

**West Leicestershire Clinical Commissioning Group
Minutes of the Finance Sub Group
Held on Tuesday 6 October 2015, 14.00 – 16.30
Board Room 1, Woodgate, Loughborough**

Paper O

Present:

Mr Ray Harding	Lay Member (Chair)
Mr Spencer Gay	Chief Finance Officer
Dr Y B Shah	Locality Lead, South Charnwood
Dr Edward Clode-Baker	GP, Park View Surgery

In Attendance:

Mr Ket Chudasama	Assistant Director, Corporate Affairs
Mr Tony Simpson	Head of Financial/Corporate Accounting
Mr Soyuz Shrestha	Operations and Delivery Manager
Miss Lauren Cole	Management Accounts Assistant
Mr Alan Hanna	Head of Finance, Acute Contracts and Provider Performance (until item F/15/107)
Mrs Kath Carter	Specialist Pharmacist for High Cost Drugs (for item F/15/110)
Mrs Michele Morton	Senior Committee Clerk (Minutes)

		Action
F/15/100	<p>Welcome and apologies for absence</p> <p>The Chairman welcomed all to the meeting and introductions were made. Apologies for absence were received from Mrs Caron Williams, Mrs Angela Bright, Dr Chris Trzcinski and Mr Toby Sanders.</p>	
F/15/101	<p>Declarations of Interest</p> <p>There were no declarations of interest.</p>	
F/15/102	<p>Minutes from 01 September 2015</p> <p>The minutes of the meeting held on 01 September 2015 were approved and accepted as an accurate record, with the following exceptions: F/15/091 Finance Report Month 04 – last line to be deleted. F/15/095 Financial Plan – 4th paragraph, 5th line ...16/18 should read 17/18.</p>	
F/15/103	<p>Matters Arising and Action Log</p> <p>Paper B, the action log, was updated. It was agreed that all further actions would be circulated as soon as possible following the meeting. F/15/047 - Financial Plan 15/16 Update - Agreed that a communication be sent regardless of whether a brief was received from UHL. ACTION: The Finance Sub-Group: <ul style="list-style-type: none"> • NOTED the above update. </p>	SG
F/15/104	<p>Finance Report Month 05</p> <p>Mr Gay presented paper C which provided details of the year to date financial performance for resources delegated to WLCCG for the five month period ended 31st</p>	

August 2015, and highlighted key risks for the CCG and the actions being taken to mitigate them. Key points to note:

- The CCG was predicting an overall underspend of £5.05 million. This reflected the use of £778,000 non recurrent funds, made available from additional savings delivered in 2014/15. The CCG was therefore being allowed to overspend the in-year allocation by £778,000 on a one off basis.
- A number of risks were apparent as follows:
 - **Prescribing** – as the year progressed actuals would be used instead of estimates. Various strategies had been established to manage the level of spend in 2015/16 and close monitoring would take place throughout the year. Notification on category M drugs (which usually indicated price reductions) were still awaited.
 - **Continuing Health Care** – although showing a forecast underspend, a significant amount of QIPP linked to this area of expenditure and could, if not delivered, adversely affect the final result. The situation was under constant review by the East hosted contracting team.
 - **Acute Commissioning was forecast to overspend by £2,946,000 in total** – a significant deterioration of £1,419,000 from the month 4 position.

A brief discussion was held on the co-commissioning budget where work continued to ensure funding was appropriately allocated, for example, CCG support to federations and commissioning of some primary care initiatives. Work was ongoing with the Area Team to provide reassurance on the accuracy of the position and a due diligence exercise was being carried out as part of this. Dr Clode-Baker queried if the budget would change as a result of any national contract alterations, and Mr Gay replied the situation would change in such circumstances.

Mr Gay confirmed a firmer picture of the overall QIPP position would become clearer as the year progressed.

ACTION: The Finance Sub-Group:

- **RECEIVED** the financial performance report for M4 of 2015/16, and
- **NOTED** the risks highlighted therein.

F/15/105

Risk Register 2015/16

Mr Simpson presented paper D, the Risk Register 2015/16 which was reviewed by the group. Mr Harding added the important thing to note was that the person assigned against a risk was not wholly responsible for that risk, but what mattered was the recognition and subsequent mitigating actions. Areas of discussion:

Failure to assure local health economy financial viability over the next 5 years (red rated) – Mr Harding felt this was a significant risk and explained he had recently attended a presentation of BCT where no financial aspects were discussed. The SOC had indicated significant funding requirements to make the necessary level of change, yet delivery was expected to be made out of existing resources. As finance would be central to the whole BCT programme Mr Harding felt the next steps should be made much clearer. Mr Shrestha asked what the risks were of not moving forward with BCT and Mr Gay replied depending on the levels of failure and potential impact, organisations would have the ability to make decisions taken out of their hands. Mr Shrestha suggested this should be captured in the risk description narrative.

TS

Mr Chudasama reported an Interim Head of Corporate Governance, Mr Stokes, would be scrutinising all the CCG risk registers with the intention of adding extra narrative. He agreed to link Mr Stokes with Mr Simpson to ensure a standardised approach.

KC

Failure to control prescribing spend leading to significant overspends in year – noted as a significant risk but Mr Gay reported no serious impact would be experienced in the current year because of underspends elsewhere.

Financial Implications of inadequate management of CHC – this was an area of risk affecting all organisations.

Mr Simpson agreed to circulate the risk matrix to finance sub-group members.

ACTION: The Finance Sub-Group:

- **RECEIVED** and **REVIEWED** the Risk Register

TS

F/15/106

UHL Contract Performance Paper

Mr Hanna, UHL Contracts Manager gave a presentation which included:

- An overview of UHL performance (month 05) – agreed UHL contract quantum for 2015/16 of £128.198 million
- Financial performance – year to date and forecast outturn position
- Key movements
 - Cost and volume elements
 - Block with risk share elements
- Contract penalties
- Contract challenges

The following discussion points were made:

- Less open heart surgery was taking place and patients were being treated more often with stents then discharged following an overnight stay. Mr Gay pointed out the over performance in Cardiology was an issue for all CCGs however Dr Clode-Baker felt the situation would level out in time. He added the CCG should also see a reduction in stroke care due to improved cardiology services.
- Diagnostic imaging did not include endoscopies; these were covered as day cases. There was currently a backlog of endoscopies and it would be important to be aware of any catch up programmes to enable them to be factored into the overall position.
- The yield for breast two week waits was very low level and could be treated as new urgent appointments. Mr Gay said there was considerable work to be carried out on the cancer plan for next year.
- Cancer patients should have open access to oncology wards and Dr Shah agreed to follow up access to cancer patients generally with Mr Hanna.
- It was important that coding information in relation to pneumonia cases correlated correctly with what was on discharge letters. Dr Clode-Baker suggested carrying out an analysis of a sample of 120 patients to ensure the clinical coding was the same as that recorded on discharge letters.

YBS

AH

Mr Gay said the discussion on UHL performance had been extremely useful and that the finance sub group should receive updates on a quarterly basis. Mr Harding agreed and said what he found particularly useful was the direct involvement of clinicians who were able to feedback clinical trends. He also felt from a governance/oversight point of view regular updates to the group would support the next planning round.

SG

Mr Hanna was thanked for his presentation and left the meeting.

ACTION: The Finance Sub-Group:

- **RECEIVED** a presentation on the UHL Contract Performance.

F/15/107

Out of County Activity

Mrs Cockram presented paper F which provided an update on the current financial position that related to George Eliot Hospital Trust (GEHT). The M5 SLAM showed an over spend of £773,461 against a budget of £4,035,751. The report also provided an update on the current financial position that related to Derby Hospitals Foundation Trust (DHFT). The M5 SLAM showed an over spend of £390,604 against a budget of £3,508,975. However the non-tariff activity was underspent by £150,935 thus reducing the overspend to £239,669,000.

Following discussion on George Eliot Mrs Cockram the following points were noted:

- A theatre closure for refurbishment was planned in January 2016. Mr Chudasama asked what the risk level would be if the theatre did not re-open on time and Mrs Cockram replied this had been factored into the trust's business continuity plans. She would be seeking further reassurance on this at a meeting planned for 9th October.
- An increase in A&E attendances had been experienced, hence an increase in ambulatory care. The CCG had been encouraging GPs to refer to OOC hospitals to reduce pressure at UHL and George Eliot had previously promoted their services at locality meetings.
- A request was being made by the CCG for a revised profile and meetings were planned with George Eliot to investigate the over performance in more detail.
- George Eliot would be planning to fit 12 months of work into 11 months due to the theatre refurbishment.
- In respect of incentives Hinckley and Bosworth GPs were being paid 45 pence per patient referral to OOC hospitals and Mr Shrestha confirmed this was being introduced to address the RTT target at UHL.

Mr Harding asked if it was known if the increased activity was a permanent situation and Mrs Cockram replied the plan had been produced correctly in the first instance based on HRG levels, though George Eliot might experience problems meeting demand, and as yet the CCG had not identified a corresponding decrease at the same rate elsewhere.

The overspend at Derbyshire was distributed across a number of specialties (in particular gynaecology) and was due in part to patient choice and case mix. Work continued with the lead commissioner to identify why the increases were occurring.

ACTION: The Finance Sub-Group:

- **NOTED** the reasons for the movements in the current financial position for GEHT and DHFT since April 2015.
- **CONSIDERED** the financial implications for WLCCG.

F/15/108

Activity Monitoring

Mr Gay presented paper G and reported that national scrutiny was being placed on planned versus actual activity in year, both in terms of the overall position and by contract. He added significant progress had been made in relation to production of standard monthly activity reports, which compared total CCG activity against the submitted operational plan. Comparisons of SUS and SLAM data continued to highlight differences which impacted on the local versus national view of the CCG

position.

Key discussion points:

- A significant problem existed in terms of outpatient activity and the correlation with GP referrals and an analysis was being carried out on a significant increase in 4-5 specialties from previous areas. A plan would be produced to bring the position back in line. Dr Clode-Baker added there had been a definite increase in GP practice referrals and he felt this should be addressed by working with individual practices and individual doctors to quantify the yield rates from referrals.
- Work flow issues also added to the problems, for instance in respect of gastroenterology referrals, these were often low risk patients who were seen on more than one occasion therefore funded twice from a single referral.
- Mr Chudasama said GP referral patterns could be linked back into practice appraisals, in particular to address issues such as training new professional joining GP practices. He added analysis should be carried out, supported by:
 - Clinical discussions amongst localities.
 - Items placed on PLT sessions.
 - Form part of federation discussions.

Mr Gay advised on caution against over-analysis as GP practices were small organisations and he felt strong generic messages would have the most effect. Dr Shah agreed with Mr Gay's view and added it would be important to consider broad trends to ensure the overall picture was captured.

Dr Clode-Baker asked if UHL were challenged over referral patterns and Mr Gay confirmed this did happen and as a result some minor amendments had been made to clinical pathways. Mr Chudasama said promoting the use of PRISM would help to signpost local pathways more effectively.

ACTION: The Finance Sub-Group:

- **DISCUSSED** the current activity information available.

F/15/109

Run Rate Report

Mr Simpson presented paper H, the Run Rate report which was a measure of how smoothly expenditure was proceeding during the financial year, expressed as the underspend anticipated if spend continued at current rates. A report was submitted to NHSE each month, with an explanation for any significant deviations from the expected measures.

As at month 05 the run rate for the CCGs' overall activities was £3,671,000, compared with the planned underspend of £5,052,000. The difference of £1,381,000 represented 0.3% of the total revenue allocation. This was well inside the 1% maximum required by NHSE before an explanation for the deviation was required.

ACTION: The Finance Sub-Group:

- **RECEIVED** the Run Rate Report.

F/15/110

High Cost Drugs

Mrs Carter presented paper I, the second annual High Cost Drugs Report. She provided some background on her role and the context within the CCGs. She explained her role had been funded jointly by NHSE and LLR CCGs since April 2013.

The outcomes had provided benefits to all organisations which included UHL as the provider with respect to more accurate monitoring, financial control and use of high cost drugs. She made the following points:

- Monthly invoices continued to be monitored to ensure all drugs were appropriately charged.
- Improvements had been made to the process for the annual bidding round.
- Work continued with UHL clinicians to produce ARMD Algorithm for treatment and continuous Glucose Monitoring Policy.
- Ongoing clinical support for CCG staff which included answering queries and providing information.
- Ongoing input to the IFR process within UHL and facilitation of business case development for Bevacizumab in non – ARMD which resulted in reduced and more appropriate IFRs.

In respect of 2015/16 activity to date Mrs Carter reported the introduction of biosimilar infliximab had reduced spend as anticipated. There was also a potential for gain share for other biosimilar preparations going forward in 2016/17 and beyond with significant savings to be achieved.

Mr Gay said it was important that the CCG captured in more detail the savings made and for details to be incorporated into the CCG plans. He asked Mrs Carter to be more explicit in the round of communications on high cost drugs so that information could be captured on a regular basis.

KC

Dr Clode-Baker emphasised the benefits of forward forecasting and the anticipation of new drugs becoming available, together with savings that could be made.

Mrs Carter was thanked for her presentation and she left the meeting.

ACTION: The Finance Sub-Group:

- **RECEIVED** the High Cost Drugs Report

F/15/111

Finance Sub-Group – Terms of Reference

Mr Gay presented paper J which provided detail on further changes to the Terms of Reference following receipt of legal advice. These were:

- A provision for the appointment of suitably qualified and duly nominated deputies has been added
- A section had been added relating to the management of conflicts of interest, including the role of the Conflict of Interest Screening Panel and the Procurement and Investment Committee in relation to the sub group. Confirmation had been received from the CCG legal advisors that the proposed Col changes were acceptable.
- The section related to Declarations of Interest had been updated.
- Under the Duties section 'Review and monitor all healthcare procurement contracts' had been added, as a result of a recommendation from 360 Assurance.

Members noted that the terms of reference would be presented to the October CCG Board meeting for approval.

A further change was anticipated in the future to change the name of the group to 'Finance and Planning'.

ACTION: The Finance Sub-Group:

- **REVIEWED** the Finance Sub-Group Terms of Reference

F/15/112

Any Other Business

No other business.

F/15/113

Date and Time of Next Meeting

Tuesday 3 November 2015, 14.00 - 16.30, Boardroom 2, Woodgate, Loughborough, Leicestershire LE11 2TZ.