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Clinical Commissioning Group

MERTON CLINICAL COMMISSIONING GROUP
GOVERNING BODY

Date of Meeting: 26th January 2017

Agenda No: 7.1 **Attachment:** 07

Title of Document: Approved Minutes of the Finance Committee	**Purpose of Report:** For Note/Discussion
Date, author details: As per details on each attachment.	
The minutes of the following meetings are attached: 20.10.16; 23.11.16; 07.12.16.	
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

MERTON CLINICAL COMMISSIONING GROUP
FINANCE COMMITTEE

Thursday, 20th October 2016
1 – 3pm
Meeting Room 5.1, 5th Floor, 120 the Broadway Wimbledon

Members:

Dr Carrie Chill (CCh)	GP Governing Body Member
Peter Derrick (PD)	Lay Member Audit & Governance, Chair of Finance Committee
Dr Andrew Murray (AM)	Clinical Chair
Andrew Hyslop (AH)	Interim Chief Finance Officer
Karen Parsons (KP)	Interim Chief Officer

Attendees:

Chris Moreton (CM)	Deputy Chief Finance Officer
Tony Foote (TF)	Note Taker, SECSU

Apologies:

Dr Tim Hodgson	GP Governing Body Member
Andrew Moore	Director for Financial Recovery
Liam Williams	Director of Commissioning Operations

No.	AGENDA ITEM	WHO
1.	**Welcome and Introductions**	
	The Chair welcomed all in attendance to the meeting and noted the apologies received.	
2	**Declarations of Interest**	
	The Register was **APPROVED** as a complete and accurate record.	
3.	**For Approval**	
3.1	Draft Minutes of 22 September 2016 The minutes were **APPROVED** as a complete and accurate record. There was no Action Log for this meeting. There were no matters arising that were not featured on the agenda.	
3.2	Finance Report Month 6 CM presented the report and that although it was for month 6 it contained month 4 actual data and a 'flexed' month 5.	

Overall there had been only minor changes to the full year forecast since month 5. However, whilst minor, these changes once aggregated, did form a view that pressure on achieving the £0.6m control target had increased since last month.

CM then summarised the main areas of the report.

Key Variances

Acute – Compared to the net of QIPP target, the acute position is currently stable with only slight deterioration. Over performance is forecast at £0.4m for M6 (£0.2m for M5). There were some over-performance at St George's (dermatology and SWLEOC) and slight overspend on electives due to an increase in hip and knee procedures. There was also some under reporting in St George's in the maternity pathway which was initially interpreted as a downward spike in the number of Merton births. However, it is now apparent that St George's underreported 85 births Trust wide of which approximately 30 were Merton's.

QIPP Phasing – The QIPP target has been phased towards the second half of the year: specifically, the fourth quarter wherein 60% of the target is budgeted to be achieved. Accordingly, the forecast acute position in the accounts is adjusted for this expected improvement in QIPP. This adjustment reduces as the year progresses since it is expected that the year to date acute position will already include QIPP. The M6 adjustment to the full year acute position forecast is £1.4m (it was £1.7 at M5).

Continuing Healthcare – CHC continues to show significant adverse variance. It was previously forecast that the impact of changes to FNC would result in a £0.7m adverse variance on the position. However, further work on the Broadcare database indicates it is thought that the M6 full year forecast could be significantly exposed. Further clarification of this will be available in the M7 report.

Prescribing - The underlying position here continues to improve. The full year forecast at M6 shows an over spend of £193k (£277k for M5) and there remains the possibility of further improvement once the full impact of national initiatives becomes apparent.

Acute Commissioning

Overall, the acute full year forecast has worsened slightly to £429k from £231k in M5.

St George's is the CCG's largest spend area and its position has deteriorated by £162k to an over spend of £904k. There is evidence of overspending in outpatient procedures, diagnostics and electives. The CCG is aware of a significant RTT backlog with the possibility that as this is addressed, activity will increase and cause further deterioration in the CCG's financial performance. The QIPP plans mitigate against this from a financial perspective and serve to reduce the impact of an overspend in this area.

Epsom St Helier is forecasting an under spend of £771k, only slightly worse than M5: electives account for the majority of this.

Kingston Hospital Trust is stable with a full year forecast over spend of £216k.

Epsom SWLEOC has deteriorated in month. The position is down £78k to a reduced under spend of £103k due to an increase in elective procedures.

Non-Acute

Overall, the position is stable with a full year forecast over spend of £703k at M6 (£693k at M5). However, there are notable variances within this position.

Community Services are £510k underspend in the full year forecast, due mainly to a performance incentive payment to CLCH to reduce non-elective admission being withheld.

The Nelson Health Centre showed a full year forecast overspend of £473k. The emerging theme this year of increased activity levels has continued in M6 and caused deterioration in financial terms. However, this could also be viewed positively as the same activity undertaken at St George's would be c11% more expensive.

As already stated, continuing health care continued to overspend at £778k for the full year as at M6. This is based on a full year forecast of £11.1m – up £0.3m from M5. There is potential for savings through activities such as full implementation of operational policy, completion of reviews and ensuring best value for money from care packages. However, it is likely that the full year forecast will deteriorate further over the coming months.

Corporate & Estates

The full year forecast position has worsened in M6; the full year forecast showed an overspend of £622k (£248k higher than in M5) and, of this, £67k was due to an increase in CSU costs. The M5 position excluded costs incurred from North East London CSU but these are now included There has also been an adverse variance worth £171k on the interim staff budget, due to additional resources for CHC administration and additional interim resource at director level.

The CCG continued to forecast breaking its running cost allocation. This is disclosed in the accounts as net of a movement of £337k, moved from running costs and placed in transformational costs.

Reserves

The reserves position consisted of four elements: unallocated savings, contingency, system-wide programmes, non-recurrent fund.

The unallocated savings figure has increased by £176k since M5 to £2,209k.

The assumptions around quality premium, the block contract review, further CHC QIPP and Prescribing QIPP remained unchanged from last month. The element of the finance policy and procedure QIPP disclosed in reserves had reduced to £772k, due to a rebadging of £130k MSK savings that were repatriated to the Merton MSK service line in non-acute. The remaining reduction in the QIPP value was due to a higher proportion of Accounts payable invoices being paid that had previously been earmarked as a write back opportunity.

Risks and Mitigations

Achieving the £0.6m control target assumes a favourable outcome on a number of risk areas.

As already stated, included in the position is an adjustment for the back-end phasing of QIPP and the effect of this adjustment would diminish through the year. The effect of overstatement in this area would be in a deteriorating acute position if the QIPP was not delivered. However, the CCG had taken a hard position on other schemes that may still deliver benefit, particularly Foetal Medicine.

	Also included in the position was an assumption that all unallocated savings would be achieved. The CCG had definite plans for all of this except £382k. Also worthy of note was the risk related to CHC. The concern remains that that the financial forecast understates the increase in invoices still to be processed. The Broadcare work being undertaken suggests a further £1.4m of invoices still to be presented. The results of further work on the forecast will be presented in the next monthly report. In summarising the report, AH said that the situation was very complex. With all the potential risks, and if the mitigations failed, a deterioration of up to £4m was possible. However, NHSE was aware of this and, on a positive note, the CCG's assurance meetings with NHSE had been reduced from a monthly to a bi-monthly basis in recognition of progress made. KP asked about the 1% surplus CCGs were obliged to maintain. AH explained that NHSE was now stating that the surplus would now be made available to support the CCG or, possibly, another CCG that was in need. AH added that this would not be clarified until month 11 or 12. PD enquired whether AH thought the control total would still be achieved. AH responded that it might, but would be "tight" and, equally, it could be £1m over. The Finance Committee **APPROVED** the Month 6 report.	
3.3	<u>Financial Recovery Plan Update</u> AH suggested that all of this paper's main points had already been covered in the consideration of the Finance Report. This was agreed by the EMT and that consideration of this paper was not necessary	
3.4	<u>Commissioning Intentions High Level Plan 2017-18</u> KP provided a verbal report on this matter. The STP provided high levels areas for Commissioning Intentions and, at a local level, the intentions must align with the STP. Work was currently on going on establishing a number of formal strategies that would support this work. PD asked about the CCG's intention regarding the Better Care Fund and how had this been received by the Local Authority. AM confirmed that there had been informal feedback from the Local Authority and that was they welcomed the clarification of the CCG's position. KP added that a detailed paper regarding the Commissioning Intentions would come to the next Finance Committee meeting.	**KP**
3.5	<u>Kinesis Tender Waiver</u> KW reminded the Committee that the Business Case for Kinesis had been approved at last meeting and referred members to the details of this matter within the paper. The Finance Committee **APPROVED** the Kinesis Tender Waiver.	
4	**Any Other Business**	
4.1	<u>Feedback for Governing Body</u> There was nothing proposed for this item.	

4.2	<u>STP Total Controls - NHSE Letter</u> Usually the CCG would have a Control Total of a 1% surplus. However, from 2017/18 there would be joint SWL CCGs Control Total of £4.6m. The accumulated position of the SWL CCGs is a £50.4m deficit. The probable joint provider's target for 2017/18 is £20m approx. PD enquired about North East and North West London and why their Control Totals were so much higher than for the rest of London. AH explained that, historically, both NE and NW London had been over funded but this would be addressed going forward. PD asked about the other SWL CCGs' current(?) Control Totals. AH explained his view on what these were and the impact they might have on the STP position going forward. AH said that at the next Financial Review Group the CFOs would produce a proposal on how the £4.6m would be shared amongst the CCGs. CCh asked why, with the difficulties this was likely to cause, the CCGs could not unite and refuse to adopt this approach. AH stated that this was part of a national programme and there would be no "wriggle room" for any CCGs.	
4.3	<u>Tender Waiver Register</u> The issue of Tender Waivers was raised and what the full process was for these. AH explained that after being considered by the Finance Committee all Waivers approved were then formally noted at the next meeting of the Audit and Governance Committee.	
4.4	<u>120 Broadway Issues</u> AH informed the Committee that there were problems with the leasing arrangements for the building and he would be bringing a paper about this to both the Finance Committee and EMT.	**AH**
4.5	<u>Date of next meeting</u>: 24th November 2016, 9.30 – 11.00, 120 the Broadway, Wimbledon	

The minutes are an accurate record of the meeting held on 20th October 2016

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Peter Derrick, Chair

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Date

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MINUTES

MERTON CLINICAL COMMISSIONING GROUP
FINANCE COMMITTEE

Wednesday 23rd November 2016
11am to 1.30pm
Meeting Room 5.1, 5th Floor, 120 the Broadway Wimbledon

Members:

Dr Carrie Chill (CCh)	GP Governing Body Member
Peter Derrick (PD)	Lay Member Audit & Governance, Chair of Finance Committee
Dr Andrew Murray (AM)	Clinical Chair
Andrew Hyslop (AH)	Interim Chief Finance Officer
Karen Parsons (KP)	Interim Chief Officer
Liam Williams (LW)	Director of Commissioning
Dr Tim Hodgson (TH)	GP Governing Body Member

Attendees:

Chris Moreton (CM)	Deputy Chief Finance Officer
Andrew Moore (AMo)	Director for Financial Recovery
Yvonne Hylton (YH)	Committee Secretary, SECSU (Minute taker)

No.	AGENDA ITEM	WHO
1.	**Welcome and Introductions**	
	The Chair welcomed all in attendance to the meeting. There were no apologies received for the meeting. The Chair asked that Item 3.4 is moved to the final agenda item to allow sufficient time for discussion. The minutes have been recorded in line with the agenda.	
2	**Declarations of Interest**	
	The Register was **APPROVED** as a complete and accurate record.	
3.	**For Approval**	
3.1	<u>Draft Minutes of 20 October 2016</u> The minutes were **APPROVED** as a complete and accurate record of the meeting. The action log was reviewed and updated and will be re-circulated.	

3.2	Finance Report Month 7 CM introduced the report advising that at Month 7 MCCG is slightly above plan (£206k deficit against a planned £350k deficit) and is forecasting to achieve the £0.6m deficit control total. Acute All three main acute provider full year forecast positions have worsened this month leading to a full year adverse variance of £892k an increase from £429k adverse variance in M6. This is primarily due to an increase in electives seen at all three providers. CM advised that the position reflects the transfer of referrals from SGH to ESH and KHFT, however as SGH seeks to clear its RTT backlog a corresponding reduction in activity is not seen at the Trust. To support RTT recovery referrals are being made to Independent Sector Providers with capacity to meet RTT targets. CM said that as expected QIPP adjustment of £1.1m is reflected in the forecast as the impact of QIPP scheme which are phased to deliver savings in the second half of the year are factored into the position. Non-Acute The position in non-acute reduced slightly by £132k to a full year forecast adverse variance forecast of £835k on a budget of £66.0m. Mental Health Placement deteriorated in the month by £71k to a full year adverse variance of £620k due to a new patient attracting an expensive care package accounting for the majority of the uplift. The Nelson Health Centre is showing a full year forecast overspend of £493k which is above the Minimum Income Guarantee (MIG). PD asked if non-Merton patients accessing services at the Nelson contributed to the MIG. AH said they did not however, based on Merton patients only the MIG was achieved. The Continuing Health Care forecast has increased slightly at M7, however there is a risk that as the data cleansing work is completed this could increase due to more reliable data. PD asked if the CCG was satisfied with the new CHC service provider and AH said that the service had improved significantly under the new Provider with a new CHC Policy in place and regular panel meetings to review cases taking place. Primary Care and Prescribing The full year forecast position shows a £776k favourable variance at M7 which is an improvement of £335k over M6. AH said that this is the first opportunity for the CCG to assess the Primary Care delegated budget which at M7 is showing a favourable variance of £100k. Corporate and Estates The full year forecast is reporting a £454k over spend. Changes to national guidance require commercial rents to be charged in 2016/17 with an expectation that CCGs liability for void costs would be discontinued.	

	Whilst the CCG has been charged commercial rents for 2016/17 the liability for void costs was not discontinued resulting in MCCG estimating an increased liability of £716k for 2016/17. NHSE stated that the changes would be cost neutral to CCGs and discussions are taking place with NHS Property Services to establish why this is not the case for MCCG. <u>Reserves</u> At M7 forecast Reserves have reduced to £1,475k reducing the requirement for additional savings to £730k from £837k in Month 6. <u>QIPP</u> The Chair asked that the QIPP report is reinstated as a standing agenda item for Finance Committee. <u>Recommendation</u> The Finance Committee APPROVED the report	AMo
3.3	<u>Financial Recovery Plan Update</u> AMo introduced this item to describe the progress that MCCG has made in developing PROPOSALS for discussion that would have the effect of tightening the thresholds for elective care. Governing Body will consider this topic in a workshop format in early December, with a view to making a formal decision at an additional governing body meeting on the 15th December. AMo advised that the CCG has been working with other SWL CCGs in particular Richmond CCG who agreed Proposals at their governing body meeting in November which had the potential to deliver minimal savings with the full effect to be delivered in 2017/18. AMo advised that the majority of threshold changes do not result in significant changes to where the people of Merton will access services, or the range of services offered and could go ahead by enforcing current guidance, subject to approval by the Governing Body. Whilst this would not require any formal engagement the CCG will work to ensure that patients and public understand the reasons for the changes. PD asked how current guidance will be enforced and AMo said that the work will be part of the practice variation visits led by the Primary Care Team and Locality Leads with discussions with GPs supported by data. There are two possible Proposals relating to IVF and Surgery Thresholds where the recommendation for Governing Body is that they are put into a formal pre-engagement leading to development of a draft plan for further review by the Governing Body to decide if the Proposals should go ahead. <u>Recommendation</u> The Finance Committee NOTED the update	
3.4	<u>2017/18 Planning Process</u> AH tabled a presentation to update the Committee on the 2017/18 Planning	

	Process and timetable for submission. By December each STP will need to outline an operating plan to support operational planning and provide oversight to the delivery of the planning and contracting round. Both Commissioner and Provider plans must agree to an overall system control total (£9m surplus); with the expectation that commissioners and providers will be flexible and work together to deliver the control total. The timetable for submission is for a first draft to be submitted on 24th November with final plans and contracts to be signed by 23rd December. Any contracts that are not likely to be signed by the deadline need to be flagged to regulators by 5th December. An extra meeting of the Finance Committee will be arranged to sign-off the plans. Key Points:- There is a significant shortfall in Providers contracts (£200m). SWL CCGs are required to deliver a control total of £4.6m surplus. Reaching local agreement is challenging however with each CCG, in particular Richmond and Croydon citing significant QIPP challenges. Gross QIPP position is likely to move within a range of £9m to £15m. Current working assumption is a requirement to deliver £13m QIPP which is 4.8% of allocation across all CCGs in SWL. Following full discussion the Finance Committee were content with the holding position to submit the draft plan to NHSE on 24th November. AGREED.	
3.5	<u>Wilson Walk-in-Centre</u> MCCG needs to change the way it currently provides access to same day appointments in General Practice. The Wilson walk-in-centre contract expires on 31.3.17 and changes to the national specification mean that the existing service needs to be redesigned. The STP has confirmed non-recurrent funding of (£1,547,000) to support CCG delivery of our Primary Care Centres. To improve access in primary care in Merton it is proposed that individual GP practice develops their own Access action plan and that this work is funded at the value of £3.5k per GP Practice from non-recurrent STP monies for 2016/17. This equates to a total of £84k. The non-recurrent funding of (£1,547,000) for 2016/17 poses an issue in terms of offering a consistent level of funding to the two PCC's over the next few years. To mitigate this it is proposed to implement Merton's PMS Contract KPI Review by 1st April 2018, to re-direct 75% of the PMS Access KPI to support a consistent and sustainable budget for the Primary Care Centres.	

	PD challenged the £3.5k funding to each Practice on the basis that there is a Primary Care Strategy and it was not clear how the work fitted together. TH said that funding directly to Practices may not be the best option and to deliver the fundamental changes necessary in Primary Care which are broader than GP Practices consideration could be given to a Federation level approach. Following a short discussion and concerns raised by the Committee the Chair requested that the topic is referred back to the EMT and a recommendation for Finance Committee is brought back to the next meeting. <u>Recommendation</u> 1. The individual GP Practice Action Plans are funded at the value of £3,500 per GP Practice. Funding for this is to come from non-recurrent STP monies for 2016/17 and equates to £84,000. **DUE TO THE CONCERNS RAISED AND LACK OF CLARITY THE FINANCE COMMITTEE REFERRED THIS BACK TO THE EMT** 2. EMT agreed to implement Merton's PMS Contract KPI Review by 1st April 2018, to re-direct 75% of the PMS Access KPI to support a consistent and sustainable budget for the Primary Care Centres. **AGREED IN PRINCIPLE UTILISATION OF THE KPI MONEY WITH RISK** 3. To agree to commission a detailed operational and financial plan to determine how and when resource will be reconfigured. **AGREED**	**LW**
3.6	<u>Running Costs Allocation</u> Due to the time constraints of the meeting this item was deferred to the next meeting.	
4	**For Note**	
4.1	<u>Estates Issues</u> Due to the time constraints of the meeting this item was deferred to the next meeting.	
5	**Any Other Business**	
5.1	<u>Date of next meetings</u> Wednesday 7th December 2016, 12-2pm, 5.1, 120 the Broadway Tuesday 13th December 2016, 9-11am, 1.1, 120 the Broadway	

The minutes are an accurate record of the meeting held on 23 November 2016

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Peter Derrick, Chair

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Date

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MINUTES

MERTON CLINICAL COMMISSIONING GROUP
FINANCE COMMITTEE

Wednesday 7th December 2016
12 noon to 2.00 p.m.
Meeting Room 5.1, 5th Floor, 120 the Broadway Wimbledon

Members:

Dr Carrie Chill (CCh)	GP Governing Body Member
Peter Derrick (PD)	Lay Member Audit & Governance, Chair of Finance Committee
Dr Andrew Murray (AM)	Clinical Chair
Andrew Hyslop (AH)	Interim Chief Finance Officer
Karen Parsons (KP)	Interim Chief Officer
Liam Williams (LW)	Director of Commissioning
Dr Tim Hodgson (TH)	GP Governing Body Member

Attendees:

Chris Moreton (CM)	Deputy Chief Finance Officer
Yvonne Hylton (YH)	Committee Secretary, SECSU (Minute taker)

No.	AGENDA ITEM	WHO
1.	**Welcome and Introductions**	
	The Chair welcomed all present to the meeting. There were no apologies received for the meeting.	
2	**Declarations of Interest**	
	The Register was **APPROVED** as a complete and accurate record.	
3.	**For Approval**	
3.1	<u>Planning Round 2017/18 and 2018/19</u> The purpose of this paper is to brief the Finance Committee about the final 2017/18 and 2018/19 plan submission process in the run up to the final submission on 23rd of December. For this planning round, we are required to submit firm plans for the next two financial years. This will require us to also have agreed contract values for the next two years too. As always, forward planning is less detailed as key variables so at this stage, the 2018/19 plan should be treated as high level. <u>Control Totals</u>	

NHSE have not set individual control totals for either year. Instead, they have set single control totals for all South West London commissioners on a collaborative basis.

The overall commissioner controls are £4.6M for 2017/18 and £7.5M for 2018/19. These have been set on an in year basis which means that the cumulative position is disregarded for the purpose of setting control totals.

The overall control total for 2017/18 was set on the assumption that the three CCGs (Wandsworth, Sutton and Kingston) that are planning to 0.5% surpluses in 2016/17 improve by a further 0.5% to a 1% cumulative position and that the three deficit CCGs in 2016/17 (Merton, Croydon and Richmond) improve to an in year breakeven position. Once at these positions, NHSE would expect all CCGs to achieve a 1% surplus in 2018/19.

The reason for this improvement is the relaxation of the 1% genuinely uncommitted reserve which has been reduced to 0.5% releasing £1.4M back into the positions.

Despite a number of discussions it has not been possible for SWL Commissioners to reach agreement as the three surplus CCGs are unable to improve their positions to 1% and Richmond CCG is seeking a £5M deficit control total.

In light of the above MCCG is planning to break-even in 2017/18 and deliver a 1% surplus in 2018/19.

Allocations

CCG allocations remain unchanged from those previously published which means 2.4% for the main allocation and 1.7% for delegated primary care. Together, this increases total resources by £6,206K.

PD made a general request for actual figures to be reported rather than percentages for future reports.

No adjustment has been made to reflect the planned deficit of £600K as we are working to an in year breakeven plan. This means that in cumulative terms, we are still planning for a £600K deficit, but that in performance terms we are being assessed as if we are breaking even.

NHS Business Rules

The business rules for 2017/18 require CCGs to maintain a contingency reserve of 0.5%.

As previously advised a 0.5% uncommitted reserve is required to be set aside for risk. In SWL it was agreed that this be aggregated into a system wide pool.

The system-wide risk pool will be topped up by a new business rule which requires 0.5% of Provider CQUINs to be retained to support system risk.

Comments

PD said that the financial strategy was not agreed by the Committees in Common and asked that the 0.5% is used to meet the control total.

	KP said that there must be a clear process for CCG to access funds. Following a short discussion the consensus of the Finance Committee was:- - To OPPOSE a system-wide risk pool - To AGREE to withhold 0.5% of Provider CQUIN to support system-wide risk - To NOT APPROVE Commissioners risk pool on the basis that the burden of risk would be better reflected in CCGs control totals. **Action** **PD asked KP/AH to pursue risk pool fund adjustment to the control total** Activity Growth For acute activity, all South West London commissioners have agreed to use the growth assumptions provided by each CCG as part of the STP. This does not reflect the lower elective referrals seen by MCCG which means we need to badge the difference between our current projections and the STP projects as QIPP. For non-acute services a 1% growth assumption has been made with the exception of continuing healthcare (20%) and prescribing (5%). Comments PD asked if Providers had agreed the forecast outturn uplift for 2017/18. AH said that Providers had agreed activity growth assumptions but Contracts are not yet signed. CChi commented on the 20% growth for CHC given that the older population will be managed by investment in Community Services. Price Uplifts Current CCG calculations indicate that the impact of tariff changes (including the net 0.1% published tariff uplift) is £1,448K but that we have been given an allocation uplift of £1,608K meaning that we are a net overall gainer as it currently stands. Given that other CCGs in South West London are significant losers, there is growing pressure for this situation to be reflected in the share of the control total. AH said that the impact of the tariff changes related to the price of services which varies across each CCG. Acute Contracting Reserves The plan reflects a temporary contingency to address the risk of contract negotiation movements as all acute contracts are currently not agreed. This has been set at £1.5M and this will either be applied to cover negotiation gaps or released if not needed. In addition, a sum of £500K has been set aside to fund RTT backlog activity with the expectation that this will be sourced from the independent sector to alleviate pressures at St. George's Hospital.	KP/AH

	Other Cost Pressures & Budget Adjustments The plan reflects a number of adjustments to budgets and cost pressures. These include:- - FYE of contract switch to CLCH relating to the tender award (£677K) - FYE of surgical assessment unit at SGH (£348K) - Impact of primary care access £3 per head funding deemed to be funded within allocations (£285K) - Impact of correcting property budgets for voids and new market rents (£2,109K) - FYE of RMC investment (£537K) - Demand growth contingency children's placements (£250K) - Demand growth contingency adult MH placements (£275K) Primary care budgets have been assumed to accrue to allocation pending further information from NHSE. Comments PD said that the £3 per head for primary care access had not been agreed and AH responded that the budget had been ring-fenced. AH advised that the property costs reflect the worst case scenario and are being challenged with the expectation that the final cost pressure will be around £1M. QIPP The current gross QIPP requirement in the plan is £9,652K which is 3.46% of allocation. At this time £9,130k gross QIPP has been identified leaving a shortfall of £522k. Comment AM said that QIPP and Unidentified savings should be reported separately. AH/CM to action. PD asked where the FYE of QIPP 2016/17 is reflected in the plan and in response AH said that it was included in the 2017/18 position and was reflected in the Contracts with Providers. AM referred to the Planned Care Schemes (Appendix 1). LW said that these are new and are being worked up. TH commented that to deliver real transformation a plan for same day diagnostic ultrasound needs to be worked up. **AM and LW left the meeting** In closing AH said that there is now a real opportunity to work with SGH and ESH to manage the transfer of planned activity from secondary to primary care in a managed way. Recommendation The Finance Committee is requested to note:	AH/CM

	An in year break even control total has been assumed for 2017/18 growing to a 0.5% surplus in 2018/19. This is awaiting the approval of NHSE and will be subject to further dialogue with South West London commissioners. **NOTED** To achieve these control totals, it is assumed QIPP will need to flex in the event that in year risks which can't be mitigated present. A particularly key issue in terms of risk is the extent to which block contracts can be secured. **NOTED** Further changes to the plan before the final submission on the 23rd of December are likely as contractual positions are firmed up. Therefore, it is recommended that the Committee agrees delegated authority to the Committee Chair to agree the final submission to NHSE. However, further change is simply likely to lead to variation in the QIPP targets rather than any change to the assumed control totals **AGREED TO DELEGATE AUTHORITY TO THE CHAIR OF THE FINANCE COMMITTEE TO AGREE FINAL SUBMISSION TO NHSE.** <u>Next Steps</u> The plan will be further developed and reported back to:- - Finance Committee – 19 January 2017 - GB Seminar – 23 February 2017 - GB to formally sign-off the plan – 23 March 2017	
4	**Any Other Business**	
4.1	<u>Date of next meeting</u> Tuesday 13th December, 9-10.30am, MR 1.1, 120 the Broadway	

The minutes are an accurate record of the meeting held on 7 December 2016

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Peter Derrick, Chair

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Date