

**Oxfordshire Clinical Commissioning Group
Board Meeting**

Date of Meeting: 25 January 2018	Paper No: 18/12a
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Title of Paper: Minutes of the Finance Committee, 23 November 2017

Paper is for: (please delete tick as appropriate)	Discussion		Decision		Information	✓
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Purpose and Executive Summary:

The Committee draws to the attention of Board members, the following:

Annual Operational Plan and Budget - Month 7 Finance Report:

- OCCG is on target to meet its outturn planned surplus, £19.9m.
- The total OCCG allocation is now £869.3m (£889.3m including the historic surplus).
- Non-recurrent primary care schemes of up to £1.7m are expected to be approved by the Oxfordshire Primary Care Commissioning Committee in November, for implementation during 2017/18. These schemes will make use of one off funds that are not yet committed in the Delegated and CCG Primary Care budgets.
- The mitigated risks total £4.0m and are offset by contingencies held. The slight increase in the risk is due to the national "No Cheaper Stock Obtainable" issue in the prescribing budget. The largest risk is the System Risk Agreement.
- While Oxford University Hospitals NHS Foundation Trust forecast improved in-month, concerns were expressed on the level of confidence SLAM data provided and whether it truly reflected the actual position within the Trust. OCCG and OUHFT are aligned in terms of forecasting. No reduction in forecast positions for key acute providers were made in-month, giving due regard to the anticipated pressures going forward.
- The Committee were advised on the work undertaken by the Emergency Care Improvement Programme and Hunter Healthcare at OUHFT in relation to setting the framework for national best practice and operational responsibility. The Committee agreed that a new risk should be recorded on the OCCG Risk Register in relation to this work.
- c£3.2m of funds available as a risk reserve, with c£1.7m of headroom. It was proposed that the headroom was used within the System Risk Agreement to address the rebasing issue. The Committee supported the proposal, which would be discussed by the Executive Team, with a formal recommendation to the next Finance Committee.
- The Director of Finance advised the Committee that there was a significant deterioration on the forecast outturn of OCCG contributions to the Pooled Budgets, c£2.5m, a material movement of significant concern. Pooled Budgets Risk Sharing arrangements were currently in place between OCCG and OCC, according to which OCCG would bear 30% share of risks. The recommendation for OCCG auditors to

undertake a formal review was supported.

High level “first cut” and key assumptions 2018-19, contract approach 2018-19:

- 2018/19 Financial Plan – ‘The Forward Look’ was discussed and will be further revised and shared with OCCG Board.
- The Autumn Statement issued on 22 November 2017 – Additional c£350m to help address winter pressures and a further £1.6bn that would be made available in 2018/19.

Saving Plan:

- System Risk Mitigation – The Committee received a presentation on the outcome of the month 6 stocktake, which informed the 2018/19 planning approach.
- The lack of transparency around regulatory involvements with OUHFT remains a major concern.
- OCCG Savings Plan - There remained uncertainty around Funded Nursing Care, the scheme requiring ratification by the next Pooled Budgets Officers Group. The Committee is expecting that the list of savings ‘opportunities’ would be further refined and report back. The good work being done in this area was recognised.

Pooled Budgets:

- Month 6 position of Pooled Budgets indicated that both pools were showing forecast overspend.

Financial Implications of Paper:

As set out above.

Action Required:

The detailed work of the Finance Committee provides further assurance to the Board that OCCG is managing its finances effectively and in accordance with the financial plans and budgets approved by this Board. Board members are asked to consider if they are receiving sufficient information in the Board’s finance report and through the minutes of Committee meetings, to assure themselves in relation to OCCG’s financial performance.

2018/19 Financial Plan – ‘The Forward Look’ will be shared with OCCG Board on 30 November 2017.

OPCCC decision to approve the prioritisation list of primary care sustainability schemes for 2017/18 and 2018/19, subject to patient engagement feedback, will be reported to the OCCG Board in January 2018.

OCCG Priorities Supported (please delete tick as appropriate)

✓	Operational Delivery
✓	Transforming Health and Care
✓	Devolution and Integration
✓	Empowering Patients
✓	Engaging Communities
✓	System Leadership

Equality Analysis Outcome:

Not applicable.

Link to Risk:

AF25: There is a risk that demands on the OCCG allocation exceeds available funds. In 2017/18 there is a ‘system’ risk sharing agreement in place in relation to £18.0m of identified

cost pressures. If the full risk crystallises, OCCG will manage its 40% share of the risk from reserves and other mitigation plans, providing no further significant financial risk materialise.

AF21: There is a risk that NHS services will not be able to respond to the anticipated level of demand over next 5-year. OCCG is leading the development of transformation plans with other key stakeholders across Oxfordshire, that deliver financial sustainability over the next 5 years. The Committee is still to be assured that financial risk is fully mitigated, which will only be clearer once the phase 2 business case is delivered. The Committee resolved that the risk rating needed to be scored higher and the assurance section had to provide more in-depth mitigating actions.

761: There is a risk that OCCG savings plans will not deliver in full. The Committee is not assured that the original £18.0m of system financial risk could be fully mitigated by the savings schemes identified and therefore, if the full £18.0m of risk crystallised, OCCG would manage its 40% share of the system risk from reserves and other mitigation plans, providing no further significant financial risk materialise. The latest forecast is c£7.0m of system financial risk. The Committee concluded the risk had crystallised and impacted on 2018/19.

Author: Duncan Smith, Lay Member, Chair, Finance Committee

Clinical / Executive Lead: Dr Kiren Collinson, Clinical Chair

Date of Paper: 15 January 2018

MINUTES:

OXFORDSHIRE CLINICAL COMMISSIONING GROUP FINANCE COMMITTEE

23 November 2017, 11:30-13:45

Meeting rooms 3 & 4, Jubilee House, Oxford

Present:	Duncan Smith (EDS), Lay Member for Finance - Chair	Roger Dickinson (RD), Lay Vice Chair [until 13:35]
	David Smith (DS), Chief Executive Officer [until 13:10]	Gareth Kenworthy (GK), Director of Finance
	Diane Hedges (DH), Chief Operating Officer and Deputy Chief Executive	Dr Paul Park (PP), Deputy Clinical Chair and Chief Information Officer [until 12:00]
In attendance:	Elena Thorne (ET) - minutes	Jenny Simpson (JS), Deputy Director of Finance
	Julia Boyce (JB), Assistant Director of Finance, for item 6	Steve Thomas (ST), Performance and Information Manager (Social Care), Oxfordshire County Council, for item 6
	Hannah Mills (HM), Head of Contracting and Procurement, for item 5	
Apologies	Mike Delaney (MD), Lay Member	

		Action
Agenda items were discussed in the following order: 1, 2, 6, 3, 5, 4, 7, 8, 9, 10.		
1.	Declarations of Interest/Quorum The Chair welcomed everyone to the meeting and declared the meeting quorate . The Chair welcomed Steve Thomas, Performance and Information Manager (Social Care) from Oxfordshire County Council (OCC) to the meeting.	
2.	Minutes of the Meeting held on 26 September 2017 The minutes of the meeting held on 26 September 2017 were approved as an accurate record of the meeting. Matters Arising The Action Tracker was reviewed and updated.	
3.	Annual Operational Plan and Budget	

3.1.	<p>Month 7 Finance Report</p> <p>The Committee received the Finance Report – Month 7 (October 2017) setting out the financial performance of the Oxfordshire Clinical Commissioning Group (OCCG) to Month 7 of the 2017/18 financial year.</p> <p>The Deputy Director of Finance commented on the following points:</p> <ul style="list-style-type: none"> • The largest change in-month was in relation to the forecast outturn on prescribing, which was due to the national “No Cheaper Stock Obtainable” issue. • No reduction in forecast positions for key acute providers were made in Month 7, giving due regard to the anticipated pressures going forward. • HealthShare contract for MSK was part of IPPR reporting and having an impact on AQP podiatry and private providers. • The Clinical Management Forum had recommended schemes for the use of non-recurrent funding and this has been approved by OPCCC. <p>The Lay Vice Chair referred to a number of risks identified in paper 5 (System Risk Mitigation) and questioned if these had been reflected in the Finance Report. It was confirmed that the risk were reflected on page 7 of the Report.</p> <p>The Committee reviewed Table 2c of the Finance Report detailing financial risks and observed that:</p> <ul style="list-style-type: none"> ○ The volume/activity increase risk was reduced from £1.0m to £0.7m. This was achieved by including winter pressures into Month 7 forecast. ○ Overseas visitors/Quality Premium – the reduction of risk value was from £1.4m to £0.1m. The reason for the adjustment was the expected lower overseas visitors allocation, along with the unlikely allocation of Quality Premium. • While Oxford University Hospitals NHS Foundation Trust (OUHFT) forecast improved in Month 7, concerns were expressed by the Chief Executive Officer (CEO) on the level of confidence SLAM data provided and whether it truly reflected the actual position within the Trust. Both the Director of Finance and the Deputy Director of Finance confirmed that OCCG and OUHFT were aligned in terms of forecasting. Having said that, there remained uncertainty in terms of outturn from the financial and the elective activity perspectives, and further efforts had to be made to get better understanding of the likely consequences (Action 17.36). The Chief Operating Officer advised on the work undertaken by the Emergency Care Improvement Programme (ECIP) and Hunter Healthcare at OUHFT in relation to setting the framework for national best practice and operational responsibility. Considering insufficient transparency of the arrangements put into place at OUHFT, it was suggested that this should be recorded within the OCCG Risk Register (Action 17.37). <p>The Chair referred to the increased cost run-rate since Month 4</p>	<p>GK/DH</p> <p>DS</p>
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	<p>(c£71.0m per month) and observed that the trend seemed to continue into Month 7.</p> <p>The Director of Finance referred to Table 2c, which indicated c£3.2m of funds available as a risk reserve. Potential provisions (0.5% CQUIN) might need be held for OUHFT, leaving c£1.7m of headroom. It was proposed that the headroom was used within the System Risk Agreement to address the rebasing issue. The Committee supported the proposal, which would be discussed by the Executive Team, with a formal recommendation to the next Finance Committee (Action 17.38).</p> <p>The Director of Finance advised the Committee that there was a significant deterioration on the forecast outturn of OCCG contributions to the Pooled Budgets, which was brought to light by OCC during the previous week. The initial report indicated the scale of deterioration was around £2.5m – this was a material movement of significant concern. Pooled Budgets Risk Sharing arrangements were currently in place between OCCG and OCC, according to which OCCG would bear 30% share of risks. Early correspondence with OCC indicated that the Council might seek to change these arrangements, however, it was felt that the best approach was to wait for a full report from OCC.</p> <p>The Assistant Director of Finance confirmed that the movement was mainly within the Care Homes pool. Three areas had been identified as potential explanations for the movements: a review of FNC clients; forecasting costs in relation to Annex 2 (Authorisation to Pay); and the level of the retrospective payments (non-recurrent).</p> <p>The Director of Finance summarised that, while internal review was being undertaken, it was clear there was a lack of governance and internal controls between OCCG, Oxford Health NHS Foundation Trust (OHFT) and OCC. Recommendation was made to undertake a formal review by OCCG's internal audit and discuss the findings of the investigation at the Finance Committee meeting on 23 January 2018.</p> <p>The Committee NOTED the report.</p>	<p>GK</p>
<p>3.2.</p>	<p>High level “first cut” and key assumptions 2018-19, contract approach 2018-19</p> <p>The Director of Finance referred to the presentation “2018/19 Financial Plan – The Forward Look” discussed within the framework of the Board Workshop on 14 November 2017. The document would be revised further to incorporate budgetary announcements and subsequently shared with OCCG Board on 30 November 2017. The CEO referred to the Autumn Statement issued on 22 November 2017 and noted the funding of c£350m to help address winter pressures and £1.6bn that would made available in 2018/19 with the balance provided in 2019/20. Of £1.6bn funding, £1bn was targeted to improve waiting lists and cancer, and the balance of £600m – A&E. Whereas the funding would address some of the financial gap of OCCG (currently at £21.6m), this was dependent on how targeted the funding requirements were. The presentation was discussed at the CEOs and FDs meeting on the</p>	

	morning of 23 November 2017; however the group failed to agree on a common position.	
4.	Financial Risk and Mitigation	
4.1.	<p>OCCG Risk Register</p> <p>The Committee received the OCCG Financial Risk Register, which provided the current status of the financial risks since the last OCCG Board meeting.</p> <p>The Committee reviewed individual risk ratings and made the following comments:</p> <ul style="list-style-type: none"> • AF 20 – risk rating adequate, as the risk had crystallised; • AF 21 – risk rating needed to be higher. Assurance section had to provide more in-depth mitigating actions (e.g. activity models, business cases) (Action 17.39) • 761 – the risk had crystallised, impact on the following financial year (£6.5m deficit) was to be addressed (Action 17.40) • 762 – the risk rating to be increased in the next risk review cycle (Action 17.41). • 765 – the contract with CSU was currently being negotiated, and no significant concerns had been identified. <p>The Committee NOTED updated to the risks within the Register.</p>	<p>DS</p> <p>GK/HM</p> <p>JB</p>
5.	Saving Plan	
5.1.	<p>System Risk Mitigation</p> <p>The Head of Contracting and Procurement attended the meeting present paper on Month 6 Stocktake and 18/19 Planning, providing an update on the work carried out as part of the System Risk Agreement. The paper provided reflections on what worked well and less well within the Risk Mitigation Delivery Group following its meeting on 16 November 2017, timeline and proposed approach for 2018/19.</p> <p>The Chair further added that lack of transparency around regulatory involvements with OUHFT was a major concern to the OCCG Board.</p> <p>The Committee NOTED the contents of the presentation.</p>	
5.2.	<p>OCCG Savings Plan</p> <p>The Committee received the OCCG Saving Plan paper providing an update on the delivery of OCCG Savings Plan. The Head of Contracting and Procurement presented the paper, highlighting the following:</p> <ul style="list-style-type: none"> • There remained uncertainty around Funded Nursing Care, the scheme requiring ratification by the next Pooled Budgets Officers Group. • The list of opportunities would be further refined and agreed at the 	

	<p>next Business Meeting.</p> <p>The Lay Vice Chair referred to the new Business Meeting and Verto (programme management software), and suggested that these failed to provide assurances that the new arrangements would work. The Head of Contracting and Procurement responded that during the first business meeting, the Terms of Reference had been approved, responsible members of staff identified and an action log created.</p> <p>The benefits of using Verto software were outlined, which included avoidance of duplication, better audit trail of staff responsible for financial indicators and authorisation of changes, decreased reliance on manual data input, flexibility of reporting and suitability of the system to maintain risk registers. The planned launch date was 1 April 2018; Buckinghamshire CCGs would be providing training for administrators the following week.</p> <p>The Chair commented on the good work being done and suggested introducing more clarity around the deliverables in the savings table, as well as showing completed projects.</p> <p>The Committee NOTED the report.</p>	
6.	<p>Pooled Budgets</p> <p>S75 Agreement – Dashboard review</p> <p>The Committee received paper 7, Quarter 2 Dashboard for the Pooled Budget, which presented the first 6 months finance and activity information.</p> <p>Assistant Director of Finance attended the meeting to present the paper and noted the following key points:</p> <ul style="list-style-type: none"> • Month 6 position of Pooled Budgets indicated that both pools were showing forecast overspend. • Granular information was provided on individual indications. <ul style="list-style-type: none"> ○ ABI spend showed RED RAG rating and a significant increase in the spend was expected in Month 8; ○ Concerns were expressed around LD CHC and the lack of review in relation to some transferred clients eligible for high cost packages; ○ Spend for the patients with Asperger's was below the expected level. <p>The Committee discussed the number of LD clients being supported (ref 7), and Steve Thomas clarified that the patients were on a range of packages varying between £100 - £4,000. While the national trend indicated a 1.3% increase in clients with LD, Oxfordshire was below the national trend, with the contributing factor being a higher number of LD patients were living with elderly parents (85+).</p> <ul style="list-style-type: none"> • Better Care Fund (BCF) showed growth over the last few months. <p>The Chief Operating Officer questioned the level of confidence OCCG</p>	

	<p>and OCC had around timely notification of deaths. It was agreed that ST would clarify this (Action 17.42).</p> <p>The Director of Finance observed that the Dashboard required further development in identifying issues that could pose future risk. The Chair suggested discussing ways of improvement outside the meeting (Action 17.43)</p> <p>The Committee NOTED the report.</p>	<p>ST</p> <p>JB</p>
7.	<p>Workplan</p> <p>Governance Update – work plans</p> <p>Contracting</p>	
8.	<p>Meeting review</p> <p>The Committee reviewed the meeting, noting good quality of papers and a robust discussion with sufficient input from all attendees. The Director of Finance referred to the fluid and fast-moving development on some agenda items, which resulted in verbal updates being provided.</p>	
9.	<p>Any other business</p> <p>There being no other business the meeting was closed.</p>	
10.	<p>Date of Next Meeting</p> <p>The next meeting would take place on 23 January 2018.</p>	