

GOVERNING BODY REPORT

- 1. Date of Governing Body Meeting:** 21th March 2019
- 2. Title of Report:** Finance, Performance and Commissioning Committee Report
- 3. Key Messages:**

At the end of January 2019 we continue to report that we are on course to deliver the planned year-end control total of £2.4 million surplus. This will be achieved after a significant level of non-recurrent mitigation and an additional allocation of £1 million from NHS England.

A draft 2019/20 financial plan was submitted to NHS England in February 2019. This plan included a financial recovery savings target of £14.6 million and un-mitigated risk of £12.5 million.

The finance, performance and commissioning committee agreed a series of actions to reduce the level of financial risk prior to the submission of a final 2019/20 financial plan in early April 2019.

The delivery of efficiencies up to January 2019 was reported as £5.289m against planned savings of £6.720m.

There is a Joint Local Area Inspection imminent for children and young people who are disabled and/or have special educational needs. A check and challenge meeting was held with Local Authority and Vale Royal Clinical Commissioning Group colleagues, to ensure we are working towards a joined up health response.

The Committee discussed the process that has been undertaken to assess and recommend for approval third sector grants for 19/20.

The committee noted the month 9 performance against NHS constitutional and local targets and that the system is struggling to achieve a number of the targets. Actions for improvement were reviewed.

The committee received an update on the clinical commissioning group's EU exit plan and associated actions.

4. Recommendations:

The governing body is asked to:

- Note the business discussed and decisions made at the finance performance and commissioning committee meeting held on 7th March 2019
- Approve the 2019/20 financial budget with the caveat that some details of the financial plan continue to be developed

5. Report Prepared By:

Gareth James
Chief Finance Officer

Laura Marsh
Director of Commissioning

Alignment of this report to the clinical commissioning group's corporate objectives

Corporate objectives	Alignment of this report to objectives
We will deliver financial sustainability for the health economy providing value for money for the people of West Cheshire	The report provides an update on performance against financial duties and on our priority programmes which support the delivery of financial sustainability.
We will improve patient safety and the quality of care we commission by reducing variation in standards of care and safeguarding vulnerable people	The report provides an update on our priority programmes which will deliver reduced variation in standards of care.
We will support people to take control of their health and wellbeing and to have greater involvement in the services we commission	The report provides an update on our priority programmes which will support patients taking control of their health and wellbeing.
We will commission integrated health and social services to ensure improvements in primary and community care	The report provides an update on our priority programmes that focus on integration.
We will commission improved hospital services to deliver effective care and achieve NHS constitutional targets	The report provides an update on our performance against constitutional standards and locally agreed performance measures and our priority programmes which will deliver improved hospital services and achievement of constitutional targets.
We will develop our staff, systems and processes to more effectively commission health services	The report provides oversight of how we use our staff, systems and processes that enable effective commissioning.

Alignment of this report to the governing body assurance framework

Risk No	Risk Description	Assurance / mitigation provided by this report	Proposal for amendment to risk as a result of this report (revised risk description, revised mitigation or scoring)
1	Delivery of financial duties	The report provides an update on financial performance for the period ended 31 st January 2019.	No change
2	Delivery of 2018/19 financial plan (and comply with legal directions)	The report provides an update on financial performance for the period ended 31 st January 2019.	No change
9	Engagement of stakeholder in new models of care	The report includes an update on the Operational Plan for 19/20	No change
10	Delivery of financial recovery plan	The report provides an update on the 2018/19 financial recovery plan delivery.	No change
11	Delivery of NHS constitutional targets	The report provides an update on the performance against constitutional targets and suggested approach in relation to ongoing performance concerns	No change

NHS WEST CHESHIRE CLINICAL COMMISSIONING GROUP

GOVERNING BODY

FINANCE, PERFORMANCE AND COMMISSIONING COMMITTEE REPORT

INTRODUCTION

1. This report provides an overview of the business discussed and decisions made at the Finance Performance and Commissioning Committee meeting held on 7th March 2019.
2. Details of the key issues discussed are provided in the following paragraphs.

FINANCIAL POSITION FOR THE PERIOD ENDING 31st JANUARY 2019

3. The committee discussed likely year-end performance after 10 months of the financial year and, in particular, the financial risks and opportunities associated with delivery of our year-end control total of £2.4 million surplus. The full report is provided [here](#).
4. At the end of January 2019 the financial position reported to NHS England, and, therefore, the finance, performance and commissioning committee can be summarised as follows:
 - In-year surplus of £1.167m which is £833,000 lower than plan.
 - We continue to report that we will deliver our planned surplus of £2.4m as at 31st March 2019.
 - We continue to report approximately £1 million of un-mitigated risk.
 - Year to date QIPP delivery of £5.289m against a target of £6.720m.
5. During recent months, following a detailed review of all risks and opportunities, we have been reporting that our most likely year-end scenario is break-even (or financial balance) reflecting that the level of un-mitigated risk remained at approximately £2.4 million. Following an improvement in forecast budgetary positions and factoring in several non-recurrent mitigations the level of risk has reduced to £1 million meaning that our likely year-end position is a surplus of £1.4 million.

6. Recent discussions with NHS England have been positive. In addition to the agreed further primary care delegated budget that was negotiated to fund in-year pressures (£450,000) we have also been notified that we will receive an additional non-recurrent allocation of £1 million subject to delivery of the month 10 forecast of £1.4 million surplus. This will, therefore, result in delivery of the £2.4 million surplus control total.
7. The report to the committee included updates on the high risk budget areas and the discussion concentrated on the following issues:
 - **Primary care delegated budget;** an additional allocation of £450,000 has been received from NHS England to partly mitigate the pressure that has developed during our first year of delegation. It was confirmed that, although this allocation is very welcome, this allocation was non-recurrent.
 - **Primary care prescribing;** we have incurred £445,000 to the end of November 18 in respect of no cheaper stock obtainable (NCSO) medicines. If the costs continue at this rate we will incur NCSO costs of £748,000 by 31st March 2019. At this point of the year, no additional national funding is being made available.
 - **Secondary care contracts;** the committee was concerned about the movement in the notional performance against the 'block' contract with the Countess of Chester NHS Foundation Trust. It was confirmed that any potential counting and coding issues are being challenged robustly and picked up in the 2019/20 contract negotiation.
 - **Continuing and complex healthcare;** the committee considered the growing pressure against this budget and asked of the impact into the new financial year. It was confirmed that the full-year impact of the financial pressure has been factored into our 2019/20 financial plans along with approximately 6% for additional growth in activity.
 - **Underlying financial position;** concern was expressed about the impact of mitigating actions in the current financial year on 2019/20 plans. It was confirmed that we will begin the new year with a recurrent deficit of approximately £3.5 million which will be the first call on any new resources.
8. Following robust discussion, the committee noted the financial performance for the period ended 31st January 2019.

CUMULATIVE AND UNDERLYING FINANCIAL POSITIONS

9. The committee also discussed our underlying financial position. Each month we calculate our projected recurrent underlying position that aims to reflect our recurrent or ongoing commitments moving into the next financial year. At present we are predicting an underlying position of a £3.5 million deficit (otherwise described as a negative run-rate) meaning that we are recurrently spending more than our recurrent allocation. This recurrent deficit will be a first call against our 2019/20 allocation growth.
10. All clinical commissioning groups also have a cumulative financial position reflecting the impact of financial performance from previous years. We began this financial year with a cumulative deficit of £5.36 million and currently plan that this will reduce to £2.96 following delivery of a £2.4 million surplus as at 31st March 2019.

2019/20 FINANCIAL PLAN

11. The committee has received two reports on the development of the 2019/20 financial plan during February and March 2019. Copies of both reports are provided [here](#) and [here](#). To recap, the following broad principles have been used to generate the plan:
 - Plan for recurrent implications of 2018/19 expenditure
 - Non-recurrent repayment of year-end mitigations
 - Application of national tariff and inflation rules
 - Application of local growth and other planning assumptions
 - Inclusion of additional investment to meet the requirements of the NHS Long Term Plan (LTP)
12. At the March 2019 committee meeting, an update on developments since the draft submission on 12th February 2019, along with feedback received to date from NHS England was discussed. The national and local planning assumptions underpinning the draft plan were agreed at the February meeting and, therefore, the discussion in March concentrated on developments since the draft submission, feedback received to date from NHS England and the proposed next steps.
13. Following application of the above planning principles, the committee considered an initial plan, with a potential financial recovery target of £16.741 million (calculated as the difference between our likely expenditure and allocation). Following agreement to several changes to our assumptions, the position had improved to a recovery target of £14.603 million when we submitted our draft plan to NHS England on 12th February 2019.

14. In addition, we have reported £12.5 million of un-mitigated risk mainly in respect of the following areas:
- Significant level of un-identified financial recovery savings to date
 - Negotiation of contracts yet to be concluded
 - Activity growth in excess of planned levels
15. There is an expectation that the additional funding will have a significant impact on both our financial outlook and delivery of performance improvements. The committee considered the following 4 criteria and our current compliance against NHS England expectations:
- **Plan to deliver control total;** *our draft plan delivers a £1.5 million surplus*
 - **Application of Long Term Plan obligations;** *we are currently planning to invest to meet the requirements in relation to mental health, primary care and community services. Our plan will not, however, currently ensure delivery of all constitutional targets*
 - **Zero, or very low level of unmitigated risk;** *we are currently reporting un-mitigated risk of £12.503 million (3.05%) without any clear plans for how this will be further mitigated*
 - **Financial recovery plan of no more than 2%;** *our latest plans indicate a requirement to deliver efficiencies of 3.6%*
16. The Chief Finance Officer suggested the following planning issues that could potentially be refined to improve our planning position:
- Review investment decisions to see if we can safely reduce planned expenditure
 - Review our assessment of risk and apportionment
 - Contract negotiations; refine activity growth assumptions
 - Reduce the level of un-identified QIPP by application of stretch targets
 - Plan for non-recurrent mitigations now rather than wait until later in the financial year
 - Review of recovery pipeline and work with other Cheshire CCGs to develop joint plans
17. Based on our draft submission, it is likely that our plan will not be signed off by NHS England. The committee agreed to delegate to the Chief Finance Officer to work with colleagues to refine our planning assumptions and factor these into our continued dialogue with NHS England.

18. The committee also discussed the following issues in more detail:
- The committee agreed for work to continue to refine planning assumptions, where prudent to do so, aiming to reduce both the financial recovery plan requirement and the level of risk.
 - Committee members asked if we were planning to develop a system wide response to the financial challenge. It was noted that the clinical commissioning group is working to develop plans both with neighbouring Cheshire Clinical Commissioning Groups and with local partners in the West Cheshire system.
 - Our financial plan doesn't include provision to meet all of the NHS England expectations relating to elective care. Specifically, there is a risk that the total number of patients waiting for treatment will not reduce and that the 18-week referral to treatment standard will not be delivered. The committee has agreed to the planning assumptions although requested a system wide narrative to mitigate any adverse impact on patient care and outcomes.

2019/20 FINANCIAL BUDGET

19. Following an increase in our core allocation of 5.33% we will begin the financial year with a total budget of £409.662 million. The total budget has been calculated as follows:

Description	£M	% <i>growth</i>
2018/19 recurrent allocation	346.882	
Baseline adjustment	(-)0.409	
Adjusted recurrent allocation	346.473	
Growth in allocation	18.454	5.33
Final allocation	364.927	
Other allocations	1.807	
Total core allocation	366.734	
Delegated primary care	37.523	5.93
Running cost allowance	5.405	
Total allocation	409.662	

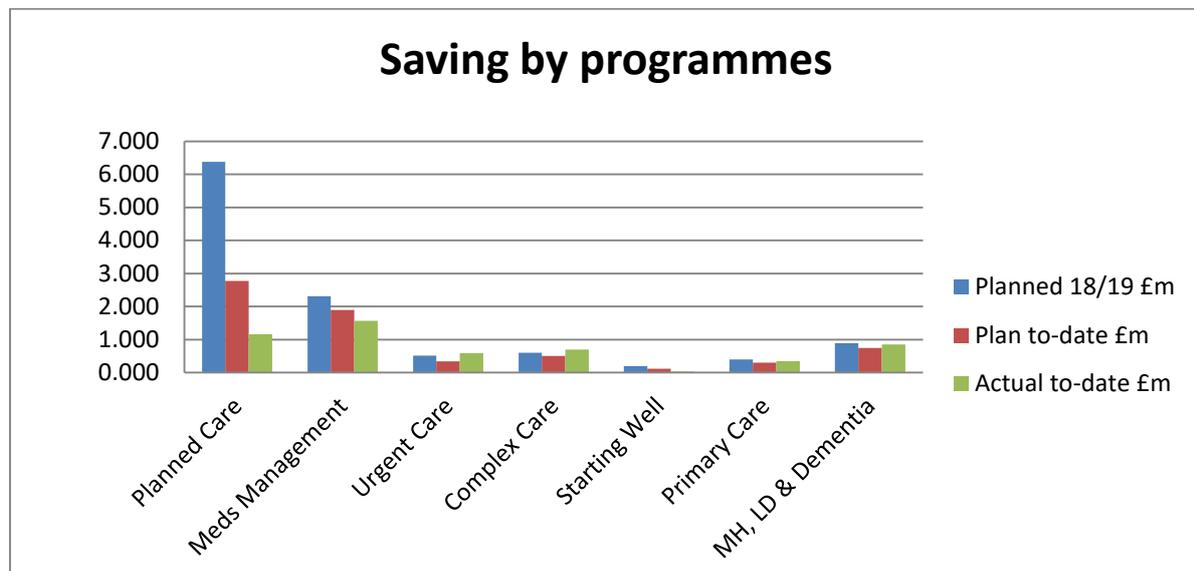
20. The total budget includes a separate delegated primary care (medical) allocation which has been uplifted by 5.93% and a separate running cost allowance of £5.405 million.
21. NHS West Cheshire Clinical Commissioning Group has been given a 2019/20 control total of £1.5 million surplus. This is more challenging than many other clinical commissioning groups because of our cumulative deficit with NHS England.

- 22. Following discussion the committee agreed that further work is required to ensure that our plan is signed-off by NHS England and agreed to delegate authority to the Chief Finance Officer to continue dialogue with NHS England and to factor any changes to our planning assumptions into our planning returns.
- 23. The committee also recommended that the governing body approves the 2019/20 financial budget with the caveat that some of the details of the financial plan continue to be developed.

FINANCIAL RECOVERY DELIVERY

- 24. The delivery of efficiencies up to January 2019 was reported as £5.289m against planned savings of £6.720m (recognising that not all of this is seen through into the overall financial position). Delivery against each programme is detailed below.

Saving by programme					
Programme Area	Planned 18/19 £m	Plan to-date £m	Actual to-date £m	% Var Actual vs f'cast	Var plan vs f'cast
Planned Care	6.379	2.780	1.159	41.7%	43.6%
Meds Management	2.314	1.897	1.565	82.5%	82.0%
Urgent Care	0.513	0.343	0.595	173.5%	66.9%
Complex Care	0.600	0.502	0.703	140.1%	83.7%
Starting Well	0.194	0.124	0.038	30.4%	64.0%
Primary Care	0.402	0.304	0.351	115.7%	75.5%
MH, LD & Dementia	0.894	0.745	0.852	114.4%	83.3%
Full Year	11.296	6.720	5.289	78.7%	59.5%

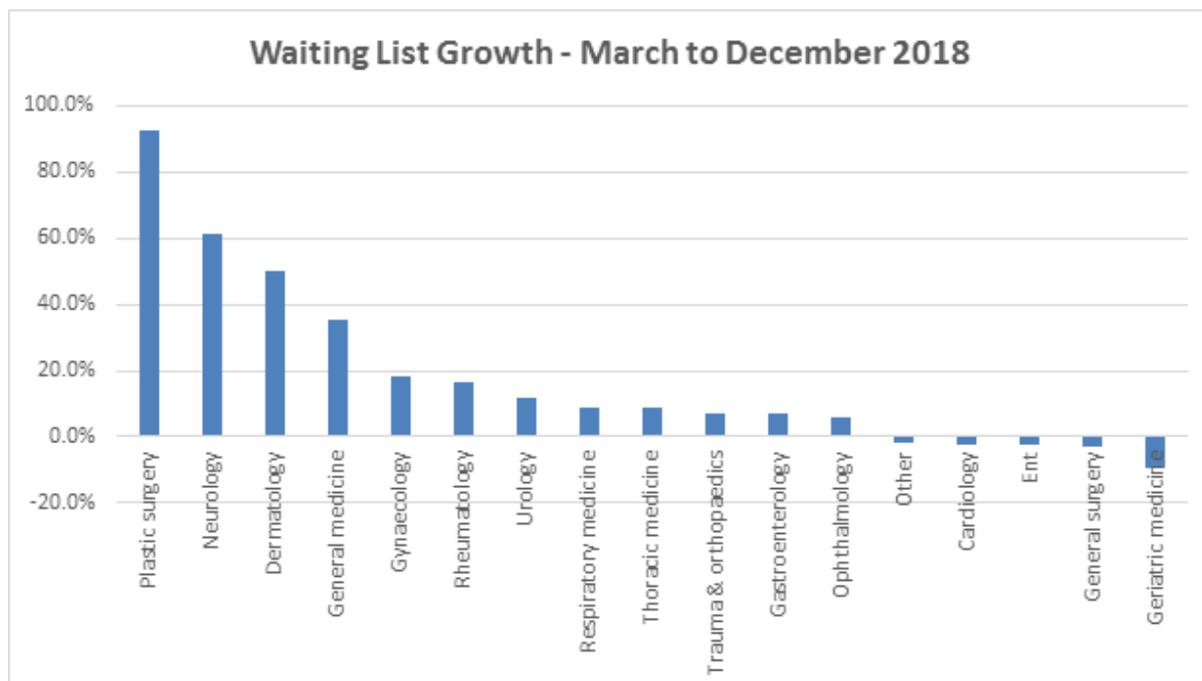


25. It was noted that good progress has been made in developing positive relationships between commissioners and providers in the development of revised clinical pathways that help to reduce demand on secondary care. This is evident for gastroenterology, where a number of new clinical pathways have been implemented that enable patients to go straight to dietetics rather than via a consultant.
26. The committee discussed the delays that have been faced with the implementation of the community hub for respiratory, which has faced delays relating to equipment procurement and IT. It is proposed that full implementation will be included within the 'Service Development and Improvement Plan' in the Countess contract for 19/20 as well as an expectation for engagement of primary care via the CQUIN.
27. In relation to Starting Well, it was noted that following some delay, Dr Ravi Jayram had attended the Ellesmere Port and Neston GP Network to engage primary care in the delivery of a pilot community hub for paediatrics and maternity which is being developed jointly by Countess of Chester and Wirral University Hospital Trusts. The pilot will provide the opportunity to test inclusion and exclusion criteria to ensure improved access for families to urgent clinical advice that does not require A&E. This will also be an opportunity for primary care clinicians to work alongside paediatric specialists to enhance their paediatric expertise.
28. There is a Joint Local Area Inspection imminent for children and young people who are disabled and/or have special educational needs. A check and challenge meeting was held with Local Authority and Vale Royal Clinical Commissioning Group colleagues, to ensure we are working towards a joined up health response. This is supported by the work being undertaken as part of the 'Working Together across Cheshire' programme.
29. The Committee discussed the process that has been undertaken to assess and recommend for approval third sector grants for 19/20.
30. The voluntary and third sector continues to play a pivotal role in helping NHS West Cheshire Clinical Commissioning Group to address key health priorities, through meeting the needs not being met by statutory health services. To support this, the clinical commissioning group launched the 2019/20 third sector grants scheme in December 2018 which was open to all third sector organisations in West Cheshire.
31. The total value of grant funding available for 19/20 is £543,365. Twenty seven applications were received totalling £895,333.
32. Four organisations have had their grants rolled over from the previous year, this equates to £247,275.
33. All applications were scored prior to being reviewed by a cross-programme panel, which included clinical and Local Authority representatives. Thirteen of the twenty seven applications were supported.

34. It has been agreed that all organisations will use the UpShot performance tool that is currently being used by Cheshire West and Chester Council, to provide joined up performance metrics. This will cost £4,200 for all organisations and the expectation is that the clinical commissioning group will pump prime the costs of the tool for 19/20 only.
35. The total commitment for third sector grants for 19/20 is £490,158. The full detail of the proposed grants is available [here](#).
36. There was a query from the Local Authority whether there was any overlap with the Equality and Diversity grants that they award. Since the committee meeting it has been clarified that there is no overlap.
37. The committee considered and supported the proposed third sector grant commitments for 19/20. However, it was recognised that those organisations that were unsuccessful should be managed sensitively, and where possible supported, to seek alternative sources of funding.
38. Final drawings, for the redesign of the crisis café building have been completed. Planning permission is to be sought, subject to the final designs being agreed by the service users and professionals. The clinical service specification has been completed and is currently with Cheshire & Wirral Partnership Trust for agreement. A Public Information Day, 'Updating the Story' was held on 28th February with very positive feedback from those attending.

PERFORMANCE

39. The committee noted the month 9 performance against NHS constitutional and local targets and that the system is struggling to achieve a number of the targets. The performance dashboard is available [here](#).
40. There was discussion regarding Referral to treatment. Underperformance is taking place across all three of the Referral to treatment metrics and this is predominantly due to breaches taking place at the Countess and Wirral University Hospital. Although this has been a consistent picture throughout 2018/19, this performance is comparable with what is being experienced nationally and we are currently performing above the national average.
41. The main issues that have been impacting on our performance in this area are the successful focus on repatriation of services into Countess and increased referral rates. This is particularly the case within ENT and urology.
42. The chart below shows the percentage growth in waiting list by specialty from March to December 2018. Growth is being seen across most specialties, with some seeing an increase of over 50%.



43. Significant and ongoing poor performance at Wirral has seen an impact on the overall performance against the target and shared pathways with Wirral are responsible for all current 52 week breaches and vascular patients under these shared pathways are also contributing to a considerable number of breaches.
44. The following recovery plans are in place to address performance issues:
- Additional clinical capacity
 - Triaging of referrals via e-RS. This is proving successful with an average of 7% of referrals being returned with advice across all specialties. However, we are seeing returns as high as 20% in some specialties e.g. Breast. We are expecting the continued roll out of Advice and Guidance to also have a positive impact on referral numbers.
 - Increased validation of pathways is taking place across a number of specialities, particularly Gastroenterology.
 - Out of area referrals have been suspended at the Countess for Dermatology, Rheumatology and Cardiology
45. The committee discussed the need for greater integration between the Intermediate dermatology and secondary care dermatology service. Assurance was provided that this is being progressed, partly due to the overwhelming demand the service is facing.

46. Changes to clinical pathways within gastroenterology and musculoskeletal are beginning to have an impact on the demand for diagnostics.
47. Performance has marginally underperformed against the cancer 31 day metric where 95.7% was achieved against a 96% target. This was primarily as a result of 3 urology patients breaching, 2 at Wirral Hospital and 1 at Clatterbridge.
48. Cancer 62 day performance is also breaching after more positive performance last month. This has followed the highest number of referrals in three years received in October, coupled with complex pathways and issues with diagnostic capacity. Job planning is being undertaken in urology to increase capacity and a new pathway has been introduced to move upper GI surgery referred to the Countess to the Royal Liverpool.
49. West Cheshire's dementia diagnosis rate is performing at 63.1% in December 2018, which continues to be below the required standard. The following actions are being undertaken to improve performance:
 - Implementation of the Admiral Nurse Service in Neston and Willaston. The service is now 9 months into implementation and has seen a 29% increase in diagnosis rates in these practices.
 - Monitoring trends within individual practices. This work has been undertaken since April 2018. This has shown the practices with the lowest overall increases, thus where to focus activity.
 - Validation of data
 - Multi-organisation meeting planned for March to work through the Dementia Toolkit to determine areas of strengths and gaps.

19/20 PLANNING

50. Cheshire Clinical Commissioning Groups are working together on a single Cheshire Operational Plan for 19/20. Engagement with wider stakeholders on the plan is underway and a draft has been shared with both Health and Wellbeing Boards as well as with patient representative forums and Healthwatch. The plan sets out our ambitions for 19/20 to work together at scale where possible to reduce variation as well as providing our intentions regarding localised interventions, where relevant.

EU EXIT PREPARATION

51. Following guidance produced by the Department of Health & Social Care produced on 21 December 2018, all health and social care organisations (including commissioning) are advised to undertake local EU Exit readiness planning, local risk assessments and plan for the wider potential impacts.

There are seven areas of activity which the Department has identified as requiring focused planning including:

- Supply of medicines and vaccines
- Supply of medical devices and clinical consumables
- Supply of non-clinical consumables, goods and services
- Workforce
- Reciprocal healthcare
- Research and clinical trials
- Data sharing, processing and access

52. The guidance identifies the key actions for commissioners including the need to ensure contracted health and care providers are ready to manage any risks highlighted in the guidance, continue with any business continuity planning. Specifically, commissioners are required to:

- Undertake an assessment of risks associated with EU Exit by end January 2019
- Ensure that the business continuity plan takes account of the latest guidance by end of January 2019
- Support providers to test existing business continuity plans by end February 2019

53. An action plan has been generated, in collaboration with colleagues in the Cheshire clinical commissioning groups, and was reported to the committee in February 2019; a copy is provided [here](#). In March the committee considered the actions that have been completed to date and, specifically the following new actions that have arisen in the last month:

- EU Exit baseline temperature check has been completed with NHSE. The CCG will be required to submit formal returns to NHSE on EU Exit planning in the future; however a date has not yet been confirmed for this process to commence.
- NHS England has released an '*Off the Shelf Exercise pack on NHS EU Exit*'. The exercise framework is designed to raise awareness and understanding of the NHS's arrangements for the seven areas of activity and focuses on three periods during the UK's exit from Europe; the first 6 months; 12 months later; and 24 months later.

A virtual group will be established across the 4 CCGs to consider how to facilitate the NHS England exercises and ensure the appropriate representation to ensure wider system planning. The group will also consider the assurances required from providers to ensure the safe delivery of patient care. CCG representatives from each of the NHSE domains will be invited to be part of the group.

54. The finance, performance and commissioning committee will receive an update on a monthly basis continuing after the potential EU exit from the end of March 2019.

RECOMMENDATIONS

55. The governing body is asked to:
- Note the business discussed and decisions made at the finance performance and commissioning committee meeting held on 7th March 2019
 - Approve the 2019/20 financial budget with the caveat that some details of the financial plan continue to be developed

Gareth James
Chief Finance Officer

Laura Marsh
Director of Commissioning

January 2019