

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



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:

Mrs Anne-Marie Harrison	Senior Pharmaceutical Advisor (for item F/15/095)
Mr Soyuz Shrestha	Operations and Delivery Manager
Mrs Michele Morton	Senior Committee Clerk (Minutes)

		Action
F/15/087	<p>Welcome and apologies for absence</p> <p>Apologies for absence were received from Mrs Caron Williams, Mrs Angela Bright, Dr Nick Pulman, Dr Chris Trzcinski and Mr Toby Sanders.</p>	
F/15/088	<p>Declarations of Interest</p> <p>Dr Shah as a member of the LLR Provider Group declared an interest in F/15/092 - Capital Update</p>	
F/15/089	<p>Minutes from 04 August 2015</p> <p>The minutes of the meeting held on 04 August 2015 were approved and accepted as an accurate record.</p>	
F/15/090	<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.</p> <p>Members noted that the terms of reference had been previously reviewed, however Mr Gay agreed to recruit to the outstanding non Board GP role on the sub-group.</p> <p>ACTION: The Finance Sub-Group:</p> <ul style="list-style-type: none"> • NOTED the above update. 	SG
F/15/091	<p>Finance Report Month 04</p> <p>Mr Gay presented paper C which provided details of the year to date financial performance for resources delegated to WLCCG for the four month period ended 31st July 2015, and highlighted key risks for the CCG and the actions being taken to mitigate them. Key points to note:</p> <ul style="list-style-type: none"> • WLCCG submitted a final plan for 2015/16. • The required surplus should be delivered for 2015/16, although there were significant risks for the CCG with regard to costs associated with Continuing 	

Healthcare, Prescribing and out of county activity.

- Significant over-performance was occurring on some out of county contracts. An OOC report would be brought to the October meeting which would focus on the detailed activity.
- An underspend was showing in the area of primary care and further work was ongoing to adjust allocations to ensure spend was appropriately presented.

Dr Shah queried co-commissioning details in table 1 and asked if this took into account the recent GMS/PMS review. Mr Gay replied the detail did include the impact of the FBR changes.

A brief discussion was held with regard to prescribing as an area of significant risk, together with an acknowledgement that a number of cost reduction areas were being worked on.

Dr Clode-Baker asked if the extent of primary care capacity was known in relation to the provision of enhanced services. He felt if services were cheaper to provide within primary care, then practices could be assisted to enhance their skills. Mr Gay said specific details on capacity were not known but he agreed to review this with an aim of collating the information.

SG

Mr Gay reported considerable financial oversight was being carried out by NHSE, particularly in the area of monitoring activity costs and plans. One of the drivers for this was outpatient activity where information was being broken down by specialty and practice. This would be an area of further discussion at the October Finance meeting.

ACTION: The Finance Sub-Group:

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

F/15/092

Capital Update

Mr Gay presented paper D which updated the group on the current position with regard to spend on capital items by the CCG. The £920,000 (approved by NHSE) resource for equipment would be managed by the CCG in association with the Alliance, as it was anticipated that the main part of the spend would be on items for the hospitals in West Leicestershire. To date approximately £50,000 of the resource had been spent on items originally intended for acquisition in 2014/15.

Mr Gay reported that a Capital Group had been established which would meet on a monthly basis, and one of their objectives would be to produce an overall capital plan which would determine how funding would be spent. He confirmed members of the Capital Group consisted of Alliance representatives and Mr Simpson acted as the CCG representative. Any equipment purchased would be owned by the CCG and leased to the Alliance.

Mr Harding felt the suggestion of a £50,000 contingency was a sensible amount and Mrs Morton agreed to seek support for this from Dr Trzcinski outside the meeting.

MM

Mr Gay agreed to add some detail on the capital update as part of the September Board report.

SG

ACTION: The Finance Sub-Group:

- **NOTED** the contents of the report.
- **AGREED** to seek support from Dr Trzcinski with regard to a contingency for spend on emergency items for the Alliance pending the creation and approval of a detailed plan for 2015/16.

Post meeting note: support for a contingency spend received from Dr Trzcinski, 03.09.2015.

F/15/093

Assessment of Governance and Financial Reporting Arrangements

Mr Gay presented paper E which was the final submission of the assessment of Governance Financial reporting arrangements. This was following a request from NHSE that each CCG completed a financial governance self-assessment. The requirement for a review had been promoted by the sudden deterioration seen in some CCG's financial positions over the last three months of 14/15.

The assessment details had been discussed by the Audit Committee which resulted in the upgrade (from good to excellent) of one self assessment that related to the Audit Committee. NHSE had also proposed upgrading two areas which resulted in an upgrade for 'effective financial management arrangements' from good to excellent.

Mr Harding said he felt the process had been well handled by the CCG and that the rigorous review had been a useful exercise in providing assurance that the appropriate controls were in place.

ACTION: The Finance Sub-Group:

- **RECEIVED** the final version of the Financial Governance Self-Assessment.
- **NOTED** the assessed position and action points.

F/15/094

GEM Performance

Mr Gay presented paper F which related to Arden GEM CSU's performance against metrics in the SLA held with the CCG. He said the report was discussed in alignment with feedback from across the CCG on the quality of services being provided in a monthly meeting with GEM CSU.

A key area of concern was continuing healthcare, where metrics continually failed to be met. CCG's and GEM had agreed additional staffing to address significant historical shortfalls. Contract variations were being drawn up detailing the conditions whereby CCG's would invest further into GEM CHC service.

CCGs had commenced a joint review of commissioning support services to ensure that adequate value for money was being received from services commissioned. LLR CCGs would undertake a Make/Share/Buy options appraisal across all commissioning support service lines to identify how commissioning support services would be provided in the future.

Mr Gay briefly explained there were now approximately six CSUs on the lead provider framework which was where services were procured. He suggested that caution should be used in terms of making any major service changes. The most challenging area was CHC where extra capacity had recently been commissioned within the team.

Mr Gay confirmed GEM currently provided services for 22 CCGs in addition to other further outlying CCGs. Some CCGs were considering a competitive market for CHC services, however it would be important to acknowledge that this was an extremely

difficult and complex area. Dr Clode-Baker added if extra resources had been placed with GEM CSU for CHC services then there would be more leverage around the expectation of delivery.

Business cases were required for submission to NHSE for any services being brought back in house and Mr Gay confirmed to Mr Harding that some private companies were in the provider mix such as KPMG.

ACTION: The Finance Sub-Group:

- **RECEIVED** the GEM performance report for July.
- **DISCUSSED** the performance against the contract metrics.

F/15/095

Financial Plan

Mr Gay presented paper G, a draft financial plan which was being developed and would cover the next five years. This coincided with a return which NHS England had requested be completed by the 11th September 2015. The return would detail the current forecast outturn based on the financial position at month 4 and a draft plan for 2016/17 to 2018/19.

Emphasis needed to be placed on the fact that this was a very early draft plan as the CCG would not normally submit an initial draft plan to NHS England until February based on previous years' timetables.

Work completed so far highlighted the need to do more to assure delivery of QIPP savings in future years, beginning in 2016/17.

Mr Gay briefed the group on the position with regard to QIPP savings where it was estimated £4 million would be realised through prescribing, CHC, BCT (LTCs and planned care). A further £4.5 million would need to be identified next year. Elements of the Vanguard Programme might provide opportunities for savings but these were more likely to emerge in 17/18 rather than 16/17. It would therefore be important for the CCG to identify further opportunities for what could be done differently. Members agreed the savings plans were optimistic however, at present the important factor would be to define the scale of the problem.

Dr Clode-Baker raised the issue of wastage in prescribing, particularly in the area of over-ordering and felt this could be significantly reduced, for example, moving from 56 to 28 day prescribing. Mr Gay agreed there would be merit in carrying out a piece of work to identify savings and to ensure it was appropriately followed up. There might also be the possibility of securing external support for this.

SG

Mr Harding said savings initiatives would integrate into the five year plan, and by having an overall five year approach the plans would be more robust. Dr Clode-Baker asked how 7 day working was being factored into the five year plan from a cost perspective and whether any potential savings would be identified. Mr Gay replied at present only a small amount of funding was available for 7 day working from the BCF and wider planning had yet to take place. He added two component worksheets fed into the plan, one for QIPP and one for developments. He did acknowledge that 7 day working would be an enormous change for primary care and costs were likely to rise before eventually reducing. Dr Clode-Baker said 7 day working should see savings from A&E.

ACTION: The Finance Sub-Group:

- **DISCUSSED** the 2016/17 financial plan, and;

- **NOTED** the risks highlighted within the report and the next steps which need to be taken.

F/15/096

Prescribing Quarterly Update

Mrs Harrison presented paper H which was the first quarterly report to outline the activities of the Medicines Optimisation Team to achieve the QIPP associated with the Prescribing Incentive Scheme and other medicines optimisation projects for 2015-2016. Highlights to note:

- Prescribing was overspend at the end of quarter 1, with an anticipation that the position would even out as the year progressed.
- £933,000 annual savings had been identified, based mainly on the prescribing incentive scheme; £93,000 savings were aimed for in quarter 1, and £133,000 had been realised. This amounted to £202,000 in total including Scriptswitch savings. (some Scriptswitch savings had already been accounted for in the QIPP savings and this is why it was reported on a separate line)
- Overall rebates could yield £98,000 savings over a twelve month prescribing period.

It was felt the £933,000 would only be achieved by introducing new opportunities for savings throughout the year.

Savings could be made on drug costs by switching patients to more cost effective alternatives. However, this might then be offset by new patients being initiated on more expensive drugs. It would also be important to be aware of factors such as population increase, disease prevalence and left shift, hence the ongoing risk of prescribing overspend. Dr Clode-Baker added it was also important to ensure the quality aspect was included in prescribing which might also increase costs.

Mr Gay felt it was important to look at additional ways of saving. Mrs Harrison replied the difficulty at present was having the capacity to implement new schemes as the department would not be in a position to recruit to currently vacant positions until the Management of Change process was complete.

Dr Clode-Baker felt more savings would be crystallised if practices chose additional options as part of the prescribing incentive scheme and he felt there would be merit in revisiting this. Mrs Harrison replied the prescribing team did visit practices to specifically target where the most savings would be made. Consideration was given to the possibility of calculating in a more detailed way the anticipated incentive scheme savings from the specific audits chosen by the practice. However Mrs Harrison felt this would not be particularly beneficial as it would not influence how the prescribing team focus their work.

Mr Harding said the next report would contain six months' worth of data which would provide an improved picture and he suggested the position be reviewed at that point.

Mrs Harrison agreed to check the regularity of the Scriptswitch payments. She added the CCG would be moving shortly to First Data Bank from Scriptswitch where the savings would be more significant and contract costs would be less. She made two final points:

- A process was being developed to reduce the risk of prescribing costs being allocated incorrectly. This is caused by prescribers leaving or joining practices, sometimes across different CCGs, and the NHSBSA not being notified. An up to

AMH

date list of prescribers needs to be created and the correct process to notify the relevant bodies of prescribers leaving/joining communicated to all practices.

- A national communication had usually been received on category M drugs and any associated cost pressures, but as yet this had not been received.

ACTION: The Finance Sub-Group:

- **RECEIVED** the content of the quarterly report outlined in Appendix A.

F/15/097

Clarification Letter from Dame Barbara Hakin

Paper I which related to maintaining financial stability as a shared challenge, was received for information.

ACTION: The Finance Sub-Group:

- **RECEIVED** paper I for information.

F/15/098

Any Other Business

No other business.

F/15/099

Date and Time of Next Meeting

Tuesday 6 October 2015, 14.00 - 16.30, Boardroom 2, Woodgate, Loughborough, Leicestershire LE11 2TZ.