



**MERTON CLINICAL COMMISSIONING GROUP
GOVERNING BODY**

Date of Meeting: 18th April 2018

Agenda No: 9.1

Attachment: 11

<p>Title of Document: Summary Report of the meetings of the Finance Committee in Common 19.12.17; 24.01.18; 20.02.18</p>	<p>Purpose of Report: To Receive and Note</p>
<p>Report Author: Tony Foote, Board Secretary, NELCSU.</p>	<p>Lead Director: Neil McDowell/David Smith</p>
<p>Executive Summary: This report summarises the key items discussed at the meetings of the Finance Committee in Common 19.12.17; 24.01.18; 20.02.18 Note: this summary is not intended to replace the formal minutes of this meeting. Those minutes are available upon request.</p>	
<p>Key sections for particular note (paragraph/page), areas of concern etc: All of the summarised minutes.</p>	
<p>Recommendation(s): The Merton Clinical Commissioning Group Governing Body is requested to note the contents of the summarised minutes.</p>	
<p>Committees which have previously discussed/agreed the report: The Finance Committee in Common has approved the full minutes of these meetings.</p>	
<p>Financial Implications: Only any detailed within the meeting summaries.</p>	
<p>Implications for CCG Governing Body: N/A</p>	
<p>How has the Patient voice been considered in development of this paper: N/A</p>	
<p>Other Implications: N/A</p>	
<p>Equality Analysis: N/A</p>	
<p>Information Privacy Issues: N/A</p>	
<p>Communication Plan: All documents appearing on Part 1 of the Governing Body meeting will be accessible via the CCG's website.</p>	

SUMMARISED MINUTES

Committee:	Finance Committee in Common
Meeting date:	19.12.17
Members Present	Chris Savory (Chair) , Stephen Hickey, Neil McDowell, James Murray, James Blythe, Josh Potter, Dr Tim Hodgson, Dr Mike Lane, Jack Rodber
Main Items Discussed:	<p><u>NELCSU Price Variance Analysis</u> Price Variation Analysis (PVA) The PVA provided a year on year comparison of actuals to understand the activity and price changes driving acute over-performance. The paper presented Focused on SGH where costs compared to last year have increased by £8m.</p> <ul style="list-style-type: none"> - Identification Rule changes primarily relates to specialised commissioning reports £2.1m YTD with forecast to over-spend by £2.6m. - HRG4+ tariff was introduced to enable Trusts to recover their costs for the most complex cases whilst also reducing costs where the treatments are low complexity. - The financial impact of HRG4+ is £2.2m and case mix changes is a movement of £3.6m. - Lower levels of growth are apparent, suggesting that QIPP is having an impact and that referrals are being managed. Therefore the main issue is related to price differences rather than volume. <p>The Finance Committee NOTED the update and requested it (along with an explanatory summary) to the next meeting of the WCCG Integrated Governance Committee.</p> <p><u>Finance Report Month 8</u></p> <ul style="list-style-type: none"> - WCCG remains on target to achieve its target surplus of £2.179m. MCCG forecast outturn is break-even as planned. - There is a risk that QIPP will not deliver the full level of savings (Wandsworth £17.5m net, Merton £11.2m) planned, but it is believed the shortfall can be made up with reserves and other non- recurrent measures. - Acute contracts remain the main area of pressure for both CCGs. - Continuing healthcare remains stable, still forecast to underperform against budget for both Wandsworth (£2.7m) and Merton (£1.4m). - Investments are in place to meet the mental health investment standard. - Both CCGs still plan to meet the running costs target. The 0.5% non-recurrent reserve remains uncommitted, for both CCGs, as per NHSE requirements. <p>The Finance Committee AGREED the report with the caveat that the Committee were concerned on the forecast being reliant on factors external to the organisation.</p> <p><u>QIPP Report M7</u></p> <p>MCCG summary</p> <ul style="list-style-type: none"> - The CCG is on track to meet its control total and a balanced position.

	<ul style="list-style-type: none"> - The year to date achievement is £5.7m against a target of £5.8m, a shortfall of £140k - £3.1 million of the QIPP benefits are non-recurrent and will therefore need to be carried across into 18-19 QIPP target. - A recovery plan is in development and some projects are being asked to stretch targets and leads are looking to work up others in response to benchmarking information. <p>The Finance Committee NOTED the M7 report.</p> <p><u>2018/19 Financial Planning</u> For 2018/19 the LDU QIPP target is £32m net of which £17m has been identified. Strategy and Planning meetings are taking place to review all options. Deloitte's funded by NHSE have reviewed the position and feedback is that the process is good but the plan now needs to be delivered.</p> <p>Contracting round has started with offers from/to providers expected to be received and made by the end of January 2018.</p> <p>The Finance Committee NOTED the update.</p>
Points to Note:	None.

SUMMARISED MINUTES

Committee:	Finance Committee in Common
Meeting date:	24.01.18
Members Present	David Smith (Chair), James Blythe, Stephen Hickey, Dr Tim Hodgson, Neil McDowell, Dr Mike Lane, Dr Andrew Murray, James Murray, Chris Savory, Dr Karen Worthington
Main Items Discussed:	<p><u>2018/19 Planning round</u></p> <p>At the time of the meeting planning guidance from NHSE had not yet been received. However, budget setting meetings with Directors have commenced assuming:</p> <ul style="list-style-type: none"> - No increase in allocation - Lower growth than the STP - In line with the 5 year plan <p>The Finance Committee NOTED the 2018/19 planning update and requested a further update come to the next meeting.</p> <p><u>QIPP Report Month 9</u></p> <p>MCCG</p> <ul style="list-style-type: none"> - The net forecast out-turn is £11.2m against the £11.2m plan. This allows the CCG to meet its control total - Additional projects linked to winter, COPD, A&E) developed through the recovery plan will start to realise in M10 reporting. - CHC QIPP related to reviews has been reduced due to provider performance. This has resulted in a reduced recurrent savings in 17/18 offset by an increased non-recurrent savings forecast; - There is significant risk with 37% of overall QIPP plan due to deliver in Q4. <p>Concern was expressed at the level of risk in the plan at this time of the year. NM said that where it is known that QIPP will not deliver in-year non-recurrent actions have been agreed to enable the CCGs to deliver the planned budgets for this year.</p> <p>The Finance Committee NOTED the QIPP Report.</p> <p><u>Finance Report Month 9</u></p> <ul style="list-style-type: none"> - Both CCGs are on target to deliver the control total for 2017-18. - Most risks have transferred to the financial positions improving the downside positions for both CCGs. There is little flexibility with all reserves and contingencies now released into the position. - There is a risk that QIPP will not deliver the full level of savings (Wandsworth £17.5m net, Merton £11.2m) planned, but it is believed that this can be made up with reserves and other non-recurrent measures. - Acute contracts remain the main area of pressure for both CCGs. Merton SLA pressures are predominantly at St George's (£4.1m) and

	<p>Kingston (£1.6m). The key pressures for Wandsworth are on Chelsea & Westminster (£1.5m), the Royal Marsden (£0.8m) and Moorfields (£0.7m).</p> <ul style="list-style-type: none"> - Continuing healthcare remains stable and is still forecast to underperform against budget for both Wandsworth (£2.7m) and Merton (£1.4m). - Investments are in place to meet the mental health investment standard. - Both CCGs remain on track to achieve the running cost target. - The 0.5% non-recurrent reserve remains uncommitted, for both CCGs, as per NHSE requirements. <p>The Committee was concerned that delivery of the financial plan was dependent on factors outside of the CCGs' control and without support for IR and Prescribing the CCGs would be unable to deliver the planned budgets for 2017/18.</p> <p>The Finance Committee APPROVED the M9 report noting that there is a significant risk for IR and Prescribing.</p> <p><u>MCCG – Waiver of Formal Tenders</u></p> <p>The Finance Committee NOTED the tender waivers with the intention to ask the Audit and Governance Committee to note the position by exchange of e-mail in the absence of a forthcoming meeting.</p>
Points to Note:	None.

SUMMARISED MINUTES

Committee:	Finance Committee in Common
Meeting date:	20.02.18
Members Present	James Blythe, Stephen Hickey, Dr Tim Hodgson, Neil McDowell, Dr Mike Lane, Dr Andrew Murray, James Murray, Chris Savory, David Smith, Dr Karen Worthington (KW)
Main Items Discussed:	<p><u>2018/19 Planning</u></p> <p>Highlights of Planning Guidance:</p> <ul style="list-style-type: none"> - Overall resources available to CCGs will increase by £1.4bn – equates to £2.2m for Wandsworth and £1.2m for Merton - No additional funding for winter 18/19 - Expectation to fund realistic levels of non-elective activity and maintain or improve waiting times from the level at March 2018 - Mental health investment standard has to be in line with growth in allocation (or better) and will be audited at the end of March 2018. <p>JM is meeting with SWL CCG Finance Directors on 21.02.18 to agree a consistent approach to planning to deliver a system control total in 2018/19. The 2018/19 budget plan will come back to the next meeting of the Finance Committee prior to Governing Body for formal approval on 18th April 2018.</p> <p>The Finance Committee NOTED the 18/19 budget update.</p> <p><u>Finance Report M10</u></p> <p>Highlights of M10:</p> <ul style="list-style-type: none"> - At M10 Wandsworth and Merton CCGs permitted (by NHSE) to deviate from reported control total for months 10 and 11 due to prescribing issue; in month 12 both will receive a drugs rebate and be allowed to release their 0.5% non-recurrent reserves to meet their original control totals. - Acute contracts remain the main area of pressure for both CCGs - Both CCGs are on track to meet the running cost target <p>The Committee discussed performance at SGH noting the detrimental effect of reduced activity and other challenges. The position was “extremely tight”.</p> <p>WCCG was forecasting a net achievement of £15.6m of QIPP against a net annual target of £17.5m. MCCG are forecasting a net achievement of the full £11.2m QIPP plan; however at M10 there is an adverse variance of £0.4m. The Committee expressed continued concern at the level of risk in the position at this time of the year.</p> <p>The Finance Committee APPROVED the Finance Report.</p> <p><u>STP Update</u></p> <p>The review of the Local Healthcare Plans to be agreed by September 2018 to meet the deadline for the STP Refresh. ESH pre-consultation is being worked through to understand the impact on Merton. STP team budget is being re-set for 2018/19 for approval by the Senior Management Team.</p>

	<p>There followed a discussion on the allocation of STP costs and it was agreed to bring a break-down of costs split across the 6 SWL CCGs to the next meeting of the Finance Committee.</p> <p>The Finance Committee NOTED the update.</p> <p><u>Wilson Hospital underwriting of development costs</u></p> <p>The report identified the need for Merton CCG to underwrite certain scheme development costs across 2017/18, 2018/19 and 2019/20 (totalling £749,250), recoverable upon completion of the Project.</p> <p>Following full review and discussion the Committee agreed to ask the SRO (Andy McMyllor) to bring a paper to the Committee setting out the governance arrangements and controls in place to demonstrate value for money.</p> <p>The Finance Committee DEFERRED the decision making pending receipt of the information requested above. [Note: underwriting of these costs was approved at a subsequent Finance Committee].</p>
Points to Note:	None.