

BOARD PAPER - NHS ENGLAND

Title: Report of the Investment Committee

Clearance:

Moira Gibb, Chair of the Investment Committee

Paul Baumann, Chief Financial Officer

Purpose of paper:

- To inform the Board of the work undertaken by the Investment Committee at its meetings on 2 February and 9 March 2015.

Key issues and recommendations:

- This paper contains an update on the activities of the Committee for the period from 13 January 2015 to 9 March 2015 and highlights any issues and decisions that the Board should be aware of. The Committee met twice during this period.

The Board is invited to:

- Note the work undertaken by the Investment Committee at its meetings on 2 February and 9 March 2015.

Report of the Investment Committee

1. This paper contains an update on the activities of the Committee for the period from 13 January 2015 to 9 March 2015 and highlights any issues and decisions that the Board should be aware of. The Committee met twice during this period.
2. The key issues addressed at the 2 February Investment Committee were:
 - **2014/15 Financial Performance: Month 9** – the Committee scrutinised the financial position at month 9 across CCGs, Direct Commissioning, NHS England central running and programme costs, and technical limits. The Committee noted the improving financial position, and other potential positive movements against plan expected in the remainder of the year.
 - **Service Reconfiguration Oversight Group** – the Committee reviewed the suggested principles for its role in reconfiguration assurance and decision making. The Committee agreed high level principles on which to establish its work on reconfiguration and agreed that more detailed proposals would be presented to the Committee at a future date in March.
 - **Planning Process Update** – the committee received an update on first 2015/16 financial planning submissions by commissioners. The Committee asked for updates on subsequent planning submission rounds to be brought back to future committees.
3. The key issues addressed at the 9 March Investment Committee were:
 - **Month 10 update** - the Committee scrutinised month 10 financial performance across the commissioning sector, noting the non-ring fenced RDEL position. It was noted that the overall shape of the position was positive, although it was important to highlight the one-off reasons for much of the 2014/15 underspend, including the return of underspends against the continuing healthcare provision to CCG positions.

The Committee also received an update on the investigation into early warning for CCGs showing significant deterioration in financial performance, endorsed the approach being taken and requested a further discussion of the lessons learned at a future meeting.
 - **The National Tariff 2015/16** - the Committee recognised that plans for the 2015/16 tariff outlined at the last Board meeting had been executed, and noted the outcome of provider decisions, and the corresponding impact on the 2015/16 financial position.

- **2015/16 Financial Planning** - it was noted how much progress had been made in reaching this stage with a clear framework of expected financial delivery and early completion of budgeting for central programme and running costs, but that there remained some areas for further work in reconciling activity and balancing financial plans for Specialised Commissioning in particular. Despite complications resulting from the delayed tariff agreement process, the committee endorsed the approach being taken by NHS England to keep closely to the original financial planning timetable.
 - **Vanguard Transformation Funds** – the Committee noted its role in overseeing the end to end process, shaping the rules for use of this fund and ensuring they are then applied appropriately to ensure strategic impact and value for money. The Committee agreed that it would not generally be approving individual cases (which would be subject to approval limits as set out in Standing Financial Instructions) but would provide oversight of the portfolio in the light of recommendations from the Models of Care Board.
 - **Primary Care Infrastructure Fund** - it was agreed that the Committee and the Board would receive an update on assurance undertaken at sub-regional and national level, after the moderation panels. The Committee agreed the importance of documenting an outcome and impact analysis from the use of year one of this fund, to incorporate any learnings from the first year.
3. The minutes of the meetings held on the 12 January and 2 February have now been approved by the committee and are attached in annex 1.
 4. The Board is asked to note the work of the Committee for the period from 13 January to 9 March 2015 and the minutes of the meeting held on 12 January and 2 February 2015.

Investment Committee

Minutes of the meeting held 12 January 2015

Present:

Moira Gibb	Non-executive Director (Chair)	MG
Noel Gordon	Non-executive Director	NG
Paul Baumann	Chief Financial Officer	PB
Ian Dodge	Director of Commissioning Strategy	ID
Sarah Pinto-Duschinsky	Director of NHS Operations & Delivery	SP-D

In Attendance:

Doug Siebert	Chief of Staff, Finance Directorate	DS
Steve Wilson	Director of Financial Control	SW
Simon Currie	Director of Financial Performance	SC
Sam Higginson	Director of Strategic Finance	SH
Peter Brazel	Head of Project Appraisal	PBr
Robert Gregory	Senior Finance Manager, Project Appraisal Unit	RG
Jennifer Howells	Finance Director (South Region)	JH
Fiona Marley	Assistant Head of Specialised Services	FM

1.	Apologies for absence
	<ul style="list-style-type: none"> Apologies were noted for Ed Smith, Non-executive Director.
2.	Minutes and actions from previous meeting
	<ul style="list-style-type: none"> The committee agreed the minutes from the previous meeting.
3.	Month 8 update
	<ul style="list-style-type: none"> SC updated the committee on month 8 financial performance across the commissioning sector. The committee scrutinised the financial position at month 8 across CCGs, Direct Commissioning, NHS England central running and programme costs, and technical limits. The committee also noted the upcoming 'deep dive' into the financial position at month 9. The committee scrutinised the risk adjusted position at month 8, noting the further mitigations expected to be brought into the position at month 9. The committee noted that further scrutiny ought to be brought to QIPP performance as a measure of productivity and the dynamic between QIPP and contingency. This was earmarked as potential handover issue should the

monitoring of financial performance move into the Commissioning Committee.

ACTION: DS to note QIPP scrutiny either as a handover item for the Commissioning Committee or as a further item for scrutiny at the Investment Committee, should the scrutiny of financial performance remain there.

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Brighton & Sussex University Hospitals NHS Trust 3Ts Programme Full Business Case

- The recommendations outlined in the paper were approved by the committee and authority was delegated to the Chief Financial Officer to approve the commissioner support letter and transitional support commitment, but with the condition that the letter is then circulated to the Committee for its collective approval.
- The committee noted the requirement to seek confirmation from the TDA (on the back of their analysis of the Trust downside scenario plan) that they consider the 3Ts proposals to remain viable even when exposed to this downside scenario, which from the commissioning perspective will be the base case on which the proposals go forward, and a better understanding, informed by the Trust and TDA, of the options in the downside case to reshape, rescale and repurpose the hospital build as the 5YFV model of care evolves. The committee also asked to secure positive confirmation from the Trust and TDA that they will work with NHS England to reshape, rescale and repurpose the hospital build as the 5YFV model of care evolves over the coming months and years.
- The committee also requested that some wording was added to the letter of commissioner support to align with objectives of the FYFV and place a clear requirement on the Trust to engage with NHS England and CCG commissioners in responding to and supporting development of the new models of care that will evolve from the 5YFV, and the implementation of productivity targets as part of 5YFV development and implementation.

ACTION: JH and RG to amend commissioning support letter and recirculate to the committee for agreement before submission.

ACTION: DS to update committee on confirmation of assurances from the TDA and Trust as outlined above.

5	<p>Proton Beam Therapy: support for the development agreement</p> <ul style="list-style-type: none"> The committee confirmed NHS England’s commissioning intentions in respect of the development and operation of two new domestic proton beam facilities by the selected providers, University College Hospital NHS Foundation Trust and The Christie Hospital NHS Foundation Trust, and confirmed that from NHS England’s perspective it regarded the current draft as substantively settled and subject only to further development as described in this paper prior to contract close in the summer of 2015.
6	<p>Five Year Forward View: investment fund approval and role of Investment Committee</p> <ul style="list-style-type: none"> The committee noted that approval of allocations from these funds would follow the limits for approval as set out in the current Standing Financial Instructions. The committee also asked for a report on the plan for deployment of the transformation funds, to achieve strategic oversight of the overall approach.
<p>ACTION: Plan for deployment of transformation funds to be brought back to committee.</p>	
7	<p>Schedule of Business for future meetings</p> <ul style="list-style-type: none"> The committee noted that a paper on the process for reconfigurations was to be added to the schedule of business for the next meeting in February.
<p>ACTION: DS to add to schedule of business for 2nd February meeting</p>	
8	<p>AOB</p> <ul style="list-style-type: none"> Noted

Investment Committee

Minutes of the meeting held 2 February 2015

Present:

Moira Gibb	Non-executive Director (Chair)	MG
Ed Smith	Non-executive Director	ES
Noel Gordon	Non-executive Director	NG
Paul Baumann	Chief Financial Officer	PB
Ian Dodge	Director of Commissioning Strategy	ID
Sarah Pinto-Duschinsky	Director of NHS Operations & Delivery	SP-D

In Attendance:

Doug Siebert	Chief of Staff, Finance Directorate	DS
Steve Wilson	Director of Financial Control	SW
Simon Currie	Director of Financial Performance	SC
Fiona Barr	Head of Corporate Governance & Board Secretary	FB

1.	Apologies for absence <ul style="list-style-type: none">• Apologies were noted for Sam Higginson, Director of Strategic Finance
2.	Minutes and actions from previous meeting <ul style="list-style-type: none">• The committee agreed the minutes from the previous meeting.
3.	Month 9 update <ul style="list-style-type: none">• SC updated the committee on month 9 financial performance across the commissioning sector.• The committee scrutinised the financial position at month 9 across CCGs, Direct Commissioning, NHS England central running and programme costs, and technical limits.• The committee noted the impact of the return of Continuing Healthcare provision underspends to CCGs on the improving financial position. The committee were also informed of potential further upsides in the financial position before the end of the year.• The committee were informed of the latest position on Referral to Treatment (RTT) spend and asked for an update at the next meeting on month 9 Agreement of Balances (AoB) report .

	<ul style="list-style-type: none"> The committee discussed outliers in CCG financial performance.
ACTION: SW to update at next meeting on AoB for month 9	
4.	Service Reconfiguration Oversight Group
	<ul style="list-style-type: none"> S P-D took the committee through suggested principles for its role in reconfiguration assurance and decision making. The committee asked for a proposal of suggested amendments to the Scheme of Delegation (SoD) to reflect roles and responsibilities and the intentions of the Board and Investment Committee with regard to the governance of reconfigurations. In light of the potential volume of upcoming cases, it was agreed that the committee would receive a clearer view of the future pipeline of reconfigurations at the next meeting in March. The committee noted the importance of recognising other factors to inform the governance process, such as complexity of the case, and not just value. The committee noted the need for there to be a very clear benefits realisation process and evaluation mechanism for approved cases. The committee asked that SROG should include advice on capital transactions when reporting to the Investment Committee, where this results in a service change.
ACTION: SP-D to bring back a fuller version of the proposals to the March meeting incorporating any comments and steer from the committee.	
ACTION: SP-D to bring with the above a pipeline of upcoming reconfigurations.	
5.	Planning Process Update
	<ul style="list-style-type: none"> SC updated the committee on the first 2015/16 financial planning submissions by commissioners. The committee asked for updates on subsequent planning submission rounds to be brought back to future committees.
ACTION: DS to update forward planner to incorporate further rounds of planning.	
6.	Schedule of Business for future meetings
	<ul style="list-style-type: none"> No further action noted beyond items above.

7.	AOB
	<ul style="list-style-type: none"><li data-bbox="352 255 491 286">• Noted