

**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 30 March and 11 May 2015.
- To put to the Board approval of the Committee's recommendations regarding changes to the Committee's Terms of Reference and the Scheme of Delegation (SoD) in relation to assurance and decision-making for reconfiguration as outlined in the last bullet point in paragraph 2.

**Key issues and recommendations:**

- This paper contains an update on the activities of the Committee for the period from 10 March 2015 to 11 May 2015 and highlights any issues and decisions that the Board should be aware of. The Committee met twice during this period.
- The Board is asked to approve the Committee's recommendations regarding changes to the Committee's Terms of Reference and the Scheme of Delegation (SoD) in relation to assurance and decision-making for reconfiguration as outlined in the last bullet point in paragraph 2.

**The Board is invited to:**

- Note the work undertaken by the Investment Committee at its meetings on 30 March and 11 May 2015.
- Approve the Committee's recommendations regarding changes to the Committee's Terms of Reference and the Scheme of Delegation (SoD) in relation to assurance and decision-making for reconfiguration as outlined in the last bullet point in paragraph 2.

## Report of the Investment Committee

1. This paper contains an update on the activities of the Committee for the period from 10 March 2015 to 11 May 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 30 March 2015 Investment Committee were:
  - **New Models of Care.** The Committee agreed to proceed with the use of transactional funding to mobilise the programme. The Committee asked for a further discussion in May or June covering a clear exposition on the management of the process, including gateways before the release of funding linked to a mechanism to assess Return on Investment.
  - **Month 11 Update.** The Committee discussed the month 11 financial performance across the commissioning sector.
  - **Financial Planning Update.** The Committee discussed the assurance being undertaken on commissioner financial plans, including an overview of the contract tracker and tariff impact.
  - **Approval of CSU 2015/16 Business and Financial Plans.** The Committee approved the CSU plans and proposed actions, noting the risks in financial plans, particularly relating to Lead Provider Framework (LPF) and CCG in-housing.
  - **Running Costs and Programme Costs budget setting 2015/16.** The Committee confirmed their support for approval of running cost and programme cost budgets for 2015/16.
  - **Service Reconfiguration Oversight Group (SROG).** The Committee considered a model by which it can discharge its duties for service reconfiguration change, and agreed that the Investment Committee ToR is revised to reflect the proposed duties, that revised thresholds are to be reflected in the Scheme of Delegation, and also agreed the revised name, membership and ToR for SROG, subject to the amendments suggested by the committee.

The existing description in the Committee's ToR is that the IC:

*“Oversees the assurance of reconfigurations and has delegated powers to make decisions on those requiring Board sign-off. The Committee has the power to agree which business cases (including for reconfigurations) meet criteria for agreement at officer level (subject to the required assurance*

*and compliance with SFIs), and will be supported in this task by advice from the Service Reconfiguration Oversight Group (SROG)."*

The IC approved this to be changed so that the IC:

*"Oversees the assurance of reconfigurations and has delegated powers to make decisions on those requiring Board sign-off. The Committee has the power to **confirm** which business cases (including for reconfigurations) meet criteria for agreement at officer level (subject to the required assurance and compliance **with the Scheme of Delegation**), and keep **this under review as schemes progress**, and will be supported in this task by advice from the Service Reconfiguration Oversight Group (SROG)." (changes in bold).*

The Committee also approved three levels for assurance and decision making for each type of scheme:

- The Investment Committee should review the assurance conclusions and take decisions for all schemes where one of the following conditions applies:-
  - Impact on any NHS Trust or NHS Foundation Trust that is in special measures or where the reconfiguration is in respect of services where there have been enforcement action;
  - Requires transition or transaction support of more than £20m from NHS England funds (not including CCG funds); or
  - The total turnover of the affected services (for all sites impacted by the transition, at current prices) is above £500m in any one year.
  
- The Chief Financial Officer should review the assurance conclusions and take decisions for all schemes where one of the following conditions applies:
  - Impact on any of the distressed health economies as currently or subsequently defined;
  - Requires transition or transaction support from NHS England funds (not including CCG funds); or
  - The total turnover of the affected services (for all sites impacted by the transition, at current prices) is above £350m in any one year.
  
- All other schemes to be determined by the relevant RD.

**The Board is asked to approve the changes to the Committee's Terms of Reference and Scheme of Delegation as outlined above.**

3. The key issues addressed at the 11 May 2015 Investment Committee were:
- **2014/15 Full Year Financial Position.** The Committee reviewed the 2014/15 full year position, noting that a proportion of this favourable position was due to mitigations which are not available in 2015/16, thereby contributing to the challenge of delivering a financial plan for next year.
  - **2015/16 Financial Planning.** The Committee discussed the development of 2015/16 commissioner financial plans, including planned use of drawdown and action taken to balance the planned financial position.
  - **CCG Financial Deterioration.** The Committee considered a review into CCGs who had moved unexpectedly into deficit, covering opportunities for early identification of warning signs.
  - **New Models of Care.** The Committee discussed the proposed principles for funding allocation to vanguard sites. It was broadly content to support these, subject to resolving expectations on the timing for sites to deliver efficiency benefits. It was also content with the intention to evaluate funding on a value-based approach, provided there is sufficient clarity and robustness to metrics and measurement of intended outcomes and process measures. The Committee was content with the recommended approach to allocating funds, identifying the maturity of vanguards and delegated authority. This was subject to clarity on the overall funding available, including the potential call on the transformation fund from the Whole System Intervention/Success Regime sites, and from possible acute service collaboration proposals.
  - **Oversight Group for Service Change and Reconfiguration.** The Committee welcomed the clarity around assurance and decision-making in a pipeline document of upcoming schemes. The Committee agreed that Sarah Pinto-Duschinsky and Paul Baumann should review and clear the revised guidance on service change.
4. The Board is asked to note the work of the Committee for the period from 10 March to 11 May 2015.