

## REPORT TO THE MERTON CLINICAL COMMISSIONING GROUP GOVERNING BODY

**Date of Meeting:** 20<sup>th</sup> May 2016

**Agenda No:** 7.1

**Attachment:** 07

<b>Title of Document:</b> Approved Minutes of the Finance Committee	<b>Purpose of Report:</b> For Note/Discussion
<b>Date, author details:</b> As per details on each attachment.	
<b>Executive Summary:</b> The minutes of the following meetings are attached: 25.02.16; 17.03.16.  This item will also include a verbal summary from the Committee Chair regarding key issues, risks and mitigations.	
<b>Key sections for particular note (paragraph/page), areas of concern etc:</b> Whole document	
<b>Recommendation(s):</b> For Note & Discussion	
<b>Committees which have previously discussed/agreed the report:</b> N/A	
<b>Financial Implications:</b> N/A	
<b>Implications for CCG Governing Body:</b> N/A	
<b>How has the Patient voice been considered in development of this paper:</b> N/A	
<b>Other Implications:</b> N/A	
<b>Equality Assessment:</b> N/A	
<b>Information Privacy Issues:</b> N/A	
<b>Communication Plan:</b> All formal committee minutes are posted on the CCG's website as part of the Governing Body papers	

**Merton Clinical Commissioning Group  
Finance Committee**

Minutes of the meeting held on 25<sup>th</sup> February 2016

Chair: Peter Derrick

Members	Peter Derrick (PD)	Lay Member (Chair)
	Adam Doyle (AD)	Chief Officer
	Dr Tim Hodgson (TH)	GP Governing Body Member
	Dr Andrew Murray (AM)	Clinical Chair
	Dr Carrie Chill (CCh)	GP Governing Body Member
	Andrew Hyslop (AH)	Chief Finance Officer (Interim)
Attendees	Yvonne Hylton (YH)	Minute taker
Apologies	Sue Hillyard (SH)	Director of Commissioning and Planning (Interim)

1.	<u>Welcome, introductions and apologies</u> The Chair welcomed everyone to the meeting.  The Chair agreed a change to the order of the agenda items. The minutes are recorded in line with discussion.	
2	<u>Declarations of Interest</u> The register was agreed as an accurate record of interests declared.	
3	For Approval	
3.1	<u>To approve the Minutes of the meeting held on 20<sup>th</sup> January 2016</u> The minutes were approved with the following amendment:-  Item 4.4 paragraph 4 to read ' <i>AM said that the meeting with NHSE had acknowledged that management of the primary care contract had been poor</i> '.	
3.2	<u>Action Log and matters arising</u> The action log was reviewed and updated.	
3.3	<u>Inpatient Drug and Alcohol Detoxification</u> AD presented this item on behalf of the Commissioning Directorate.  The Finance Committee was asked to consider and agreed who should retain budgetary and commissioning responsibility for Inpatient Detoxification services.  The Service currently commissioned by the CCG terminates at the end of February 2016.  Legal advice was requested but received too late to be circulated with the papers. It was therefore tabled at the meeting.  The legal advice concluded " <i>that it is the local authority that is responsible for</i>	

	<p><i>commissioning all services that relate to drug and alcohol misuse. Accordingly, the CCG should not be commissioning those services”.</i></p> <p><u>Comments</u>  AD provided the background advising that the issue goes back to the demise of the PCT and responsibility for services transferred to the CCG and Public Health. A number of other services are affected. It was not possible to re-set the transfer therefore a local contractual arrangement was agreed by the Local Authority and CCG to deliver services on behalf of each other.</p> <p>In future a legal arrangement will need to be put in place.</p> <p>AD proposed that the Finance Committee accepts the legal advice and that it is applied to all services under a section 75 Agreement informed by the Local Authority.</p> <p>CC asked how the CCG would be assured that services were funded to the correct levels. AD said that service specification will include outcomes agreed with the local authority to ensure that patients received the level of care they required.</p> <p><b>Noted</b></p>	
3.4	<p><u>Finance Position</u></p>	
	<p><u>Finance Report Month 10</u>  At M10 MCCG is reporting year-to-date performance to plan with risks to full year reporting noted.</p> <p>AH had met with David Slegg (NHSE) to report that the 1% surplus target will not be delivered and to discuss how to manage the 2015/16 position and implications for 2016/17.</p> <p>NHSE have asked that the ‘Actual’ position is reported and have agreed to support the shortfall to enable to the CCG to report a balanced position for 2015/16 which will be carried forward to the 2016/17 resource allocation.</p>	
	<p><u>2015/16 outturn</u>  A full review of the 2015/16 financial position highlighted an under shoot of £1,645m against the 1% surplus target.</p> <p>AH talked through the position and readjusted risks as detailed within the paper.</p> <p>In response to question on the Nelson MIG readjusted by 50% to £210k, AD said that the Trust would not negotiate £420k and discussions are now taking place on future options for the Nelson with a proposal from SGH awaited. In response to a question that the CCG may be open to challenge from other Providers if the contract changes, AD said that the contract provided a number of break clauses to allow for re-negotiations.</p> <p>Two further invoices have been received this week which are putting further pressure on the position. The invoices are from SCCG relating to a CHC patients registered with a Merton GP (£250k). AH to discuss with the GP to agree to defer payment to 1.4.16. The second invoice is from NHS Property</p>	

	<p>Services for £518k.</p> <p>AH advised that the position provided flexibility for the CCG.</p> <p>PD questioned the implication if the CCG choose not to take the loan from SCCG, and AM asked if a 'range' for example £500-721k could be agreed. Following a short discussion AH said that he would finalise a 'best case' scenario for review by SMT and submission to NHSE on 2.3.16.</p> <p>The Finance Committee <b>agreed</b> the approach for 2015/16</p> <p><u>2016/17 Financial Plan</u></p> <p>Impact of 2015/16 under shoot to be factored into the planning for 2016/17.</p> <p>Key areas for note:-</p> <ul style="list-style-type: none"> <li>- Unmitigated growth is unsustainable. The SECSU have been asked to review 1<sup>st</sup> and follow up outpatient referrals which are between 10-15% to understand the position.</li> <li>- NHSE stock-take will align Finance and Performance reporting to provide a clear QIPP position</li> <li>- Acute, Prescribing and CHC to be budgeted on the last 3 months performance to provide a more accurate position and ensure that over spends are based on actual activity.</li> <li>- £0.5m to be invested in capacity and capability to ensure the plan is delivered</li> <li>- 3% QIPP to be delivered. Schemes to be developed above this level to ensure that 3% is delivered.</li> <li>- For illustration a worst case position could be as high as £13m although this is expected to reduce as AD/AH revise budgets and assumptions.</li> <li>- The Organisation will need a formal recovery plan for 2017/18 and beyond.</li> <li>- Finance Governance Review to be completed by 31.3.16</li> </ul> <p><u>Comments</u></p> <p>PD asked if a planned deficit was carried forward to future years. AH said that it was and a plan to address the gap will be required to ensure the recovery plan can be delivered in 2017/18.</p> <p>AD described the expectations of the finance governance review which will be discussed in detail at the GB seminar to follow this meeting.</p> <p><u>Next Steps</u></p> <p>AH to re-draft the 2016/17 Financial Plan for approval by Finance Committee in March 2016.</p>	<p>AH</p> <p>AH</p>
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	<p><u>Recommendation</u> The Finance Committee is asked to agree</p> <ul style="list-style-type: none"> <li>- Month 10 Finance Report noting the position will change</li> <li>- To deliver a balanced (no surplus) plan for 2015/16</li> <li>- To plan for a deficit in 2016/17</li> <li>- £721k risk adjustment can be delivered subject to flexibility within the range agreed by the Committee and to reflect the possibility of not taking up the Sutton CCG loan. AH to speak to David Slegg to confirm the control total.</li> </ul> <p><b>Agreed</b></p>	AH
<b>4</b>	<b>Standing Items</b>	
4.1	<p><u>QIPP Report Month 10</u> The report was received and noted by the Committee</p>	
4.2	<p><u>Business Cases</u> There are no business cases this month.</p>	
4.3	<p><u>Tender Waivers (above £100k)</u> There are no tender waivers this month.</p>	
<b>5</b>	<b>For Note</b>	
5.1	<p><u>South East Commissioning Support Unit Turnaround Plan</u> A summary has been developed by the South East NHS Commissioning Support Unit (SECSU) for NHS England and its customers to clearly set out the background to and scale of the financial challenges in 2015/16 and how these are being addressed to ensure that the organisation is able to demonstrate excellent value for money and as well as delivering a secure and sustainable future.</p> <p><u>Comments</u> AD advised that the turnaround plan is starting to deliver and there is a degree of assurance for 2016/17.</p> <p>PD asked for an update on alternative solutions being considered. AD said that alternatives for CHC and GP IT were being taken forward ahead of a full review of the Contract.</p> <p><b>Noted</b></p>	
5.2	<p><u>Step Down Procurement Award</u> SWLSTG has recently completed a robust procurement process to identify a new provider for Step Down Mental Health Services in Merton. The procurement has been led by SWLSTG and is subject to their formal procurement and governance process.</p> <p>The CCG Mental Health Commissioner was part of the procurement project board and tender evaluation.</p> <p>This clinical model was agreed by the CCG Clinical Review Group.</p> <p>The report was presented to the Finance Committee for note.</p>	

	<p><u>Comments</u> AD said that the procurement relates directly to the issues at Norfolk Lodge and the CCG had asked for oversight of the procurement process.</p> <p>CCh asked for assurance that the new procured service would be available to men and women. AD confirmed that it would.</p> <p><b>Noted</b></p>	
5.3	<p><u>OOH/111 Procurement</u> AD provided a verbal update on the procurement of a SWL OOH/111 Service.</p> <p>Two Providers bid for the Contract.</p> <p>Contract announcement to be made by SCCG on behalf of the 6 SWL CCGs.</p> <p><b>Noted</b></p>	
5.4	<p><u>Approved Minutes</u> The Finance Committee noted the minutes of the Joint Sutton and Merton Charitable Funds Committee held on 19<sup>th</sup> October 2015.</p> <p><b>Noted</b></p>	
<b>6</b>	<b>Any Other Business</b>	
6.1.	<p><u>Date of Next Meeting</u> 17<sup>th</sup> March 2016, 2-3pm, Meeting Room 5.1, 120 The Broadway</p>	

The Minutes are an accurate record of the meeting held on 25 February 2016

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Peter Derrick – Chair, MCCG Finance Committee

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Date:

**Merton Clinical Commissioning Group  
Finance Committee**

Minutes of the meeting held on 17<sup>th</sup> March 2016

Chair:	Peter Derrick	
Members	Peter Derrick (PD) Adam Doyle (AD) Dr Andrew Murray (AM) Dr Carrie Chill (CCh) Andrew Hyslop (AH) Sue Hillyard (SH)	Lay Member (Chair) Chief Officer Clinical Chair GP Governing Body Member Chief Finance Officer (Interim) Director of Commissioning Operations
Attendees	Yvonne Hylton (YH)	Minute taker
Observers	Moosa Patel  Janice Smith Paul Sheriff	Head of Governance Consultancy Service, Capsticks LLP Governance Consultant – Capsticks LLP Director of Operations and Corporate Governance Birmingham Cross City CCG (observing with Capsticks)
Apologies	Dr Tim Hodgson (TH)	GP Governing Body Member

1.	<p><u>Welcome, introductions and apologies</u></p> <p>The Chair welcomed everyone in particular Moosa Patel, Janice Smith and Paul Sheriff who were observing today's meeting. As part of the CCG Annual Governance Statement, MCCG has engaged Capsticks to carry out an assessment of the CCGs Governance arrangements which includes observing Governing Body and Governing Body Committee meetings, which includes this Finance Committee on 17.3.16.</p>	
2	<p><u>Declarations of Interest</u></p> <p>Dr Murray asked that the following declaration be added to the Finance Committee Register of Interests for himself and Dr Hodgson.</p> <p>“Practice is a member of Merton Health GP Federation”</p> <p>With the above addition the register was approved as an accurate record.</p>	
3	For Approval	
3.1	<p><u>To approve the Minutes of the meeting held on 20<sup>th</sup> January 2016</u></p> <p>The minutes were approved with the following amendment:-</p> <p>Page 4 CC to be amended to CCh</p>	

3.2	<p><u>Action Log and matters arising</u></p> <p>All actions were discharged.</p>	
3.3	<p><u>Integrated Service Tender Contract Award Report for SWL NHS 111 and Out of Hours Procurement</u></p> <p>AD introduced this item. The Integrated Service Tender was advertised on Contracts Finder and Invitation to Tender (ITT) documentation was issued to the interested suppliers on 30 September 2015. ITT responses were received from two suppliers:-</p> <ul style="list-style-type: none"> <li>- Care UK</li> <li>- Northern Doctors Urgent Care (NDUC) , part of the Vocare Group</li> </ul> <p>At conclusion of the evaluation NDUC was identified as the preferred provider for the contract for the SWL NHS 111/OoH Integrated Service.</p> <p>AD advised that the new service will commence from 1 October 2016.</p> <p>PD referred to the 2 ITT responses given the interest expressed from other suppliers (Page 4). AD said that there were a number of reasons, including some suppliers who did not deliver both services.</p> <p><u>Recommendation</u> The Finance Committee was asked to agree the recommendation to award a contract to Northern Doctors Urgent Care, part of the Vocare Group for ratification by the Governing Body on 24<sup>th</sup> March 2016. <b>Agreed</b></p>	
3.4	<p><u>Tender waiver for CAMHS Eating Disorders Service 2015-16</u></p> <p>Following the successful application of our transformation plans for CAMHS, Merton was allocated £107k in October 2015 to meet waiting time standards by 2020 for Eating Disorders.</p> <p>As South West London St George's NHS Mental Health Trust currently provide this service across South West London, the money has been allocated to them to meet the waiting time standards outlined by NHS England.</p> <p><u>Recommendation</u> Finance Committee is asked to approve the tender waiver to allocate the monies to SWL St George's MHT. <b>Approved</b></p>	
3.5	<p><u>Outcome of SWL IT Support Lead Provider Framework evaluation process</u></p> <p>The Chair welcomed Cynthia Cardozo (Director for Transformation) to the meeting.</p> <p>At the Finance Committee on 17.9.15 it was agreed to re-procure ICT services in collaboration with other SWL CCGs, As such Merton, Sutton and Wandsworth CCGs have agreed to re-procure services through the NHS Lead Provider Framework. This approach was agreed at the SWL DoF/DoC meetings in August and September 2015.</p>	

	<p>There are two permutations:-</p> <ul style="list-style-type: none"> <li>- Merton and Sutton CCGs are procuring CCG IT and GP IT services</li> <li>- Wandsworth is procuring GP IT services only.</li> </ul> <p>Sutton took the role of Lead Commissioner in this LPF procurement. Two bids were received for this tender however one bid exceeded the pricing envelope and as such made their tender non-compliant. On that basis one bid was evaluated and it is recommended on the basis of the evaluation that a contract is offered to this bidder.</p> <p>Some risks have been identified which relate to double running for the first 3 months of mobilisation and stranded costs (assets) which the SECSU are working through. The risks will be added to the CCG Risk Register.</p> <p>AD said that as part of service mobilisation there will be clear governance and assurance arrangements in place which will include EMT managing any issues which may arise.</p> <p>AM referred to GP referral QIPP and said that as GP IT is a critical element asked what could be done to improve the existing service. CC has asked for March GP IT payment to be withheld and the CCG is looking to see if the resource can be used to make improvements.</p> <p><u>Recommendation</u> The Finance Committee is asked to agree a recommendation that on the basis of the evaluation a contract is awarded and formally approved by GB on 24<sup>th</sup> March.</p>	
3.6	<p>- <u>Primary Care Transformation Fund (PCTF)</u></p> <p>CC introduced a paper outlining the process for considering applications to the national Primary Care Transformation Fund.</p> <p>The national guidance for 2016/17 has been delayed. A letter has been issued by Primary Care London to all CCGs describing the criteria to be applied and on this basis a letter has been sent to all Primary Care Practices in Merton to ask if they wish to bid for 2016/17 PCTF.</p> <p>All bids will be received to ensure they meet the criteria, including bids previously received that were rejected by NHSE.</p> <p>CC said that the deadline for bids to be submitted is end of April 2016 and all bids will be for a 3 year period.</p> <p>In the event that condition and utilisation surveys are delayed the CCG will express an interest on behalf of all practices that have made requests and withdraw at stage 2 or 3 of the process when it can be ascertained if the criteria can be met.</p> <p><u>Recommendation</u> The Finance Committee is asked to note the update. <b>Noted</b></p>	
3.7	<u>Financial Position</u>	

AH presented the paper to update the Finance Committee following submission of the draft plan on 2 March 2016.

The paper presented also provided an update on the 2016/17 plan.

#### 2015/16 outturn position

At the Finance Committee in March a risk adjusted reduced surplus of £721k was reported. This included £427k brokerage from Sutton CCG which was subject to further discussion with NHSE. Subsequent discussion with NHSE resulted in a preference for the short term loan not to be taken resulting in a reduce surplus of £294k reported in the plan submitted on 2.3.16.

At a further meeting with NHSE after the plan was submitted agreement was reached with NHSE for Merton to report an absolute break even position of 0% surplus which has been reflected in the Month 11 Finance Report.

PD asked if a surplus could be carried forward to 2016/17 if achieved.

AD said that the agreement with NHSE is balanced with the need to deliver the London-wide position, of which MCCG has committed to deliver a break-even 0% surplus for 2015/16.

#### 2016/17

In conjunction with other SWL CCGs, MCCG has now included devolved primary care commissioning in the plan submission. This has added £28.1m to resources. Based on NHSE data it is anticipated that this will be cost neutral, however this will be fully evaluated prior to submission.

#### Assumptions

Bottom up assumptions include:-

- Reinstatement of investment reserves (£2.5m)
- Emergency services at SGH to revert back to cost per case (cost neutral)
- IVF to reflect full-year forecast (£0.6m)
- £1.1m to be added to running costs
  - o £750k resource to ensure delivery of the transformation agenda
  - o £100k organisational development
  - o £250k assurance reviews
- Nelson Minimum Income Guarantee to reduce to £1.9m in Y2. Proposed disinvestments or service reductions, subject to financial and quality impact assessments to inform the final decision making

Acute activity growth assumptions are made using SWL Collaborative data based on historical run rates in Merton to provide a more accurate budget for growth in 2016/17.

Non-acute activity growth assumes 1%. However this is subject to challenge as 1% is less than demand.

In total growth funding for MCCG is £4.1m which equates to 60% of the total allocation in 2016/17.

	<p>Continuing Health Care growth assumes 15% before mitigation by QIPP savings of 5% compared to 21% in 2015/16.</p> <p>Prescribing assumes growth of 5% before mitigation by QIPP savings.</p> <p>NHS Business rules impacting on the plan are:-</p> <ul style="list-style-type: none"> <li>- Re-instating the 0.5% contingency to meet acute contract over performance equating to a £1m cost for MCCG</li> <li>- 1% uncommitted reserve - equating to £1.7m.</li> </ul> <p>QIPP of 3% is assumed in planning. Plans are being worked through. In response to concerns by NHSE that CCGs QIPP plans are not credible it is likely that discussion at the next stock take meeting may require a reduction in QIPP to be agreed.</p> <p>PD said that he felt that 3% QIPP was not credible.</p> <p>AD said that less than 2% will not deliver financial recovery. In the absence of 3% QIPP the CCG, will need to consider, with others, the structure changes necessary within the system to manage the acute position.</p> <p>PD agreed but said that 3% QIPP was ambitious.</p> <p><u>Recommendation</u> The Finance Committee is asked to approve the report. <b>Approved</b></p> <p>To meet the deadline for submission of the final draft plan by 11 April the Finance Committee were asked to agree to defer approval of the plan for submission to PD and AM. <b>Agreed</b></p>	
3.8	<p><u>Finance Report Month 11</u></p> <p>Merton CCG is reporting a break-even position for the eleven months to 29<sup>th</sup> February 2016. The deterioration in the financial position from Month 10 to Month 11 is explained in the finance report.</p> <p>A full year forecast over spend of £4.9m is reported on acute commissioning. The over performance is mostly seen at St George's and Kingston NHS FT in outpatient activity and critical care.</p> <p>A full year under spend of £1.2m is forecast on non-acute commissioning and a full year over spend of £0.7m is reported on prescribing.</p> <p>The forecast over spends are offset by slippage on investments, under spends in non-acute, utilisation of the contingency fund, return of Merton's contribution to the SWL risk pool and the reporting of a break-even position.</p> <p><u>Recommendation</u> The Finance Committee is asked to approve the report. <b>Approved</b></p>	

3.9	<p><u>QIPP Delivery Report February 2016</u></p> <p>FW presented the QIPP report which is forecasting to achieve £4.8m savings.</p> <p>PD asked how much of the forecast savings are recurrent and FW responded that it was the full £4.8m.</p> <p><u>Recommendation</u> The Finance Committee is asked to approve the report.</p> <p><b>Approved</b></p>	
4	Any Other Business	
4.1	<p><u>Annual Governance Statement – Final Accounts Timetable</u></p> <p>The deadline for submission of the 2015/16 Annual Report and Final Accounts to NHSE is midday on Friday 27<sup>th</sup> May.</p> <p>FW advised that a change to the timeframe in which adjustments to the year-end accounts can be made, 19-23 May, means that the is necessary to rearrange meetings to ensure formal sign-off before submission of the reports on 27<sup>th</sup> May.</p> <p>In discussion with AM and PD it was agreed that the Audit and Governance Committee be re-arranged to 20<sup>th</sup> May..</p> <p><u>Recommendation</u> To note the update</p> <p><b>Noted</b></p>	
4.2	<p><u>Date of Next Meeting</u> Tuesday 26<sup>th</sup> April 2016, 12.30 to 1.30pm, MR 5.1, 120 The Broadway</p>	

The Minutes are an accurate record of the meeting held on 17<sup>th</sup> March 2016

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Peter Derrick – Chair, MCCG Finance Committee

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Date: