

**Strategic Finance Committee Minutes of the meeting held on Friday 26th March 2021,
15:00-17:00, via Microsoft Teams**

Open Minutes

Present		
*John Cappock	Strategic Finance Committee	JC Chair
*John Rushforth	Deputy Chair and Lay Member for Audit, Governance and Risk	JRu
*Julia Ross	Chief Executive Officer	JRo
*Brian Hanratty	Clinical Lead	BH
*Sarah Truelove	Deputy CEO & Chief Finance Officer	ST
Attended		
Jonathan Lund	Deputy Chief Finance Officer	JL
Helena Fuller	Deputy Director of Commissioning	HF
Lisa Manson	Executive Director of Commissioning	LM
Charlie Kenward	Clinical Lead for Research and Improvement	CK
Jane Taylor	Director Risk Advisory Deloitte LLP (observing)	JT
Luke Baynes	Executive Personal Assistant (Minute Taker)	LB
Apologies		
Cintia Faria	Programme Delivery Manager, Acting up Associate Director of Programme Delivery	CFa

*Members of Committee who make-up quoracy.

	Item	Action
2.0	<p><i>This month's meeting was held via an online Video Conference due to the Covid-19 outbreak.</i></p> <p>Declarations of Interest</p> <p>New declaration of interest for JC.</p> <p>Action: LB to ask CCG Governance to update the DOI</p>	LB
3.0	<p>Open Minutes from previous meeting</p> <p>The minutes for the open session had been circulated to the Committee in advance of the meeting and were approved.</p>	

	Item	Action
3.1	<p>Closed Minutes from previous meeting The minutes for the closed session had been circulated to the Committee in advance of the meeting and were approved.</p>	
3.2	<p>Action Log The action log items were reviewed and updated accordingly.</p>	
3.3	<p>Standing Financial Instructions</p> <ul style="list-style-type: none"> • The SFIs are part of the CCG’s Constitution and therefore are reserved to the Governing Body for approval. • The SFIs have been revised to reflect the management process for Claims (litigation) as agreed by the Audit, Governance and Risk Committee in September 2020 • No further changes are recommended to the SFIs; subject to review within 3 months of the new NHS Financial Framework and Operating Plan guidance for 2021/22, having due regard for the Healthier Together ICS Financial Governance Framework and any recommendation of the Internal Auditor Advisory Audit on System Financial Management <p>The expectations of the committee are to review the revised Standing Financial Instructions (SFIs) and recommend them to the Governing Body (GB) for approval</p> <p>JC introduced the paper that was distributed before the meeting and asked the SFC to recommend the SFI to GB. The committee agreed to recommend the paper</p>	
3.4	<p>SFC Revised Terms of Reference</p> <p>The expectations of the committee are to review the revised Terms of Reference for the Strategic Finance Committee and approve changes.</p> <p>JC introduced the paper that was distributed before the meeting and asked</p>	

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	<p>the SFC if okay to approve. The committee agreed.</p> <p>JRo noted the TOR have been amended to include resources such as finance, contracts and workforce but queried if other resources, such as the estates, should also be included. Also asked for clarity on the difference between executive responsibility and what are an oversight functions, for example the deployment of HR, should be an executive function.</p> <p>JC suggested the forward work programme could include this to see what scrutiny this committee might bring and believed the deployment of HR is absolutely an executive function.</p> <p>ST clarified the wording is meant to suggest oversight but is not as clear as it should be.</p> <p>ACTION: To change the wording of the responsibilities of the SFC to clarify areas of oversight.</p> <p>JL clarified the workforce section assurance of the CCG workforce is there for finance reporting aspects of the commissioning spend.</p> <p>JC summarised are broadly content with ToR but need clarity around workforce responsibility and being clear about exec and non-exec split and think a little more flexibility around timing date. He asked the SFC if the paper could otherwise approve. The committee approved the paper with the agreed changes to be made.</p>	<p>ST</p>
<p>3.5</p>	<p>SFC Forward Work Programme</p> <p>The expectations of the committee are to review the Forward Work Programme for the financial year 2021/22 for the Strategic Finance Committee and approve.</p> <p>JL introduced the forward work plan for SFC for the financial year 2021/2022.</p> <p>JRu commented that the research budget review stands out in terms of what we will review other budgets as well.</p>	

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	<p>JRo agreed and queried if we can add in the estates strategy, as it is important for this committee to have oversight</p> <p>JC asked for sight of the workforce milestones in terms of the workforce plan to understand frequency of reporting.</p> <p>JRu Where does Informatics and IT fit in?</p> <p>JRo suggested a clear difference between remuneration and nomination committee.</p> <p>JC clarified that the work plan does not need to go to GB.</p> <p>Action: JL to review Forward planner and circulate by e-mail.</p>	JL
4.0	<p>CCG Finance Report M11</p> <p>The CCG is reporting a YTD surplus against the prospectively adjusted allocation of £1.4m.</p> <p>This can be attributed to the following factors:</p> <ol style="list-style-type: none"> 1. Breakeven against the M11 Hospital Discharge Programme (HDP) costs; 2. £1.4m beneficial M11 Acute IS costs 3. Net £0.2m beneficial position mainly relating to Medicine Management, Primary Care, Mental Health and CHC Programme costs. 4. Additional funding of £52.7m has been received in total relating to: <ul style="list-style-type: none"> - M1 to M6 Covid £9.4m; - M1 to M6 Non-Covid costs £11.0m - M1 to M11 HDP £32.3m 5. The reported forecast outturn is £0.8m surplus that assumes full funding for the HDP, a reduction of £1.0m for reduced IS expenditure offset by a net beneficial position £1.0m across other Programmes. <p>JL presented the report that was distributed to the committee prior to the</p>	

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	meeting.	
4.1	<p>System Finance Report</p> <p>JL gave a verbal update on the system financial position. At a system level we remain on track to report a breakeven position following the S256 agreement of £20m. There are other decisions yet to be made by NHSE/I so we do not know exactly the funding we will be receiving for all services for 2021/22.</p> <p>ST added we assume that the CCG are covering the Annual Leave accrual for Sirona as they are a CIC but if this is funded it equates to about £1m.</p>	
4.2	<p>CCG Savings Reports</p> <p>At month 11, the CCG is reporting a forecast outturn delivery of £7.3m savings against the £9.2m target with the overall delivery below plan by £1.9m. There has been no significant change to the forecast compared to last month's position, representing 79% delivery against £9.2m target for M7-12 of 2020/2021.</p> <p>Detailed plans for 2021/2022 CCG savings are presented totalling £7.4m as per the target agreed at last month's Strategic Finance Committee meeting.</p> <p>JL presented the CCG saving reports that were distributed prior to the meeting.</p>	
4.3	<p>Population Health Management & Value Programme - Update</p> <p>CK presented slides on the update of the Population Health Management & Value Programme which were distributed prior to the meeting.</p> <p>JRu remarked on the hospital leads looking at common systems of costing activity. Common systems of assessing value across different values will help making rational decision on distribution of resources so how is that</p>	

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	<p>being addressed as an issue.</p> <p>CK explained that one way is to come up with common currency for health outcomes, quality-adjusted life-year (QALY) and Disability-adjusted life years (DALYs), those gains against a monetary value. With complex systems we do not have a neat cost per QALY.</p> <p>JRu asked if there is a stream work for us to get us to that.</p> <p>CK answered it has to be weighed up against the equitable financial assessment,</p> <p>JRu was concerned of people’s agency, the level of education, and information to make informed assessments driven by people’s priorities and informed assessment rather than reacting to myths.</p> <p>CK responded this part of the personalised health agenda which we will follow up with. As people become more informed about their treatment they become better able to choose what is important for them.</p> <p>JL added with the future focus finance framework we can see a way to apply to a discreet decision. Our business in commissioning is looking at the population as a whole but there are a lot of variables. Longitudinal review risk factors around finance risk rewarding an incentive. The proposition of emerging care it will take years to get the pay back and we need the evidence to back that up.</p> <p>ST explained the PHM programme is establishing a finance group to bring up the standing of costing across the system.</p>	
4.4	<p>To review progress on setting indicative Integrated Care Partnership budgets and financial governance arrangements</p> <p>This workstream is intended to support the development of ICPs by designing the Commercial and Financial Frameworks required to deliver ICP contracts.</p> <p>The services and providers deemed to be within scope of the ICP contracts will form the basis of the financial plan, with contracting mechanisms developed to ensure efficient and effective delivery of the programme. This PID sets out how this will be achieved, whilst trying to mitigate against the initial risks that have been identified, and continue to be developed. This has been approved thought the programme board.</p> <p>JL introduced the paper that was distributed to the committee prior to the</p>	

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	<p>meeting. JL presented slides on updates on the ICP budgets and financial Governance arrangements since September 2020.</p> <p>JRo asked if it includes the Community Mental Health Framework and Mental Health Standard as it will be important to pick out the money spent.</p> <p>JL explained the new money £2m will grow to £4m and £6m which is only a small proportion, so we need to focus on the £138m overall. We are keen that spec comm is on the margins but certainly community spending is at the centre of this. We need to use the system wide data set for this to become really powerful.</p> <p>JRo asked in terms of overheads do we have the right level now considering having 6 ICPs.</p> <p>JL answered that we are starting to address that now. The contracting model and the need for Alliance contracts does not create an additional architecture.</p> <p>LM added it is helpful to see it set out in this way as we have the ability to think about s117 do we think about that as a pooled budget to see if we have the benefit of both parties.</p> <p>JC suggested that the risk and issues likely are impacted.</p> <p>JL summarised everything is very live at the moment, with Dave Moss looking at the collective ICP programme risk register so there will be a vehicle to capture all the risks.</p>	
5.0	<p>CRR & GBAF</p> <p>ST presented CRR to the group which was distributed to the committee prior to the meeting. There are no risks on the corporate risk register assigned to this committee at the moment. There is potential to explore the delivery Long term plan (LTP) deliverable and goal will not be achieved.</p> <p>JC agreed but we will not be the only committee with oversight over this risk. Asked for a sense of the mitigations.</p> <p>ST some of the work on financial planning for 2021/22 will be some of the mitigation for that so we can bring back the further work as this develops. In terms of the GBAF we will be reviewing the priorities and some of the risks at GB as the nature of some of them are moving on.</p>	

	Item	Action
5.1	<p>Key Messages for Governing Body</p> <p>SFC endorsed the SFIs for approval by Governing Body. The Committee also endorsed revised ToRs for the Committee including the people and wellbeing agenda being added to its remit for approval by Governing Body. The work programme for the forthcoming year was agreed and the interim 2021/22 budget and Community Mental Health programme were both endorsed. The Committee also reviewed and endorsed the indicative ICP budget and financial governance arrangements.</p> <p>The finances continue to show a stable and reassuring position and efforts continue to address deficits. Greater clarity continues to emerge around 2021/22 and assumptions made appear very reasonable and in line with emerging guidance.</p> <p>The Committee had a very helpful update on the Population Health Management work stream and how it is continuing to inform planning. It is intended that this will be shared more widely with system partners and enable more constructive conversations.</p> <p>CRR/GBAF items relevant to the work of the Committee were scrutinised in more detail following the approach adopted by GB and recommendations around closures/scoring etc were endorsed.</p> <p>It was Brian Hanratty’s final meeting as a member of SFC. He was thanked for his service and for the added value that his perspective has brought to the work of the Committee.</p>	
	<p>AOB</p> <p>No other business</p>	