

<b>Date</b>	26 March 2019
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<b>Title of paper</b>	<b>Finance &amp; Activity Committee report</b>
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<b>Presenter</b>	Dr Andrew Steeden, Finance & Activity Committee Chair/ Paul Chung, Head of Finance
<b>Author</b>	Paul Chung, Head of Finance/ Saema Shaikh, Business Support
<b>Responsible Director</b>	Paul Brown, Chief Financial Officer
<b>Clinical Lead</b>	Dr Andrew Steeden, Chair WL CCG
<b>Confidential</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (items are only confidential if it is in the public interest for them to be so)

<b>The Governing Body is asked to:</b>
<b>Note</b> the report.

<b>Summary of purpose and scope of report</b>
<p>This report summarises the Finance and Activity Committee's work since the last Governing Body meeting on 22 January 2019.</p> <p>The Committee provides assurance to Governing Body that financial plans for the CCG are robust and that any risk to delivering financial, activity and QIPP obligations are being managed appropriately. This is done via monitoring of services commissioned by the CCG to ensure robust budget and resource management, as well as monitoring of relevant risks on the Board Assurance Framework.</p> <p>The F&amp;A Committee supports the CCG's aim of ensuring that high quality services are commissioned and provided for patients as outlined in the North West London Sustainability &amp; Transformation Plan:</p> <ul style="list-style-type: none"> <li>• Radically upgrading prevention and wellbeing;</li> <li>• Eliminating unwarranted variation and improving long-term condition management;</li> <li>• Achieving better outcomes and experiences for older people;</li> <li>• Improving outcomes for children and adults with mental health needs;</li> <li>• Ensuring we have safe, high quality sustainable services;</li> <li>• Ensuring the system has the capacity and capability to deliver (workforce, organisational development, IT primary care etc).</li> </ul> <p>In January and February, the Committee received the standing finance and QIPP reports as well reports on financial planning for 2019/20 and reports on commissioning and service developments as indicated below.</p> <p><b>1. Month 9 and Month 10 Finance and QIPP reports</b></p>

The WL position at month 10 is underspend against the plan and in total is now forecasting to deliver a surplus of £19.3m for the financial year 18/19. The variances reported relate mainly to acute overspend (Imperial and Chel.West) and Continuing Health Care overspend on personal health budget, however, these are offset against underspend within “other budget” provisions set aside for higher winter activity and spend.

The Committee was informed that the NWL financial strategy agreed in May 2018 indicates loans as being repayable and has requested the NWL Chief Financial Officer confirm this in writing.

Overall QIPP performance has decreased slightly and at month 10 is being reported at 81% YTD and 82% FYE. The performance drop is shared across a number of schemes and is also impacted by lower than expected reductions in A&E and outpatient activity.

#### 1.1. Month 10 NWL Finance report

The forecast outturn position for NWL CCGs has moved by £10.1m from M9 to a £26.5m adverse variance from NWL control total, with four CCGs continuing to forecast adverse variances from control total. Month 10 reported activity is 3% above plan, which is adverse YTD variance of £44.4m. The provider adverse variances relate to; Chel.West and Imperial and out of sector variances are with Guys and Moorfields.

NWL wide QIPP savings is forecasted for full year delivery of 78%, and the reason for adverse variance is slippage of schemes.

The Committee noted the request for CCGs to review affordability at System level instead of at individual levels, and that the request for West London is to go further and look at planned investments and planned pressures.

#### 1.2. 2019/20 Financial Planning update

The first draft plan prepared in December 2018 has been updated with month 9 financial data, in line with NHSE planning guidance and CCG allocation for the next five years and submitted to NHSE on 12 February. The Committee was informed of the uplift allocation which is lower for WL CCG, in order to reduce the gap of the over capitation as the CCG remains over capitated. It was noted that this is a reduction from 28% to 20%.

As the allocation is front loaded with a lower growth rate in the following years, this means that finances will get tighter in 20/21.

The planning principle is for each CCG to plan to reflect agreed service developments and actual costs being incurred and that through budgetary management to identify appropriate cost pressures and QIPP plans to deliver break-even control total.

#### 1.3. 2019/20 QIPP plan

The Committee reviewed the first draft CCG 19/20 QIPP plan that seeks to deliver gross savings of £16m and currently has schemes totalling £13.9m. Further schemes are expected from NWL work-streams. The plan supports the CCG's overall financial position to deliver a breakeven position in 2019/20 as well as the longer term financial strategy.

The Committee was informed of the request to examine potential areas for in-year savings and the need to refine savings plans, which will be refined as contract negotiations conclude and all other avenues are explored.

#### 1.4. BCF Q3 submission report

2018/19 challenge of £1m around the local authority re-ablement element of the CIS contract for the period August 2018 to March 2019. West London CCG, Central London CCG, Royal Borough of Kensington and Chelsea and Westminster councils are reviewing.

## 2. Commissioning and service developments

### 2.1. North Kensington paediatric mobilisation funding

**The Committee approved:** £9,744.00 for paediatric consultant backfill to support the design of the North Kensington Children's Model during design and mobilisation phase (January – March 2019). It was noted that is an additionally and will add to the North Kensington Recovery overspend.

### 2.2. Section 75 review decision report

**The Committee agreed:** work with the Council has been underway to review and refine contracts managed within the section 75 agreement. This report summarised proposed next steps. This includes novation of contracts 100% health funded but currently managed by the Local Authority. Approval to give notice on the council contracts and then contract directly for a range of third sector provision health contracts via direct award was given.

### 2.3. MCP development

**The Committee approved:** in line with the approach agreed at Governing Body in September 2018, Specialist capacity and capability to develop supporting arrangements for the Multi-specialty Community Provider (MCP) model via procurement process at £100k.

### 2.4. Proposed procurement (by RBKC) of a Locality Study linked to the One Public Estate programme

**The Committee received an update** on the One Public Estate initiative led by Royal Borough of Kensington and Chelsea. The proposal is to procure specialist advisors to undertake a locality study (funded by the RBKC One Public Estates Grant Allocation). The work supports the implementation of the CCG's Strategic Estates Plan which will be subject to separate submissions to this Committee.

### 2.5. NEL Integrated Urgent Care costs and financial pressures

**The Committee was informed** of the development of a new integrated NWL service from April 2020, which is to be jointly procured during 2019/20, with Hounslow CCG as lead commissioner. There will be a financial consequence for the CCG as central costs for 18/19 are shared. The Committee queried the high cost relating to project team support.

### 2.6. Proposal for funding to support Primary Care development work programmes

**The Committee approved:** funding to commission external management and BI support for design and delivery of primary care at scale work programme at total cost of £150k.

### 2.7. Mental health self-care grant (Community Living Well)

**The Committee approved:** £150k funding, as set out within the original Community Living Well business case and within the CLW budget, on the proviso that the evaluation report supports definition of targeting of the programme of activities.

#### 2.8. Horton Haven Rehab redesign financing

**The Committee approved:** the use of budgeted mental health open rehabilitation spend for 2019/20, to cover in-year provision and a share of stranded costs (staffing) to a maximum total shared KCW cost of £483,000. The plan is to reduce out of area beds at Horton Haven site in Epsom by putting in place a local 'wrap around' community rehab offer. Approval was given subject to confirmation of financial model by deputy Chief Financial Officer and confirmation by CL CCG to this proposal.

The Committee was informed that this is part of plan to redesign the mental health rehabilitation pathway and to achieve longer term QIPP. The approach agreed is in line with the NWL Financial Strategy.

#### 2.9. Supported Accommodation confirmation of procurement decision

**The Committee noted** the outcome of the procurement process led by the Local Authority for a new model of support, and that this is expected to deliver savings to the CCG and is factored into CCG QIPP plans for 19/20. The CCG's reduction in cost is 20% for RBKC and 50% for Westminster.

#### 2.10. North Kensington recovery 5-year business case

**The Committee received** an update on the North Kensington 5 year business case for NHSE funding and noted the following:

- Health Recovery Strategy is being developed,
- outcome of engagement process and evidence base work has been established,
- services and cost items have been re-evaluated.

The updated 5-year total funding costs currently stand at £46,674 and includes the latest CNWL proposal which is pending confirmation of activity figures and is expected to be validated following further discussion with CNWL.

The Committee was advised the current business case excludes costs for additional health screening. The Committee noted Governing Body is due to receive an update in March and that the report should reference to commitment from NHSE Chief Executive Simon Stevens as well as details of services delivered to date.

#### 2.11. Contract extensions

**The Committee approved** the following contract extensions:

- i) Community cardio-respiratory: contract extension by direct award of one year contract (with optional plus one) to Imperial, at maximum budget at £2.7m.
- ii) Direct access diagnostics: contract extension by direct award of 6 months extension at cost of £233,770 pending procurement of a new NWL wide community direct access (DA) radiology service

- iii) Minor injuries service at St Charles UCC: contract extension via direct award of one year contract at maximum budget of £1m. The Committee noted the supporting procurement advice from Shared Business Service.
- iv) Steady and stable: contract extension by direct award of one year contract at annual cost of £46,000.
- v) Community Independence Service: a tri-borough extension of one year by enactment of contract extension option at cost of £3,115,467. The Committee noted the supporting advice from Shared Business Service and the as this is a time-critical decision the need for sign off by Operational Group on behalf of Governing Body.
- vi) British Red Cross - Hospital at Home service: contract extension via direct award for one year contract at cost of £64,391.
- vii) Three Dementia contracts: bi-borough contract extension via direct award for one year contract at annual cost of £26,200. These services were previously managed by H&FCCG
- viii) Three Homeless Health contracts: contract extensions for three services via direct award of one year contracts. Approval was given on the basis of completion of evaluation

The Committee requested the following:

- review and understanding of strategic long-term support using third sector providers as opposed to entering into short-term contracts
- prioritisation strategy for all contracts to ensure strategic fit and robust management of finance and quality indicators
- contract performance management process to ensure monitoring for QIPP and delivery of savings
- robust review of QIPP delivery and contract management and escalation to this Committee as necessary

### 3. Governance and assurance

The Committee at February's meeting reviewed the CCG risk register and noted the following:

Risk 1: financial system risk across NWL and impact on CCG investments.

Risk 2: BCF financial risk arising from CIS element of contract.

#### Quality & Safety/ Patient Engagement/ Impact on patient services:

The Committee ensures stakeholders are involved in its work through the following:

- All papers require managers to demonstrate the levels of patient and public engagement they have undertaken and impact on patient services;
- Ensuring lay member representation and participation in discussions to support delivery of services that benefit patients.

#### Financial and resource implications

Financial and resource implications were identified within each of the proposals reviewed by the

Committee.

**Equality / Human Rights / Privacy impact analysis**

Not required for this report.

**Risk**

The Committee is responsible for the review and scrutiny of key risks outlined in the Board Assurance Framework.

**Supporting documents**

- Month 10 WL CCG and NWL financial and QIPP reports.

**Governance and reporting** (list committees, groups, or other bodies that have discussed the paper)

Committee name	Date discussed	Outcome
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This report has not been presented to any other Committee of the Governing Body.