Bristol, North Somerset and South Gloucestershire
Clinical Commissioning Group

Strategic Finance Committee Minutes of the meeting held on Friday 28th June 2019, 14:00-16:00, Executive Boardroom, South Plaza

Minutes

Present		
*Julia Ross	Chief Executive Officer	JRo
*John Cappock	Strategic Finance Committee Chair	JC
*Sarah Truelove	Deputy Chief Executive/Chief Finance Officer	ST
Attended		
Helena Fuller	Deputy Director of Commissioning	HF
Jonathan Lund	Deputy Chief Finance Officer	JL
Steve Rea	Associate Director of Programme Delivery	SR
Claire Thompson	Deputy Director of Commissioning (Planning and Performance) – For Item 5	CT
Greg Penlington	Head of Locality Planning - For Item 5	GP
Sabrina Smithson	Executive PA (Minute Taker)	SS
Apologies		
*Jonathan Hayes	BNSSG Clinical Chair	
*John Rushforth	Deputy Chair and Lay Member for Audit, Governance and Risk	

	Item	**Action**
02	**Declarations of Interest** - John Cappock advised a family member works for South Gloucestershire council.	
03	• **Minutes from previous meetings** Minutes were confirmed to be true and accurate. • **Action Log and Matters Arising** The action log was updated accordingly.	
04	**Month 02 Finance Report (M2)** The report was circulated to the committee prior to the meeting. JL highlighted the following areas: The CCG has set an annual plan with an in year deficit of £12m. NHSE initially set the CCG a control target of breakeven. However, NHS E/I Regional Team have informally indicated that they will accept the plan of £12m deficit and are negotiation with the national team for additional Commissioner Support Funding of £10m. JL continued to advise the CCG is forecasting delivery of the financial plan for the year as at Month 2 (May 2019). This is based on limited actual	

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	information to-date for the main areas of variable expenditure – Acute contracts, Out of Area Mental Health placements, Prescribing, CHC and Primary Care. This also impacts on the assessment of savings delivery. One additional risk that had been identified since the setting of the plan was Continuing Healthcare Costs and JL said the team were undertaking a review to understand what is driving this. JRo asked if the CCG are driving a deep dive? ACTION – Deep dive into CHC financial position JRo asked after the learning for last year and commented that the CCG have done really well for savings, but not achieved the full target and what are we taking forward from that? SR replied the CCG are working with Control Centres to identify additional plans for the whole £41.4m target, however at present are forecasting £35m. JC asked what was the outcome of discussion at Healthier Together Partnership Board which had taken place on Monday 24 June. ST answered and the meeting was helpful to reiterate commitment from the system to the system financial recovery plan. The CCG are discussing 2019/20 risk share regarding urgent care with Acute providers and the BNSSG Directors of Finance will be taking this forward in their next meeting. JRo Noted the activity drives the CCG costs and therefore it would be beneficial to have a greater focus on this in future reports, noting that outpatients activity was off plan so there is more activity management required.	JL
05	**CCG Financial Recovery Plan and System Financial Recovery Plan** A paper was submitted to the committee prior to the meeting. SR highlighted the following areas: SR noted the changed format to the regular paper in order to clearly identify which projects are parts of the CCG's Financial Recovery Plan and which form part of the System Financial Recovery Plan. CCG Financial Recovery: SR drew attention to page 2 of the report which summarised by Control Centre the year to date and forecast savings at month 2. SR explained it was important to note that in addition to the identified savings, the CCG submitted an unidentified savings value of £6.2m to give the requirement in 19/20 of £41.4m.	

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	SR noted the reduced forecast for the RACOP project as this benefit would now sit within the wider scope of the frailty programme. JRo asked if the CCG have increased the system recovery plan savings to reflect this shift? SR noted the required gross £3m urgent care system saving would need to increase to £3.2m to prevent a gap forming in the financial plans however the CCG would want to consider the pros and cons of increasing an already challenging figure. JC queried the CCG's approach to developing commissioning policies and our approach to commissioning Evidence Based Interventions. SR replied the CCG have a dedicated programme of work which reviews existing policies against best evidence and practice. In addition, JRo requested an improved methodology in place of RAG assessing plans with a recommendation to move to an approach using confidence intervals. **ACTION** SR then gave a brief update on the System Financial Recovery Plan noting that a detailed update had been received at the previous committee meeting and had also been reviewed at the first Partnership Board meeting in June. SR described that much work continues across the system to develop and deliver the SFRP. He concluded by describing the key upcoming actions which include ensuring project plans are fully completed with accurate financial profiling and detailed tasks and milestones, as well as now needing to enact the gateway review approach and to clearly set out reporting expectations. ST noted there are challenges around resourcing of projects, especially around the Planned Care Efficiencies work. JRo proposed speaking to NHSE regarding additional support for BNSSG SFRP delivery – **ACTION** LM noted there is benefit to link and align where possible the lead names in the performance management framework approach with the SFRP project SROs. - **5.1 Deep Dive: Urgent and Community Care** A presentation was circulated prior to the meeting. Claire Thompson and Greg Penlington were in attendance to present to the Committee. The presentation updated the committee on the schemes for 19/20 and the addition of the system recovery plan savings. The committee questioned aspects of the plans and particularly noted the size of the SFRP savings challenge and the need to develop plans quickly	ST

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	given we are well into the 2019/20 financial year and we need to have confidence in delivery. The risk of double counting the benefits was noted given the similar areas within which the different work streams are operating. It was noted the SFC will be kept informed on progress of the SFRP and CCG Financial Recovery Plan on a monthly basis.	
06	**Healthier Together Single System 5year Plan, including:** A paper was submitted to the committee prior to the meeting. ST highlighted the following areas: - **Review of CCG 3 year recovery plan and financial strategy** ST outlined the CCG have now had some of the long-term plan guidance published on the 27.06.19, which has been helpful. In the long term plan documents NHSE have set out the clearer the allocation expectations for Mental Health, Primary & Community Services, CHC and Prescribing, so in the main the balancing number to the overall allocation mist be assumed for changes to acute services. ST continued there is now some more clarity on nationally held transformation funds and the expected priorities and impact; there are 2 elements, one on a fair share basis and the other based on a list of national priorities that will be held nationally. ST reported in the paper there is an oversight in where the CCG have reached since we submitted the 3 year financial recovery plan. In summary 18/19 the CCG delivered a better position than the FRP set out and the regional team understood this was a challenge and required non recurrent action, so there was no surprises regarding the challenges in the 19/20 plan. 19/20 position initially assumed we stopped paying subsidiary to providers to meet some of the excess costs of PFI and LIFTCO and we pay subsidies to UHB, NBT & Weston. After adjusting for this, the 19/20 pan was in line with initial FRP. JL talked through the process now being developed to translate this position into a new 5 yr plan, for both the CCG and Healthier Together system. He highlighted the CCG's opening baseline (current assessment) £21.2m deficit. The 5yr Core and Primary Care allocations have been published. The assumption required for NHSE Transformation Fund and Provider Support. JRo asked can the CCG start doing numbers that will give us the confidence. ST advised the CCG are planning to carry out this task with scenario's, with where the risks are.	

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	JC asked how much of an outlier is the CCG. ST answered in 19/20 the CGG are, but in 18/19 we were marginally ahead of the South West. JL further highlighted the proposition is to set allocative targets for Healthier Together Steering Groups. He highlighted that Mental Health is assumed to be growing in line with the guidance and as well as delegated Primary Care. ST added the Acute spend is 52% of our spend so acute spend needs to be coming down so benchmarking is in our acute spend where we are higher. In regards to the 2019/20 Baseline, JRO commented the CCG need a suitable review of Urgent Care – LM to take forward and come back as system plan **ACTION.** JC queried the next steps. ST confirmed the CCG have a system wide workshop on Monday and a Healthier Together Executive Group the following week. Progress will be reported back to next Strategic Finance Committee.	LM
08	**Community Services Procurement** Following the previous SFC meeting and discussions held it was agreed that an update would be provided at next meeting. A paper was submitted to the Committee prior to the meeting summarising the process, risks and issues relating to the exit of existing Adult Community Services contracts. HF highlighted the following areas: The attached paper sets out the measures in place to ensure ongoing safe and high quality service delivery from all incumbents until contracts end. An exit group is established under the auspices of the Community Procurement programme. An MOU has also been drafted and signed by all parties and this sets out key principles for all parties to work together with the high scoring bidder through transition. It is recognised that the MOU is not legally binding, but the discussions when developing it with incumbents were positive and incumbents expressed a commitment to ensuring a safe handover of services in the event of anyone of them not being the highest scoring bidder. It is also recognises and acknowledges the legal duties which the incumbent providers have as Community Interest Companies to protect their Directors and the interests of their creditors. HF also highlighted that the CCG will re-assess the financial viability of the current incumbents who are not the high scoring bidder as outlined in the letter sent on 31st May. This will incorporate a review of their 18/19 accounts to assess underlying profitability and cash flow; and the extent to which the current adult contract contributes to their revenues and contribution to overheads. The review will also assess the deliverability of proposed plans	

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	to reduce overheads in accordance with reduced income, including impact on other CCG held contracts. The exit group has also met with associate commissioners and have discussed possible impacts of the outcome - exploring hypothetical options. A significant contract for consideration is for the delivery of community children's health in Bristol and South Gloucestershire – if in the event the prime provider is not viable to continue in this role (Mar20), the only option is to seek an alternative provider. The CCG will need to explore other options for the children's services they provide, and the Committee discussed the latest assessment of financial and contractual risks that this exposed to the CCG Additional complexity – is that through recent communication the prime provider has notified the CCG that in their view the current overheads CCHP are not sufficient. The exit group has met to discuss with the prime provider and have clearly stated that the provider board needs to review plans with the assumption that there is no additional funding (mindful of the current system financial challenges) and therefore the board will need to discuss, agree and propose a plan / options to reduce the overheads to deliver the service. Should this process identify a gap, which could result in discussions as to what the provider could deliver and what they would potentially need moving forwarded. One option raised during the meeting with the prime provider was if they were not the highest scoring bidder would the CCG consider lifting the mandated subcontracting arrangement to enable them to bring the service in-house JRo asked what happens in event that main children's contract was the winner and the sub-contractor was unsuccessful. HF confirmed this scenario has also been considered and as a CCG we have the option to decide not to support the request to lift any mandating subcontracting arrangement. - **Procurement: IAPT** Closed section of the meeting	
11	**Review of Key Messages for Governing Body** - **Financial Plan a lot of work to be done** - **Adult Community procurement due-diligence is being pursued.** -	
12	**Any Other Business** - Members forum Information only.	