

BOARD PAPER - NHS ENGLAND

Title: Report of the Finance and Investment Committee

Clearance: Moira Gibb, Chair of the Finance and Investment Committee
Paul Baumann, Chief Financial Officer

Purpose of paper:

- To inform the Board of the work undertaken by the Finance and Investment Committee.

Actions required by the Board:

- To note the work of the Finance and Investment Committee.

Report of the Finance and Investment Committee

1. This paper contains an update on the committee's activities for the period 1 May 2014 to the 2 June 2014 and highlights any issues and decisions that the Board should be aware of. The committee met once during this period.
2. The Key issues addressed were:
 - **Transaction Agreement relating to Chase Farm Hospital and the Royal Free NHS Foundation Trust** - The committee approved the Transaction Agreement in line with the heads of terms previously agreed by the Board.
 - **Strategic planning** - the committee discussed the progress made on the strategic planning process and the financial gap in the current plans. It was noted that final plans would be submitted on the 20th of June and a full analysis would be available subsequent to that.
 - **Proton Beam Therapy Business Case** – The committee reviewed the financial implications of the business case and discussed the activity projections associated with the service. The committee requested that further work was undertaken before this could be approved.
 - **Provision of counter fraud services** – the committee reviewed the proposal to develop counter fraud services at NHS England and requested that further work was carried out before final submission to the Audit Committee. Approval was given to increase the budget for these services by transferring £1m funding from contingency.
 - **NHS Employers Memorandum of Understanding (MoU)** - The committee reviewed an MOU for 2014/15 which allows NHS England to access to the contract between DH and NHS Employers for securing negotiating services on primary care contracts. The value of the contract variation is £1.4m for the year. The committee recommended that board approval is sought for the MoU to be signed.
3. The minutes of the meetings held on the 7 April 2014 and the 28 April 2014 have now been approved by the committee and are attached in annex 1 and annex 2 respectively.
4. The Board is asked to note the work of the committee for the period 1 May 2014 to the 2 June 2014 and the minutes of the meetings held in April 2014.

Finance and Investment Committee

Minutes of the meeting held 7 April 2014

Present:

Moira Gibb	Non-executive Director (Chair)	MG
Ed Smith	Non-executive Director	ES
Paul Baumann	Chief Financial Officer	PB
Richard Barker (telcon)	Regional Director, North	RB
Bill McCarthy	Director of Policy	BM

Apologies:

Paul Watson	Regional Director, Midlands and East	PW
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In Attendance:

Claire Wilson	Head of Office, Finance Directorate	CW
Ann Johnson	Director of Financial Performance	AJ
Sam Higginson	Director of Strategic Finance	SH
Mags Scott	Assistant Director of Financial Control	MS
Victoria Smith	Director Of Finance and Assurance – CSU Transition Programme	VS

1.	Apologies for absence
	<ul style="list-style-type: none"> • Apologies were received from Paul Watson; Richard Barker attended in his absence.
2.	Minutes and actions from previous meeting
	<ul style="list-style-type: none"> • The minutes were approved as an accurate record of the meeting. • Matters arising: <ul style="list-style-type: none"> • Sam Higginson (SH) updated the committee on the Mid Staffs transaction and confirmed that the action relating to this was now closed. • It was noted that the action relating to the Telephone Appointment Line business case was now complete.
3.	Month 11 financial performance

	<ul style="list-style-type: none"> • Ann Johnson (AJ) presented the month 11 finance report. • The plans for 2013/14 included a drawdown of prior year surplus of £650m. • Across the commissioning system, the full year forecast surplus position is £191m (0.2% of allocation) higher than plan (before the impact of technical and legacy adjustments). This is a £10m adverse movement from month 10. Consequently, the in-year drawdown is forecast at £459m. • The risk adjusted forecast surplus is now £327m better than plan (0.3% of allocation), a £34m improvement from month 10.
4.	5 year strategic planning (oral update)
	<ul style="list-style-type: none"> • As set out in the planning timetable, a second set of plan submissions were received on the 4th April 2014 and comprised performance, financial, activity and strategic elements. The submissions are currently being reviewed. • The committee discussed the challenges and risks associated with developing the plans for each element of commissioning and in particular Specialised Services given the structural deficit reported for 2013/14. • Ann Johnson (AJ) described the work ongoing across each element of the plans and confirmed that the committee would receive updates at each of its meetings over the next 4 months. • <i>The committee noted the progress made to date and the ongoing work in this area.</i>
5.	Provisions accounting 2014/15
	<ul style="list-style-type: none"> • Mags Scott (MS) presented a paper setting out the technical accounting arrangements for provisions accounting in 2014/15 and the proposed approach to managing this with CCGs. • The committee noted correspondence received from the NHS Clinical Commissioners on this issue and the work being done to address the issues raised. • The terms of reference and membership of the Commissioning Assembly Finance Reference Group is in the process of being refreshed.
<p>ACTION: Paul Baumann (PB) to work with NHS Clinical Commissioners as proposed.</p>	
6.	Approval of Commissioning Support Unit 2014/15 financial plans
	<ul style="list-style-type: none"> • Victoria Smith (VS) presented a paper summarising the 2014/15 financial plans for Commissioning Support Units (CSUs) and the process of assurance undertaken to date.

	<ul style="list-style-type: none"> • It was noted that the proposed plans had been endorsed by the Commissioning Support Committee and would be subject to on-going monitoring during the year. • <i>The 2014/15 CSU financial plans were approved by the committee.</i>
7.	Any Other Business
	<ul style="list-style-type: none"> • No other business was reported.

Finance and Investment Committee

Minutes of the meeting held 28 April 2014

Present:

Moira Gibb	Non-executive Director (Chair)	MG
Ed Smith	Non-executive Director	ES
Paul Baumann	Chief Financial Officer	PB
Bill McCarthy	Director of Policy	BM
Paul Watson	Regional Director, Midlands and East	PW

Apologies:

Sheenagh Powell	Director of Financial Control	SP
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In Attendance:

Claire Wilson	Chief of Staff, Finance Directorate	CW
Ann Johnson	Director of Financial Performance	AJ
Sam Higginson	Director of Strategic Finance	SH
John Bailey (for item 6)	Head of Financial Strategy	JB
Matthew Custance (for item 6)	KPMG	MC

	<p>Apologies for absence</p> <ul style="list-style-type: none"> Apologies were received from Sheenagh Powell.
2.	<p>Minutes and actions from previous meeting</p> <ul style="list-style-type: none"> The minutes were approved as an accurate record of the meeting. Matters arising: <ul style="list-style-type: none"> Cancer/Cardiac reconfiguration in London. ES asked that the issue is fully reviewed by Executive Directors of NHS England before coming to the Finance and investment Committee. PB updated the committee on the outcomes of the meeting with NHS Clinical Commissioners relating to provisions.
3.	<p>Month 12 financial performance</p> <ul style="list-style-type: none"> Ann Johnson (AJ) presented the month 12 finance report. The final, unaudited draft accounts position will be reported to the June

	<p>Committee. A small number of changes are expected to be made between months 12 and 13, including:</p> <ul style="list-style-type: none"> • Finalisation of legacy and technical adjustments; • Differences on Agreement of Balances (inter-NHS organisational balances) • Any final adjustments required by individual CCG or Area Teams. • The final audited accounts will be approved through Board and Audit Committee in June and July. • The planned surplus of £534m assumed included a drawdown of £650m of prior year surpluses. Before legacy and technical adjustments, the full year surplus is £260m (0.3% of allocation) higher than this plan, meaning a drawdown of £390m of historical surpluses in year. This is a £70m favourable movement from month 11.
4.	5 year strategic planning (oral update)
	<ul style="list-style-type: none"> • The 2014/15 financial plans received on the 4 April 2014 did not deliver balance across the commissioning system even after allowing for the available drawdown and so further work is required. • AJ described actions agreed by the executive team to address the gap. Area teams and some CCGs will be re-submitting plans on the 9th of May with the final submissions across the system expected by the 20th June. • <i>The committee noted the progress made to date and the ongoing work in this area.</i>
5.	Papworth PFI Business Case
	<ul style="list-style-type: none"> • The committee noted that the Papworth Business Case had been circulated prior to the meeting and had been reviewed by correspondence. • No further comments were received. • <i>The committee noted the approval of the Business Case and associated paper by correspondence.</i>
6.	Primary Care Support Services
	<ul style="list-style-type: none"> • JB and MC presented the financial implications of the options for transforming and modernising the Provision of Primary Care Support Services (PCSS). • The committee noted assurance work that had been undertaken in support of the process and the due diligence undertaken by KPMG. • JB described the financial risks associated with the options and the mitigations that will be put in place. • ES asked that formal legal counsel opinion was sought and that said that this

	<p>would be required by the board.</p> <ul style="list-style-type: none"> • <i>The committee reviewed the business case and sought assurances on a number of issues prior to the case being submitted to the board at its May meeting.</i>
	<p><i>ACTION: Further legal counsel opinion to be sought prior to the board meeting.</i></p>
7.	Any Other Business
	<ul style="list-style-type: none"> • No other business was reported.