

Governing Body

28 September 2016

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| Details | Part 1 | x | Part 2 | | Agenda Item No. | 13 |
| Title of Paper: | Finance and Procurement Committee Report | | | | | |
| Board Member: | Chris Wild, Lay Member and Audit Committee Chair | | | | | |
| Author: | Chris Wild, Lay Member and Audit Committee Chair | | | | | |
| Presenter: | Chris Wild, Lay Member and Audit Committee Chair | | | | | |
| Please indicate: | For Decision | | For Information | x | For Discussion | |

Executive Summary

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| Summary | The paper provides an outline of the matters discussed, assurances sought and decisions ratified at the Finance and Procurement Committee held on 18 August 2016. The paper aims to provide information and assurance to the Governing Body that a robust, effective governance system is in place and that the Committee is discharging its responsibilities | | | | | |
| Risk | High | | Medium | x | Low | |
| | Failure of the Board to understand financing and procurement risks could result in a material failure of the organisation to achieve its strategic objectives alongside failure to discharge statutory responsibilities resulting in substantial sanctions and legal challenges. | | | | | |
| Recommendations | The Board is asked to: Receive the paper and raise any questions regarding the content either at a meeting of the General Board or via direct access to the Author | | | | | |

Strategic themes

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| To deliver improved outcomes and reduce health inequalities for patients through better preventative strategies | |
| To deliver service re-design in priority areas through innovation | x |
| To develop primary care to become excellent and high performing commissioners | |
| To develop the CCG leadership to work with the Local Authority to be excellent integrated commissioners | |
| To develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning | |
| To deliver long term financial sustainability through effective commissioning and innovative investment across the wider system | x |
| To develop and influence the provider landscape through development of a Locality Care Organisation (LCO) | |
| Equality Analysis Assessed? | Supports NHS Bury CCG Governance arrangements x |

Finance and Procurement Committee Report

1 Introduction and background

- 1.1 Meeting of the Finance and Procurement Committee was held and found to be quorate with the following items summarising the key issues raised and debated and decisions ratified.

2 Finance Report – Month 4

- 2.1 Mike Woodhead presented the finance report showing a year-to-date adverse variance to plan of £0.82m – a slight improvement on month 3 (£0.89m), primarily due to non-achievement versus our unidentified QIPP target. The CCG is still forecasting to achieve our 1% surplus for the year. The main risk to achieving forecast outturn is a potential under-achievement of QIPP (circa £3.5m). Whilst Finance are confident of achieving forecast due to a number of mitigants this masks the CCG's need to make structural improvements to ensure long term sustainability is achieved and to enable investment in future improvements to service.
- 2.2 Bury CCG as a key stakeholder in the North East Sector (NES) negotiations re Pennine Acute's Sustainability and Transformation Fund offer of £20.5m has been asked to contribute £1.5m towards bridging PAHT's financial gap and addressing CQC issues in 16/17 (the total ask of the 4 NES CCGs is £7.5m). Finance have been clear that will only be possible if allowed access to the 1% uncommitted funds (i.e. net risk = zero). No definitive answer re the 1% uncommitted funds will be made until October so, in the meantime, the North East Sector is working on a 'plan B' which involves Bury CCG underwriting circa £150k of the £7.5m.
- 2.3 Alongside this, discussions have commenced with NES Commissioners and Pennine Acute Hospitals Trust regarding options for "de-risking" the 2016/17 contract (e.g. block arrangements, cap and collar, etc.) This will only progress if arrangements can be agreed that successfully manage risks for the whole system, i.e. for each CCG as well as PAHT.
- 2.4 Central Manchester are showing a significant overspend. Initial investigation suggests this is partly due to additional work to reduce waiting lists. There has also been a significant increase (£500/600k) in consultant to consultant referrals - investigations are underway to identify the cause.

3 North East Sector update

- 3.1 In addition to the comments above re the Transformation Fund offer, MW reported that discussions were underway with NES colleagues about potentially de-risking 2016/17 Pennine Acute contract.. Pennine Acute have recently forecast Bury CCG's contract outturn as £89m compared to the CCG's own forecast of £85.5m. This underlines how difficult it might be to reach an agreement, however, Finance Committee gave MW support in the negotiations. It was agreed to review any proposals at Finance Committee and then reported to Governing Body for final sign off. CW noted his approval for the coordination of GM CCG's locality plans and de-risking.

3.2 MW confirmed the budgets and contracts for the next year will be agreed by December 2016 for 2 years.

4 QIPP report

MOD presented the paper which provides the Finance Committee with an update on the progress of the current QIPP schemes, where in order for the CCG to deliver a balanced budget, the CCG has identified a challenging QIPP target of £5.5m in 2016-17.

MOD noted there is a long list of schemes which are being reviewed through PFD panel meetings and 7 long term QIPP schemes have been identified, including schemes in Medicines Optimisation. Some schemes are over performing and others need improvement. The Cardiology QIPP is underperforming and the pathways are not being followed.

The committee discussed the concern that some people in the organisation might not be giving QIPP the priority it deserves because there is a feeling that Finance colleagues always manage to fix the position at the end of the year in any case. MOD reminded colleagues how important QIPP is to enable the CCG to invest in priority areas and this message should be cascaded down through all executive functions to emphasise the need to deliver structural change to help deliver future investment.

5 Procurement

5.1 IV Antibiotics case for non-procurement

5.1.1 MOD presented the paper following the original business case being presented to Clinical Cabinet and the CCGs Senior Management Team Meeting (SMT). Discussion was held around the details of the business case but fundamentally all that was required was approval to not go through a formal procurement route, but to develop a service with Pennine Care in lieu of the LCO.

5.1.2 In summary, Committee agreed to give the Commissioning Lead and Clinical Lead the mandate to open up further discussions with PCFT whilst the LCO is being developed to explore this option and present a more details proposal to Clinical and agreed in principle to an extension of the current arrangement with the incumbent provider should additional time be required to ensure no gap in service whilst a revised option is developed.

5.2 Cardiology case for non-procurement

5.2.1 Finance Committee was requested to review the rationale to undertake a re-design of certain pathways within Cardiology with existing providers (PAHT and PCFT) to develop an Integrated Community Cardiology Service. The Committee agreed that the proposals amounted to a service redesign and did not need to be considered as a pilot/precursor to formal procurement. The CCG would and should as a matter of course monitor the performance of the service and would be free to give notice to change the service in future if the redesign proved to be ineffective. Consequently, Committee supported the proposal to not procure a new service and instead work with existing providers to re-design the pathways and introduce an integrated Community Cardiology service.

5.3 AQP – Any Qualified Provider Services

- 5.3.1 MOD introduced the paper- in order to inform the future commissioning intentions of the Greater Manchester (GM) CCGs in relation to the current AQP services, the GM Planned Care Leads Group have undertaken a review of Diagnostic Services (MRI and NOUS) and Adult Hearing Services currently delivered under the AQP arrangements. The aim of the review was to ascertain current service quality, issues and challenges in delivery, review general performance, areas for improvements and widening of service scope to inform GM's commissioning intentions post March 17 when the current contracts come to an end.
- 5.3.2 As a number of CCGs across GM have already brought their AQP Podiatry service back into broader community service provision, and a number of CCGs are planning to do this in 2017/18, this review was only based upon NOUS, MRI (Head and Neck) and Adult Hearing Services.
- 5.3.3 The purpose of this paper was to share the GM review and outline for agreement the recommendations for Bury CCG in terms of commissioning intentions for 2017/18. MOD explained that 10 out 12 CCGs had already agreed to be part of a GM wide tender and she recommended that Bury CCG participate too. Committee agreed for Bury CCG to be included in the GM wide re-tender for AQP NOUS and Adult Hearing and not to retender AQP MR Head and Neck service and this low level activity to be absorbed into other local services. Also, NHS Bury CCG would decommission the AQP Podiatry contract and merge appropriate activity into the local Wound Care, Lymphedema and Podiatry Service following a review of the activity.

6 Recommendations

- 6.1 Board is requested receive the information contained in this report and raise any questions either at a meeting of the General Board or via direct access to the Author.

Chris Wild

Lay Member, Finance and Procurement Committee Chair