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MERTON CLINICAL COMMISSIONING GROUP GOVERNING BODY

Date of Meeting: 24th November 2016

Agenda No: 9.1

Attachment: 10

Title of Document: Approved Minutes of the Finance Committee	Purpose of Report: For Note/Discussion
Date, author details: As per details on each attachment.	
Executive Summary: The minutes of the following meetings are attached: 21.07.16; 22.09.16. This item will also include a verbal summary from the Committee Chair regarding key issues, risks and mitigations.	
Key sections for particular note (paragraph/page), areas of concern etc: Whole document	
Recommendation(s): For Note & Discussion	
Committees which have previously discussed/agreed the report: N/A	
Financial Implications: N/A	
Implications for CCG Governing Body: N/A	
How has the Patient voice been considered in development of this paper: N/A	
Other Implications: N/A	
Equality Assessment: N/A	
Information Privacy Issues: N/A	
Communication Plan: All formal committee minutes are posted on the CCG's website as part of the Governing Body papers	



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MINUTES

Finance Committee

Thursday 21ST July 2016

10am to 11.30am

Meeting Room 2.1, 2nd Floor, 120 the Broadway Wimbledon

Members:

Peter Derrick (PD) Lay Member Audit & Governance and Chair of the Finance Committee
Dr Andrew Murray (AM) Clinical Chair
Dr Carrie Chill (CChi) GP Governing Body Member
Andrew Hyslop (AH), Interim Chief Finance Officer
Dr Tim Hodgson (TH) GP Governing Body Member

Attendees:

Chris Moreton (CM) Interim Deputy CFO
Yvonne Hylton (YH) Committee Secretary SECSU (Minutes)

Apologies:

Adam Doyle (AD), Chief Officer
Sue Hillyard (SH) Interim Director of Commissioning

ITEM No.	AGENDA ITEM	WHO
1.	Welcome and Introductions	
	The Chair welcomed all in attendance to the meeting. Apologies are noted above.	
2	Declarations of Interest	
	The register was approved as an accurate record.	
3.	For Approval	
3.1	<u>Draft Minutes of 21.6.16</u> Item 3.3 final paragraph to be amended to “..... <i>all was being done to achieve the £0.6M control total, it is however unlikely that the £0.6M deficit will be achieved</i> ” With the above amendment the minutes were approved. <u>Action Log and matters arising</u>	

	<p>All actions were discharged. There were no matters arising not on the agenda.</p>	
3.2	<p><u>Finance Report Month 3</u> CM introduced this item.</p> <p>At M3 MCCG is reporting a year to date deficit of £0.1M and forecasting a £0.6M deficit at year-end.</p> <p>There are significant data quality anomalies at MCCGs three main acute providers, SGH, ESH and Kingston. The impact of this for Merton is that data has been categorised erroneously as Merton's. It is likely that a material amount of this activity is in fact relating to other CCGs, mainly to Wandsworth CCG.</p> <p>In light of the data quality issues the CCG has not relied on data from the three Trusts and is reporting a break even position at Month 3.</p> <p>Highlights:</p> <p><u>Acute</u> As discussed above, acute performance data is not robust, however, data from the remaining Trusts indicates a year to date negative variance of £163k and full year negative variance of £279k. The largest variance relates to QMH with 6 elderly patients receiving 6 weeks rehabilitation which is being investigated and Kings due to very high cost critical care.</p> <p>AH said that an Information Performance Notice has been issued to SGH.</p> <p><u>Non-Acute</u> A full year £236k favourable variance is reported due primarily to over performance in Mental Health and under performance in Community Services and Children's Services.</p> <p>The Better Care Fund assumes a zero variance which is subject to delivery of QIPP in non-elective admissions 50+.</p> <p>PD asked for the breakdown of BCF QIPP. AH said that is it 50/50 between LBM and MCCG (CLCH). CChi advised that a performance bonus of £327k has been built into the CLCH contract. This relates to the Over 50s case finding scheme and is based on 525 patients.</p> <p><u>Primary Care/Prescribing</u> Primary Care is reporting year-to-date £130k and full year £492k under performance. AH said that the Primary Care budget was currently administered by NHSE although the financial impact was recorded in the CCG's books.</p> <p>AM referred to discussion at the Primary Care Committee which had questioned the budget for new DES. AH said that the £28M budget is the total budget and there are no additional funds available.</p>	

	<p>PD asked the quantum of DES in-year and AM said that this was approximately £200k and was concerned that the budget did not reflect spend.</p> <p><u>Action</u> A break-down of the total Primary Care budget (£28M) to be presented to Finance Committee in September. CM to action.</p> <p><u>Corporate and Estates</u> YTD £53K over performance and £206K full year over performance is reported primarily due to running costs which are above the allocation resource. AH said that this related to interims and supernumerary posts.</p> <p>PD asked what the consequence of this was for the CCG. AH responded that the CCG would not receive a Qualification if the target was not achieved.</p> <p>CM said that the CCG is committed to converting interim posts to substantive and reviewing supernumerary posts. In addition, there is a vacancy freeze.</p> <p>AM asked about the Clinical Director budget now that the structure was appointed. AH said that he would brief AM for the Clinical Cabinet on 3 August.</p> <p><u>Reserves</u> These are in 3 parts:-</p> <ul style="list-style-type: none"> • CCG's 0.5% contingency equates to £1.3M which is included in the plan • 1% non-recurrent fund is held to support the wider NHS and expected to be used. A zero variance is reported. • Other reserves worth £6.4M are shown as a negative budget and includes QIPP that has not been allocated to service lines and is made up of:- <ul style="list-style-type: none"> ○ £3.7M QIPP of which £2M is unidentified ○ £2M Better Care Fund ○ £0.7M unidentified savings <p><u>Comments</u> PD referred to the expected deficit of £4M against and that achievement of the control total is not credible.</p> <p>TH commented on the unidentified savings and CM said that the M4 report will show a reduced negative budget as further savings are developed and negative reserves are reallocated to their appropriate line in the I & E accounts.</p> <p>PD said that the Finance Committee in June had agreed for 'real' data to be reported and that it was unlikely that the £0.6M deficit plan would be achieved, however a compliant report was submitted.</p>	<p>CM</p> <p>AH</p>
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	<p>AH responded that said that due to the data quality issues and lack of robust acute data a break even report against plan was submitted as the issues get resolved.</p> <p>As the Finance Committee is not due to meet before the Month 4 report is submitted AH proposed that a Chair's action was taken to agree the position to report to NHSE. However, PD suggested that this discussion should take place via e-mail with all Committee Members.</p> <p><u>Action</u> AH to email Finance Committee Members.</p> <p><u>Recommendation</u></p> <p>The Finance Committee APPROVED the Month 3 Finance Report with a caveat that the Committee had initially agreed for real data to be reported but in light of the financial reset and due to tactical and data quality issues a break even against full year plan report was submitted.</p>	AH
3.3	<p><u>RMC Tender Waiver</u></p> <p>AM declared an interest and was not involved in the discussion</p> <p>The reason for the Tender Wavier is to commission the Merton GP Federation to test the RMC for a period of one year with a formal evaluation at month seven. If the pilot is successful a decision will be taken to continue and it will be subject to a formal OJEU procurement process in 2017/18.</p> <p><u>Recommendation</u></p> <p>The Finance Committee APPROVED the tender wavier.</p>	
3.4	<p><u>Merton CCG Financial Recovery Plan and QIPP Progress report</u></p> <p>The Chair asked that the FRP and QIPP Report are taken together.</p> <p>AH advised that the FRP has been submitted to NHSE and is to be approved by the Governing Body on 21 July. The focus has now moved to implementation and delivery of the plan. In conjunction with Richmond CCG a FRP Programme Director has been appointed on an interim basis to lead delivery of the plan.</p> <p>Merton CCG originally submitted a planned deficit position of £6.0m. Following discussion with NHSE, the Governing Body and management team explored additional opportunities to more aggressively target savings and flexibly make use of our reserves. Actions taken to date have led to a reduction of the planned deficit downwards from £6.0m to £3.3m for 2016/17.</p> <p>At the time of the original financial plan submission the CCG had identified £5.3m of QIPP savings with £2.0m of unidentified savings. As a result of the FRP we have locked down delivery of the £5.3m plan and secured an additional £2m of savings. This capitalises on all schemes where savings can be delivered in-year</p>	

	<p>and other projects where savings will take longer to extract because costs are locked into contracts or evaluation of commissioned services will require consultation and form part of the 2017/18 savings plan. We will continue to look for options to further improve on this projected outturn.</p> <p>2017/18 Financial Forecast</p> <p>To ensure that the CCG returns to financial balance in 2017/18, the FRP sets out the plans to deliver financial savings of £10.9m. The savings will be delivered over four key headings:</p> <p>Full year effect of 2016/17 Savings £2.3m Transactional savings £2.0m Pathway Savings £4.0m Evaluation of commissioned services £2.6m</p> <p>Work on the implementation of the 2017/18 saving schemes is underway creating a 21 month savings plan to return the CCG to financial balance.</p> <p>A total of £7.4m of potential evaluation of commissioned services has been identified. A prioritisation method has been agreed and the Governing Body and other stakeholders have been tasked with agreeing at least £2.6m savings from this list. Consultation will take place in the autumn and then implementation will take place via contracts agreements to come into force on 1st April 2017.</p> <p><u>Comments</u></p> <p>PD said that the plan reduces the deficit from £6.0M to £3.3M and the £0.6M control total is not credible.</p> <p>AH outlined the additional actions to reduce the deficit to the control total including robust contract management and application of contract levers as well as resolving balance sheet disputes i.e. NHS Property Services and foetal medicines joint arbitration with Croydon and Wandsworth CCG.</p> <p><u>Recommendation</u></p> <p>The Finance Committee APPROVED the FRP with a recommendation for formal approval by the Governing Body on 21 July 2016.</p>	
4	For Note	
4.1	<p><u>Approved Minutes</u></p> <p>The approved minutes of the Joint Sutton CCG and Merton CCG Charitable Funds Committee were NOTED by the Finance Committee.</p>	
5	Any Other Business	
5.1	Date of Next Meeting: 22 nd September 2016, 1-3pm, Meeting Room 2.4, 120 the Broadway, Wimbledon	

The minutes are an accurate record of the meeting held on 21 July 2016

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Peter Derrick, Chair

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Date



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MINUTES

Finance Committee

Thursday 22 September 2016

1 – 3 pm

Meeting Room 2.4, 2nd Floor, 120 the Broadway Wimbledon

Members:

Peter Derrick (PD) Lay Member Audit & Governance and Chair of the Finance Committee
Dr Andrew Murray (AM) Clinical Chair
Andrew Hyslop (AH), Interim Chief Finance Officer
Dr Tim Hodgson (TH) GP Governing Body Member
Adam Doyle (AD), Chief Officer

Attendees:

Andrew Moore (AMo), Interim Programme Director- Financial Recovery
Chris Moreton (CM) Deputy CFO
Yvonne Hylton (YH) Committee Secretary SECSU (Minutes)

Apologies:

Dr Carrie Chill (CChi) GP Governing Body Member

ITEM No.	AGENDA ITEM	WHO
1.	Welcome and Introductions	
	The Chair welcomed all in attendance to the meeting. Apologies are noted above.	
2	Declarations of Interest	
	The register was approved as an accurate record.	
3.	For Approval	
3.1	<u>Draft Minutes of 21 July 2016</u> The minutes were approved as an accurate record. <u>Action Log and matters arising</u> All actions were discharged. There were no matters arising not on the agenda.	
3.2	<u>Finance Report Month 5</u> AH introduced the report to update the Finance Committee on the emerging position in 2016/17 including an indication that underlying	

acute activity (before QIPP) may be underperforming and a revised view of the current achievement of QIPP.

Since the committee last met a detailed review of budget setting was carried out which identified that some budgets were likely to underspend in year. This includes slippage in QIPP investments (£500K non-recurring) primarily due to the delay in commencement of the referral management and complex patient case finding services, reducing the savings shortfall to £2.033M.

A Finance policy and procedures review in Month 5 identified further measures which have been applied to the position reducing the shortfall to £1,055M, all of which are non-recurring.

A number of additional measures have been identified to close the remaining position:-

- An assumption that the CCG will receive a quality premium payment - (£200K non-recurring);
- A review of material block contracts (principally mental health and community) (£200K non-recurring).
- Reflecting the anticipated benefit in a national reduction in category M drug pricing due take effect in the second half of the year. £200K (recurring)
- An initial review of CHC stocktake indicates that there is scope for further measures to counteract the rising trend of expenditure. These measures, which will be framed in a holistic plan, are over and above the initial planned QIPP savings and are targeted to release a further £455K (recurring) in 2016/17.

The combination of the finance review and additional measures reduces the position to deliver to £0.6M deficit control total.

Acute

Before the impact of QIPP is applied to these budgets it is forecast that acute expenditure will be £5.1M below plan. This appears to be due to a reduction in GP referrals and unexpected fall in maternity expenditure. A full analysis will take place to give assurance to the CCG that the performance can be maintained.

AD said that the reduction in GP referrals appears to be a direct consequence of the actions taken by the CCG, including practice visits, however this needs to be checked.

TH commented on the time between a referral and reporting which needs to be factored in.

PD asked how the £5.1M under performance is attributed to SGH and AH said that based on more accurate data and the outcome of the coding and counting work the CCG is confident that activity at both SGH and ESH is approx. £200k below plan.

In response to a question from PD that the practice visits were not classified as QIPP, AH said that they were part of the wider Demand Management Scheme. AMo said it is important to

understand the changes which have occurred to ensure they are sustainable to demonstrate both the link to QIPP and good financial recovery.

AM said that there has been a decline in access to GPs over the last year and we need to see if there is an increase in A&E and Community Services to understand where patients are being seen.

PD said that he was cautiously optimistic but concerned that as in the previous year there may be an increase in activity in the later part of the year putting at risk the £5M saving.

AD said that taking into account the delay between a referral and when data is reported, GP referrals data captured in December will demonstrate the year-end position.

Non-acute

The YTD position is an on overspend of £258K and a forecast overspend £693K. The main area of pressure has been on mental healthcare placements and continuing healthcare (CHC) which despite a 15% increase is likely to overspend.

KP said that the CHC position is not unique to Merton and all CCGs in SWL with the exception of Kingston are in the same position.

AD added that whilst the decision to change provider took time it was the right decision. However it must be recognised that the service inherited by the Provider was worse than expected. A stock-take of the service is taking place on 30 September which will identify if any actions or further investment needed to deliver the commissioned service.

Primary care and prescribing

Prescribing is reporting an overspend of £116k year to date and includes the effects of the national price reduction for Category M drugs.

Devolved primary care day to day management is retained by NHSE whilst the CCG is fully accountable it has very little oversight of the budget. CM said that a meeting with NHSE to reach a more acceptable position is planned.

Corporate and Estates

Year to date the CCG is reporting £322k above plan. The CCG is required to remain within the running cost allocation to comply with the business rules. A number of actions are in place including:-

- Line by line review of programme and running costs
- Internal control of all spends has been implemented
- AD, AH and KP to agree resource required

However, it was noted that a £332k year to data adjustment was made to running costs to ensure compliance with business rules.

Reserves

There is no change to the forecast for the contingency as this is assumed to release evenly over the year to nil.

	<p>The full year forecast for system wide programmes has worsened by £376k. This is largely due to CHC unfunded costs for both 2015/16 and 2016/17 PUPOC worth £283k. This was previously assumed to have been met in full by NHSE.</p> <p>The Finance Committee APPROVED the Month 5 report.</p>	
3.3	<p><u>FRP and QIPP Programme Director Update</u></p> <p>AMo introduced the report to update the Committee on progress of the Financial Recovery Plan and a view on the urgent performance issues in QIPP savings delivery.</p> <p>Steps taken since the last Governing Body Meeting include:-</p> <ul style="list-style-type: none"> - Securing the QIPP Programme Director for Financial Recovery; - Additional QIPP schemes have been identified and the unidentified QIPP gap has been eliminated - New Project Management monitoring and reporting templates have been introduced and an PMO manual written. - An on-going process to Identify of new opportunities for 2016-17 and future years and challenging project owners to increase the expected values of existing projects. <p>AMo said that QIPP is now forecasting a reduced saving of £4.7M against a £7.3M target and includes the new financial measures.</p> <p>The Committee reviewed the changes to the current QIPP forecast and the following was noted:-</p> <ul style="list-style-type: none"> - Referral Management Centre has been delayed so the scheme has been heavily discounted. If costs are deferred to 2017/18 the CCG financial position would be improved by avoided costs. - Foetal Medicines forecast has been reduced to £0. This is a prudent measure as the CCG is unclear how costs will be recovered. - At the Medicines Management stock-take the potential for further savings was identified. At Month 5 the new scheme is forecasting £444k with further potential savings in the coming months. - Corporate Efficiencies scheme is on track as the majority of temporary staff is switched to permanent. <p>AMo said that now there is confidence that this year's plan can deliver the £0.6M deficit control total the focus has now moved to next year's planning looking at both what can be carried forward and new schemes.</p> <p>AM asked if the £4.7M target is achieved will this impact on next year. AMo said that if not achieved it will be carried forward, however the CCG will still need to deliver a QIPP programme even if achieved for next year and each year thereafter.</p>	

	<p>PD asked for assurance that the CCG was correctly resourced to deliver the plan. AD said that there is an internal meeting to agree the required resourcing next week.</p> <p>The Finance Committee NOTED the update.</p>	
3.4	<p><u>Business case for Kinesis</u> The purpose of this business case is to propose that Merton CCG (MCCG) commissions Kinesis a secure (N3) web-based software system that links GPs to hospital specialists for rapid access to expert advice on referral questions.</p> <p>Kinesis is an enabler to the overarching Demand Management QIPP Programme. Therefore, any financial benefits are an element of the overall programme.</p> <p>Essentia has reviewed the Wandsworth CCG Kinesis contract arrangement which covers the period 01/07/15 to 30/06/18, without provision to extend thereafter. It is therefore recommended that a tender waiver to cover the period to 30/06/18, to bring the contract into line with Wandsworth CCG, and then a full procurement in the intervening period to involve all interested parties, would deliver a compliant, integrated and value for money solution.</p> <p>The overall cost of the project is £143,870 (excluding V.A.T) for 20 months.</p> <p>AM commented that IT was not on the risk register. KP said that the risk had been mitigated but agreed to have a conversation with Sutton and Wandsworth to see how they have mitigated the risk.</p> <p>PD asked for a view from Primary Care and AM and TH said that overall the Membership welcomed Kinesis and recognised the quality benefits to patients in terms of quicker access to treatment.</p> <p>The Finance Committee APPROVED the Kinesis Business Case.</p>	
	<p>AM and TH declared their interest in the next item as Members of the Merton GP Health Federation</p>	
3.5	<p><u>Referral Management Centre Pilot</u> KP introduced this item advising that further to conversations internally and with the Merton GP Health Federation it was proposed to delay the launch and adopt a 2 phase approach.</p> <p>Phase 1: in Q4 (Jan to March 2017) at a cost of £65k excluding VAT</p> <p>Phase 2: full service pilot to be launched across all Merton GP practices 1 April 2017 at a cost of £537k with an evaluation at the beginning of month 7.</p> <p>The Finance Committee APPROVED the proposal</p>	
3.6	<p><u>Commissioning Intentions</u> KP said that following review at EMT more work was required was required before presentation to Finance Committee for approval.</p>	

	The Finance Committee NOTED the update	
3.7	<u>Tender Waivers</u> There were no Tender Waivers for approval by the Finance Committee this month.	
4	Presentation	
4.1	<u>SBS Procurement Advice</u> The Chair welcomed David Brownlow from Shared Business Services to present to the Committee. The presentation covered the new procurement advice and the implications and considerations for CCG commissioning from April 2016. AD asked that the briefing is shared with the wider Commissioning Team and that there is a review of the CCGs Procurement Policy and SFIs to ensure the new guidance is reflected. The Chair thanked DB for a very informative presentation. David Brownlow left the meeting	
5	Any Other Business	
5.1	<u>Date of next meeting:</u> Thursday 20 th October 2016, 1-3pm, 120 the Broadway, Wimbledon	

The minutes are an accurate record of the meeting held on 22 September 2016

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Peter Derrick, Chair

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Date