start in the second half of the year. So although some reserves have been played in to the position to date the need to utilise reserves in the remainder of the year is expected to diminish. There is though a risk is that savings don’t deliver as currently predicted and therefore that would require further action</p>	

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	<p>to mitigate.</p> <p>In respect of the acute hospital contract position PM asked if the CCG has evidence of doubling counting of activity in the A&E service. ST advised that this will be considered as part of our review of ‘front door’ services.</p> <p>The Committee discussed the expectation of any impacts on the financial position from changes in the out of hours service. DES advised that no direct financial benefits are expected in the financial position and ST added that this is a non recurrent issue as we work to implement a new contract.</p> <p>In response to a question about the treatment of acute activity growth in the financial report versus the previous period report ST confirmed that whereas previously contract over-performance had been included as a mitigated risk, at month 4 this is now showing in the forecast position.</p> <p>DES asked if the CCG had any intelligence about the possible impacts of Brexit, in particular on prescribing expenditure. In reply ST suggested that whilst we have no direct intelligence or information it is possible that current NCSO issues might reflect industry uncertainty consequent to changes in the UK relationship with the EU and other trading partners.</p>	
05	<p>System Financial Recovery Plan to include deep dive into Primary Care</p> <p>SR presented the report with attention to the key points; the year to date savings position shows £8.3m vs £8.7m planned savings, the report provides detail on this position. He noted that seven projects are accounting for the majority of savings delivered and this helps underline the need to focus on the material schemes.</p> <p>The risk assessed forecast position is for £27.7m delivered savings, this is an improvement of £1m over the previous forecast and the report describes the movements between last month and this. Section 4 details changes made to processes and updates on key areas of delivery for later this year.</p> <p>With regard to 2019-20 plans, the CCG has identified some £8m savings including the full year effect of savings initiated in this financial year. An extended Turnaround Steering Group next week will review progress and provide an opportunity for check and challenge of savings schemes for next year. In addition the PMO will support a system wide savings workshop that is planned.</p> <p>The meeting discussed the use of savings ‘stretch’ targets as a means of mitigating the risks around delivery and noted that if not used all schemes will need to deliver against the target which from experience is known to be highly challenging. With regard to a specific question about the level of confidence around delivery of the £37m target SR accepted it was unlikely on current performance. ST advised that the £37m target was set after the</p>	

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	<p>CCG reserves had been agreed and there is some potential flexibility from this. It was agreed that our experience with savings plans set up and implementation underlines the need to ensure the CCG starts early on the work to generate new savings plans and implementation to get timely delivery.</p> <p>In respect of system savings schemes ST advised that there is significant under performance and that further work is needed.</p> <p>ST confirmed that the CCG has reasonable confidence it will achieve the £27m forecast savings. The financial analysis has also identified a number of risks to delivery of the control total which are detailed in the risks and mitigations section of the finance report.</p> <p>JRo was clear that the CCG needs to focus on further development of the pace and scale of work around savings delivery and support and management of system plans recognising that further risks may materialise in this year.</p> <p>JH asked about referral patterns which appeared to be showing a reduction. SR advised that current information indicates reduced activity is being maintained. Jro asked specifically about GP referrals growth and ST reported the CCG had planned for 2.6% growth which is under review. DES suggested that to support this work the CCG should be aware of the potential impact of advice & guidance pathways and that there is some good national experience of what can be achieved. Andy N will be asked to review.</p> <p>PRIMARY CARE DEEP DIVE</p> <p>DM explained that the delegated budget for primary medical services is some £122m, the total primary care budget is £142m, enhanced services and discretionary spend totals £18.6m. The primary care budgets are required to deliver £0.5m savings in year and £1m recurrently.</p> <p>RA advised that most spend is included in contract payments with discretionary sums in enhanced services and local schemes. Recent presentations to the membership included clarity on the value of discretionary spend and relative impact of savings in this context.</p> <p>The meeting discussed the approach to delivery of savings from this area and it was recognised that the savings target could be part of improved value from primary care services providing it supports cashable savings from elsewhere in the system.</p> <p>RA confirmed that work on the recurrent savings plan is underway. Delivery</p>	

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	<p>of savings in the current year is through underspends and slippage in the improved access plans in the early months of the year of some £350k and some £200k from review of BPCaG and the primary care Compact.</p> <p>There was further discussion on the public funds residing with One Care, in particular work to agree plans for the utilisation of accumulated funds that sit with One Care. It was confirmed this will be picked up as part of ongoing management meetings between the CCG and One Care.</p> <p>The meeting then discussed investment in GPFV, in particular how BNSSG compares with the national position. RA advised the CCG will budget for full £6 per capita from next year.</p> <p>So far as the delivery of savings is concerned RA described the process for the review of discretionary spend. Revised specifications for services will be considered at the next PCCC meeting together with proposals to align processes across BNSSG. Other work includes a review of care homes and diabetes models of service that may be delivered through locality arrangements.</p> <p>RA advised that the budget includes some funding for the costs of a 1% pay award, additional costs present a risk and will be flagged for a national revenue solution. He also advised that funding of the market rent impact is awaiting confirmation.</p> <p>An increase in locum payments is under review and is thought to relate to changes in the claim process and higher costs especially for maternity cover. The CCG has limited leverage to mitigate these increases. It was agreed that further analysis and detail is needed which will be provided to a future meeting together with proposed actions to mitigate ACTION. A question was raised about the basis of the budget transfer. RA advised the budget was based on the outturn position and the CCG also holds 0.5% contingency which at present is uncommitted.</p> <p>A number of contracts are subject to reprocurement over the next year including the Locality Practice in Weston which is currently out to tender. Other issues for 2019-20 include work on the DES specification for Minor Surgery and section 96 costs. With regard to this it was acknowledged the CCG will need a clear process for review of section 96 payments linked to performance criteria. It was agreed a paper will be prepared for SFC and PCCC to include an update on current c96 funds and performance of Practices this year ACTION.</p>	<p>DM</p> <p>DM</p>
06	<p>Review Approach to Budget Setting</p> <p>MV described the high level approach to budget setting in support of the</p>	

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	<p>2019-20 planning process and drew attention to specific issues that will need to be addressed ACTION. It was agreed that whilst these reflect a traditional approach to financial management the budget setting process will need to evolve to support agreements reached on system wide planning and risk sharing arrangements.</p>	<p>MV</p>
<p>07</p>	<p>Procurement – Pipeline and current initiatives CT highlighted the key areas for procurement work at present which includes reprocurement of community services and advised a paper on this will be presented at the next to Governing Body meeting. Other areas of procurement are for IAPT services and Community Equipment provision.</p> <p>It was accepted that that the CCG will develop an annual procurement strategy to include a milestones plan and financial modelling of plans.</p> <p>There was a further discussion about the performance of AQP contracts which are over-heating in some areas and more work is needed to understand this. ACTION</p> <p>CT confirmed that a procurement strategy timetable will be available for the next meeting. ACTION</p>	<p>CT</p> <p>CT</p>
<p>08</p>	<p>Transformation Update DES advised that a supporting paper will follow. She outlined the key schemes for SFC to be aware of which include programme areas, namely IAPT and the Better Care Fund as well as enabling services and in particular Strategic Informatics and Connecting Care. Other areas of work are on Local Health care records and DES advised the CCG will submit a bid for resources in wave 2 and the diagnostics strategy and there is evidence from elsewhere that work in this area can has the potential to deliver savings for the BNSSG our population.</p> <p>The meeting was also informed that the CCG has access to £248k to support a transformation pilot programme as part of the urgent care strategy for ambulatory care services and the primary care interface.</p>	
<p>09</p>	<p>Review Forward Work programme</p> <p>Subject to actions agreed no further changes were noted.</p>	
<p>10</p>	<p>Review of Key Messages for Governing Body</p> <ul style="list-style-type: none"> • Results – financial performance • Savings plan and ongoing work within Control Centres 	

	Item	Action
	<ul style="list-style-type: none"> • Comprehensive work schedule of items that will feature at SFC meetings • Scheduling of budgets • Primary Care deep dive • Procurement programme 	
11	<p>AOB</p> <ul style="list-style-type: none"> • Governing Body Assurance Framework extract was presented. With regard to the financial risk from acute hospital performance the CCG expects to have a clearer position next month after review of NBT contract data. • The meeting agreed support for the recommendations of the Continuing Healthcare Reimbursement Interest Payments paper. A financial impact of some £5k - £10k was noted. Actions agreed are that future papers dealing with process alignment and change should include a clear impact assessment and that the finance team will review the risk from any retrospective challenge from claimants <p>ACTION</p> <ul style="list-style-type: none"> • In response to a question from the Chair ST confirmed that the Going Concern assessment required will be reported to the to Audit Committee. 	MV