

Agenda Item 18.0 a)

**Finance and Performance Committee**

**DRAFT MINUTES**

**Minutes of the meeting of the Finance and Performance Committee on 26 July 2017, Boardroom Suite 3, Capability House, Wrest Park, commencing at 9.00 and concluding at 10.55.**

**Members Present**

Roland Ginn	Lay Member – Finance & Performance (Chair)	<b>RG</b>
Ben Jay	Chief Finance Officer	<b>BJ</b>
Sarah Thompson	Accountable Officer	<b>ST</b>
Dr Jonathan Kirkham	GP – Clinical Lead	<b>JK</b>
Saqhib Ali	Lay Member – Audit and Governance	<b>SA</b>
James Gold	Assistant Director of Contracting	<b>JG</b>
Donna Derby	Director of Acute Commissioning	<b>DD</b>
Malcolm Miller	Deputy Chief Finance Officer	<b>MM</b>

**Others In attendance**

Hayley Dixon	Assistant Board Secretary (Minutes)	<b>HD</b>
Matt Hollex	Head of Programme Management Office (PMO)	<b>MH</b>
Jonathan Bilson	Assistant Director Financial Planning	<b>JB</b>

**Apologies for absence**

Alvin Low	Clinical Chair	<b>AL</b>
Stephen Makin	Head of Finance, NHS England, Midland & East (Central Midlands)	<b>SM</b>

No	Item
<b>1.0, 2.0</b>	<p><b>Welcome and Apologies</b></p> <p>Apologies for absence were noted as recorded above.</p> <p>RG welcomed ST and JB to the meeting.</p> <p>RG noted the improvement of papers but acknowledged there still remains a significant issue with the submission from the Finance Directorate to ensure deadlines are met.</p> <p>This month, the majority but not all of the papers as prepared by the Finance and Contracts team were received by the corporate office within the deadline timeframe, all were submitted four days later than requested which resulted in the circulation of the pack being actioned one day after the advised circulation date (as reflected within the committee's Terms of Reference).</p> <p>The engagement with the meeting paper process needs to see further improvement so that no papers are tabled, and all are submitted on the set deadline date in order for a timely circulation.</p>

	<p>ST suggested working alongside BJ to ensure this issue is resolved going forward. HD will recirculate the timelines to both the contracts and Finance Team and relevant support staff once again to ensure engagement.</p> <p>RG thanked BJ for a very detailed pre meet for the committee with reference to the current position.</p> <p><b>The meeting was noted as QUORATE</b></p>
<p><b>3.0</b></p>	<p><b>Declarations of Interest</b></p> <p>There were no changes to declarations in relation to items on the agenda, or noted over and above these on the Conflicts of Interest register.</p>
<p><b>4.0</b></p>	<p><b>Minutes of the meeting held on 29 June 2017</b></p> <p>The minutes were agreed as an accurate record.</p>
<p><b>5.0</b></p>	<p><b>Action Tracker</b></p> <p>The actions were discussed and logged with relevant updates with in the live action tracker.</p> <p>All closed actions will be archived and coded accurately for future reference.</p>
<p><b>6.0</b></p>	<p><b>Integrated Contract, Finance and Performance Report</b></p> <p>JG presented the item that was taken as read, stating that the report summarises the Finance and Activity Performance of the largest Acute and Non-Acute Contracts, on a monthly basis. The purpose of this report is to make the Finance and Performance Committee aware of current performance and any issues. JG noted that there is nothing exceptional to be brought to the attention of the Committee this month.</p> <p>Referring to Annex 4.2, JG drew the attention of the committee to the 2017/18 Activity and cost variances for the top 6 providers with regards to over and under plan of activity and cost.</p> <p>It was noted that relating to activity variances Bedford Hospital NHS Trust, at POD level the main areas of over-performance are Elective/Daycase, and both first and follow up Outpatients. Non-elective activity, has increased significantly in M2 and is now slightly exceeding the plan. The cost variances as detailed in Annex 4.2 show that BHT is slightly under performing.</p> <p>Concerns were raised when focusing attention on Luton and Dunstable University Hospital NHS Foundation Trust (L&amp;D) where it was noted that the over activity, and disproportionate reflection on cost variances. JG confirmed that an activity management meeting has been arranged with conversations on a daily basis.</p> <p>JG stated that the Lead Commissioner have a current under performance so are not supportive of this issue raised, instead JG is liaising directly with the Deputy Director of Finance at the L&amp;D.</p> <p>DD noted that the apt only so into a7e. Walk in centre and a GP practice on site, the streaming remains as is. The 111 element of access is now to appointment only, this is a small element for raised activity to A&amp;E. This was noted that this goes against the national guidance that will need to be changed.</p> <p>ST offered to support the contractual process meeting. A meeting with Colin Thompson and will raise this issue formally. ST also stated that a meeting David Carter, CEO – asked to speak to Deputy to resolve.</p>

	<p><b>Action FP075 : RG requested that the key messages within the report, inclusive of the summary tables, are brought to the front of the paper in order to draw the attention of the committee.</b></p> <p><b>The Finance and Performance Committee noted the Integrated Contract, Finance and Performance Report</b></p>
<p><b>7.0</b></p>	<p><b>Non-emergency Patient Transport Services</b></p> <p>BJ presented the item, stating that the report was shared with the Executive Team, with a clinical focus, with an update on the current position regarding Non-emergency Patient Transport Services (NEPTS). The paper is presented to the Finance and Performance Committee providing a contractual focus, recommending the steps that can be taken to address the poor outcomes from this contract.</p> <p>The paper identifies the details of current performance issues.</p> <p>JG gave note to the background and detailed the current contractual issues. The CCG is experiencing significant operational issues with PAS and a difficulty addressing these issues via the 4 CCG consortium. JG note the issues as:</p> <ul style="list-style-type: none"> <li>- High levels of complaints including difficulty accessing the call centre, delayed pick up of patients after hospital appointments, late delivery of patients to hospital appointments.</li> <li>- Little or no data provided by the contractor.</li> <li>- A low level of engagement across the consortium to ensure oversight of the Remedial Action Plan agreed covering the issues faced by the CCGs, and having some aspects of that plan de-prioritised in discussions with PAS.</li> <li>- Unwillingness of the CCG consortium members to serve contractual notices on the contractor to help improve performance.</li> <li>- Risk to patients who are being transported for renal dialysis.</li> </ul> <p>The current contract is for 12 months to March 2018. It is a bi-lateral contract between PAS and BCCG, although BCCG also operates as part of a 4 CCG consortium.</p> <p>It was noted that future contract is underway including Luton CCG and Bedfordshire CCG through which a full procurement of this services across the two geographies will be conducted. This is led by LCCG and has additional support from Attain. LCCG have engaged with Luton and Dunstable Hospital around this and BCCG is engaging with Bedford Hospital.</p> <p>JG noted that the PQQ and market engagement events are to begin in August 2017.</p> <p>RG asked as to why MKCCG are not involved in the process. BJ confirmed that MKCCG contract end day was different and misaligned as was in a coterminous contract. The present not seeking to re-procure but named within the contract should they wish to access in future in order to align across the STP. Luton are the lead for the procurement.</p> <p><b>Action FP076: ST requested that a MOU is established between BCCG and LCCG. ST to liaise with Colin Thompson.</b></p> <p><i>Paper 7b) Dermatology Update was deferred due to late circulation</i></p> <p><b>The Finance and Performance Committee noted the Non-emergency Patient Transport Services</b></p>

	<p><b>report.</b></p>
<p><b>8.0</b></p>	<p><b>Draft Memorandum of Understanding for Shadow Accountable Care Systems</b></p> <p>BJ presented the paper, stating that the report has been presented to the BCCG Governing Body and Joint Commissioning Executive meeting, and is now presented at the committee for information. The paper was taken as read.</p> <p>BJ brought the committee's attention to the implication of a shared and possible variable control total in the STP, noting that there are 6 control totals forming an aggregate control total.</p> <p>As the CCG is part of the first wave of the forming of an ACS there is an opportunity to move funds across the STP. BJ stated that there is a difficulty in that there is already a gap of expected income and expected expenditure, leading to an 'off target' position.</p> <p>BJ stated that there is to be a monthly discussion to ascertain how the control totals are to be reached.</p> <p><b>Action FP077: RG requested that the CFO for each of the three STP CCG's is to prepare a standardised report that can be presented to each Finance and Performance Committees in order to reflect the same key messages.</b></p> <p>ST stated that this will move the CCG away from PBR based Contracts and move to a minimum income guarantee agreed contract in order to remove any volatility. ST confirmed that within discussions with Stephen Conroy this was proposed the change, whereby Stephen Conroy was open to further conversations. It was noted that this needs to be a change that is actioned across the board and footprint in order to become a successful model.</p> <p><b>Action FP078: RG requested that this item is to remain on to the agenda to offer updates to the committee.</b></p> <p><b>Action FP079: The MOU is to be presented to a Part 1 of the Governing Body in September.</b></p> <p><b>The Finance and Performance committee noted and supported the report.</b></p>
<p><b>9.0</b></p>	<p><b>QIPP Report - Month 3 Position</b></p> <p>MH presented the item and updated to the committee referencing the detail as within the report, and explained the current QIPP month 3 position in relation to savings, investments, risks and mitigations.</p> <p>MH noted that the CCG has a fully identified £25.5, QIPP programme (4.4% of allocation that consist of 10 sub-programmes and 45 schemes. it was raised that 24 of these programmes are In delivery and 21 are In various stages on implementation. MH stated that by November all 45 schemes will be in delivery.</p> <p>Month 3 showed 14 schemes had slipped from the plan as set on 24 February 2017, the committee were advised to view the supporting QIPP table where this detail was referenced in 'RED'. The slippage was offset by 3 schemes over-delivering and the addition of a new scheme The result was £1.3m delivered n month 3 which is £447k short of the plan.</p> <p>MH noted that the majority of the slippage in month 3 is from the sub-programme RightCare which had originally planned to deliver savings in June 2017. A majority of the mitigation to keep the</p>

	<p>forecasting out turn at £25.5m has come from Medicines Management.</p> <p>MT stated that the next QIPP Board, scheduled for the 2 August would focus on further slippage prevention.</p> <p>The committee were asked to review page 1 of the report where the overall position is detailed. it was noted that there is circa £7.027m of risk which is predominantly the sub-programme STP Efficiencies. £5m of this risk resides in Optum High Impact Areas. The blueprint for these for these opportunities remain under review, and until greater assurances provided they will remain a risk.</p> <p>MH noted that in addition the CCG is seeking an additional £4.1m to offset 2016/17 pressures which raises the QIPP target to £30m, 5% of allocation.</p> <p>RG noted the low resources within the PMO team who are focussed on the QIPP delivery and plan and asked for a plan to strengthen the capacity within the team.</p> <p>In order to help achieve the QIPP target it was noted that additional SROs are to be identified.</p> <p><b>Action FP080: ST and DD to review and strengthen the resource and capacity issue with the PMO team. Assurance of the process and plan to be brought back to the next Finance and Committee in August 2017.</b></p> <p><b>Action FP081: QIPP to be presented in the next Governing Body Financial report (inclusive of the cylindrical diagram), with an additional paper of the QIPP details and plan to go to the Part 2 confidential meeting.</b></p> <p><b>The Finance and Performance Committee noted the QIPP report.</b></p>
<p><b>10.0</b></p>	<p><b>Finance report – Month 3</b></p> <p>BJ presented the report that highlighted the current in-year position and the forecast outturn position for the year against the requirement to deliver the financial surplus for the year of £11.0m.</p> <p>The report sets out the current position as at the end of June and the position that would result at the end of the year if no further action is taken. As at the end of June, risks of £26m have been identified, with mitigations of £15m in hand. This would leave a net £11m unaddressed cost pressure. The impact on the control total would be to only achieve break even, and to miss the control total target of £11m surplus</p> <p>BJ asked the committee to note and discuss the financial position at month 3, and to note the risk to delivering the target year end financial position is now very significant. Unaddressed, the current year to date position would mean that the CCG will only achieve break-even and will not meet the £11m surplus control total.</p> <p>Attention is drawn specifically to the table on page 3 of the commentary which outlined the impact of risks and mitigations on the likely outturn for the year, currently assessed as a break-even position.</p> <p>The committee noted the summary 'Dashboard' of financial indicators supplied to provide an overview of financial performance.</p> <p>The committee discussed the actions required to address the identified unmitigated risks, particularly with reference to securing improvement in delivery of the QIPP target through scrutiny of current scheme delivery and including new schemes in the programme; and addressing, with lead</p>

	<p>commissioners, the current over-performance in the acute hospital and identifying key trends within this.</p> <p>BJ stated that in the year to date so far, BCCG has overspent by £154k (0.11%) compared with planned expenditure of £139.4m for the period</p> <p>The CCG has produced a forecast outturn for the year which, although it shows achievement of the control total of £11.0m, this has been achieved by assuming the overall risk, quantified at £11.5m will be achieved through the delivery of as yet unidentified QiPP.</p> <p>The key drivers in the deteriorating position were as described as:</p> <ul style="list-style-type: none"> <li>- Prior year charges £4.1m</li> <li>- Acute over-performance £4.3m</li> <li>- Additional S117 liabilities £2.4m</li> <li>- Risk adjusted QiPP shortfall £7.8m</li> </ul> <p>It was noted that these overspends were offset by savings on CHC and Medicines Management and the release of contingency and re-profiling of investments.</p> <p>ST advised the committee that the CCG needs to remain focussed, as though still in legal directions, in order to maintain the rigour around the financial recovery.</p> <p><b>Action FP082: A finance recovery plan – even if incomplete – needs to be brought to the next F&amp;P for discussion. Other run rates need to be examined, notably BH to see if similar cost overruns to L&amp;ED were coming down the track.</b></p> <p><b>The Finance and Performance Committee noted the Finance Report.</b></p>
<p><b>11.0</b></p>	<p><b>Financial Processes Update.</b></p> <p>BJ presented the report which provides an update to the Committee on the actions taken to improve financial reporting processes.</p> <p>The report identifies a number of points of independent assurance, a review designed to ensure best practice is being followed, and further measures to ensure effective and transparent reporting.</p> <p>The report was taken as read with no further comments.</p> <p><b>The Finance and Performance Committee noted the Financial Processes Update.</b></p>
<p><b>12.0</b></p>	<p><b>Financial Reporting Timetable</b></p> <p>BJ presented the report which provides a draft financial reporting timetable for the rest of the financial year, setting out what can be expected in terms of financial, QIPP, activity, and other reports in each calendar month.</p> <p>BJ noted that it is expected these reports will be a minimum, and that further ad hoc reports may be required. However, these reports will provide a forward view of the anticipated reporting timetable.</p> <p>Commissioner reporting has been recently redefined as NHSE have issued a new standardised reporting template covering QIPP, activity, contracts and overall financial forecast. It is proposed to include this along with existing reporting formats.</p>

	<p><b>Action FP083: Commissioning Intentions is required to be added to September to support the Financial Plan.</b></p> <p><b>Action FP084: Draft Commissioning Intentions report to be added to the August 2017 committee agenda.</b></p> <p><b>The Finance and Performance Committee noted the Financial Reporting Timetable</b></p>
<p><b>13.0</b></p>	<p><b>Outsourced areas</b></p> <p><b>a) PSG Update – TOR Review</b></p> <p>BJ noted that this meeting has not yet formally met. No update was provided and was deferred to the August 2017 meeting.</p> <p><b>b) HBL SLA</b></p> <p>The committee took this report as read. No further comments were made.</p> <p><b>c) HR SLA Update</b></p> <p>The committee took this report as read. BJ asked for the committee to note the updated paper for IR35. ST stated that a vacancy control process is to be in place, with formal business case arrangement will be put in place to look at substantive recruitment. These business cases will be presented to Executive Committee.</p> <p><b>Action FP085: BJ /ST to review and reflect where the interim cover is in place in reference to the vacancy control a one page update to be brought to next F&amp;P.</b></p> <p>No further comments were made.</p> <p><b>d) CSU revised SLA</b></p> <p>The committee took this report as read. No further comments were made.</p> <p><b>e) Luton CCG SLA</b></p> <p>The committee took this report as read. No further comments were made.</p> <p><b>The Finance and Performance Committee noted the reports and the Committee agreed to receive further updates on the outsourced areas at every future Finance and Performance Committee meetings.</b></p>
<p><b>14.0</b></p>	<p><b>Risk Registers</b></p> <p>The committee were asked to note and discuss the suite of risk registers (Finance, Contracts, IM&amp;T and Information Governance). The risk registers identified potential risks and assessed their impact on the ability of the CCG to meet its financial targets and objectives. They also detailed the actions that were being taken by the department to manage these risks efficiently and effectively.</p> <p>The key risks were identified and discussed on the four presented risk registers of Finance, Contracts, IM&amp;T and Information Governance.</p> <p>RG noted the much improved standard of the registers as a whole.</p>

	<p>With regards to the Contracts Risk Register RG raised concerns over CSU and questioned whether this should be added to the register.</p> <p><b>Action FP086: Capture CSU issues within the register.</b></p> <p><b>Action FP087: A one page information briefing document on the BCF is to be added to the agenda in August for information.</b></p> <p><b>The committee noted the Finance, Contracts, IM&amp;T and Information Governance Risk Registers.</b></p>
15.0	<p><b>Any other Business</b></p> <p>No items of other business were discussed.</p>
16.0	<p><b>Date of Next Meeting</b></p> <p>Wednesday 23 August 2017 9.00-11.00, Boardroom Suite 3 Capability House.</p>

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