



right care
right place
right time
right outcome

**MERTON CLINICAL COMMISSIONING GROUP
GOVERNING BODY**

Date of Meeting: 27th July 2017

Agenda No: 8.1

Attachment: 8

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: 27.04.17. 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

MERTON CLINICAL COMMISSIONING GROUP FINANCE COMMITTEE

Thursday 27th April 2017

Meeting Room 5.1, 5th Floor, 120 the Broadway Wimbledon

Members:	
Peter Derrick (PD)	Lay Member Audit and Governance, Chair
Dr Andrew Murray (AM)	MCCG Clinical Chair
Chris Moreton (CM)	Chief Finance Officer
Neil McDowell (NM)	LDU Director of Finance
James Murray (NM)	SWL Chief Finance Officer (Interim)
Anthony Farnsworth (AF)	Director of Commissioning Interim (Item 4)
In attendance:	
Ian Winning (IW)	Deputy Chief Finance Officer (Interim)
Yvonne Hylton (YH)	Committee Secretary (NELCSU)
Andrew McMyllor (AMcM)	Director of Primary Care Transformation
Apologies:	
Dr Tim Hodgson (TH)	GP Governing Body Member
James Blythe (JB)	Managing Director

No.	AGENDA ITEM	WHO
1.	Welcome and Introductions	
	<p>The chair welcomed everyone to the meeting in particular James Murray and Neil McDowell who were attending their first meeting of the Finance Committee.</p> <p>Following introductions the Chair advised that the meeting was not quorate as recent internal organisational changes was not yet reflected in the constitution. The Committee would therefore meet in an advisory capacity and decisions made would be ratified by the Governing Body.</p>	
2	Declarations of Interest	
	The register of interests was agreed as an accurate record and Dr Murray declared a further interest in Item 4.2 Nelson Medical Practice	
3	Draft Minutes	
	<p>The minutes of the meetings held on 18.3.17 and 28.3.17 were approved without amendment.</p> <p><u>Actions and matters arising</u> Colliers Wood Business Case: At the previous meeting PD had stated his concerns regarding this proposal in that all the key organisations involved (GPs, Merton vision, Octopus Health, MedicX) would gain improved facilities funded by the CCG without the CCG having taken part in the negotiations</p>	

	Lucy Lewis (LL) and Ian Winning (IW) were asked to undertake further due diligence and report back to the Committee.	LL/IW
4	<p><u>QIPP Report Month 12</u> AF presented the report to update the Finance Committee on the position of the CCG QIPP schemes based upon the QIPP Tracker templates that underpins the Financial Recovery Plan required for Merton CCG.</p> <p><u>2016-17 Progress</u> The full year gross savings target QIPP is £7,259k (net £6,446k) for 2016/17. The full year net savings forecast is £6,408k at Month 12. All schemes have been reviewed and there is no longer any unidentified QIPP. There are some areas needing clarification predominantly around acute project monitoring, but the forecast has been extrapolated to illustrate a month 12 position.</p> <p><u>2017-18 Development</u> For 2017/18 MCCG is developing a substantial programme of QIPP savings of £14.05m (gross) to meet its Financial Recovery Plan and the requirements of the STP. An internal LDU process to check and challenge QIPP schemes has been agreed. Two half day events will take place in May with clinical oversight to check and challenge schemes and identify further schemes with the aim for a re-assessed 2017-18 QIPP plan by 31 May.</p> <p>There followed comments and questions from the Committee.</p> <p>CM advised that £3m QIPP carried forward from last year was reflected in the £14.1m QIPP Plan.</p> <p>PD said that the Finance Committee are extremely concerned about the delivery of the QIPP plan at this scale as the CCG's share of the control total is not yet known. JM responded that the SWL system wide position is £200m of which £80m can be mitigated. JM is working with the two LDU Finance Directors to understand the true level of risk.</p> <p>AMu asked if the Wilson savings plan related to the rent rebates and CM confirmed that it did. AMu then asked that the GP extended access is reflected in the QIPP plan. NMc said that whilst this was a risk, savings should be achieved and it was correct they were reflected. AF to action.</p> <p>AF asked the Finance Committee to note that there were significant risks attached to both the LAS conveyance scheme and planned care scheme attributed to the referral management centre.</p> <p>The Finance Committee NOTED the report with concern about the achievability of the system-wide control total.</p>	AF
5	<p><u>Nelson Medical Practice</u> <i>Dr Murray declared and interest in this item and left the meeting.</i></p> <p>The paper was presented to the Committee to note the work carried out by the CCG finance team and the actions taken by the Deputy CFO. As a result of the work undertaken there appears little that it can do to help uncover the reasons for the uplift in cost. A breakdown of costs was requested from CHP and NMP but was not received.</p> <p>Following discussion the Finance Committee NOTED and accepted the progress made, but were not minded to change the agreement in light of the increase in FM charges but would help and support the challenge with NHS Property Services.</p>	
	<i>Dr Murray re-joined the meeting</i>	
6	<u>120 the Broadway void costs financial assessment</u>	

	<p>The paper presented updated the Committee on the void costs at 120 the Broadway and the recharges from Merton CCG to the other south-west London CCGs. It identifies the specific allocation of floors to the organisations involved and the charges to the south-west CCGs for void costs on the third, fourth and fifth floors. The financial implication for MCCG is a void charge of £82,451 for 6 months however without cross charging the other CCGs the void cost would be £487,500 for 6 months.</p> <p>An in-principle agreement to offer SGH 3 floors at 120 the Broadway was made in January 2017. Since then, the Chief Officers Group requested that one of these floors be made available as 'expansion space' for the collaborative and future LDU occupation. SGH have responded by reducing their requirement to just 31 spaces. This was discussed at EMT who questioned the decision making in terms of the impact on the viability of void costs. IW said that he is in discussion with NHS Property Services.</p> <p>In future decisions will be made as part of the wider review of estates. AMu asked if the cost allocation for the SWLCC 91 spaces had been agreed. NMc said that it was discussed at the Finance Review Group and the governance arrangements are to be agreed. However all costs associated with Merton will be seen by the Finance Committee.</p> <p>The Finance Committee APPROVED:</p> <ul style="list-style-type: none"> • The basis of charging the six CCGs • The charges to each CCG • The forwarding of this report to Chief Officers Group for ratification. 	
7	<p><u>Finance Report Month 12</u></p> <p>MCCG has a control total of a £600k deficit and finished the year with a like for like overspend of £554k which is £46k better than plan. MCCG along with all other CCGs were requested to release in to their positions a 1% non-recurrent fund that had previously been assumed to be spent on the wider health system. For Merton, this fund was worth £2,656k. As a result, the CCG ended the year with an under-spend of £2,102k.</p> <p>Since being placed in financial recovery in early 2016/17, the CCG worked hard to stabilise its positions on a number of financially material areas. On March 29, the CCG met with NHSE and were taken out of financial recovery as a result of its improved financial position.</p> <p>Key changes to the position are:-</p> <ul style="list-style-type: none"> • Acute – the full year outturn position shows an adverse variance to plan of £910k which is £545k better than M11 primarily due to a year-end agreement with ESH. • Non-acute overall position changed little from M11 (just £98k worse than M11) to an outturn favourable variance of £209k, there were some offsetting variances within this category. Continuing Care moved £379k adversely in the month to an outturn adverse variance of £1,370k which was disappointing. PD asked if any further invoices were expected and CM responded said that they were not as the position has now closed. • Primary Care and Prescribing – the full year outturn position shows a favourable variance of £2,091k which is £998k better than M11. • Corporate & Estates – the full year outturn position shows an unfavourable variance of £770k which is £303k better than M11. 	

	<ul style="list-style-type: none"> Reserves – the full year outturn position shows a favourable variance of £2,081k which is £954k better than M11.(see later for more details on the interpretation of this variance <p>PD said that this was a very good outcome for the CCG and thanked CM and the Finance Team for their hard work.</p> <p>The Finance Committee APPROVED the Month 12 Finance Report</p>	
8	<p>2017-18 Budget</p> <p>CM introduced the report to update the Finance Committee on MCCG forecast 2016-17 position and the latest 2017-18 financial plan. The paper also identifies the overall planning position of all SWL CCGs; and highlights assumptions made in terms of growth and inflation in the construction of the 2017-18 budget plan.</p> <p>MCCG position has moved from a forecast deficit of £0.6m in 2016-2017 (which is in-year and cumulative) to an in-year break-even position for 2017-2018.</p> <p>The planned QIPP programme for 2017-18 is a gross £14.1m, which is 5.1% of the total CCG RRL of £278.9m. The net of investment value of QIPP is £11.2m or 4% of RRL. The Acute Programme takes the greatest effect with QIPP of £10.2m. There is currently £6m of overall QIPP which is not agreed in the acute contracts of which £1.6m relates to ESH which is subject to a cap and collar contractual mechanisms. This will mean that any QIPP still un-agreed at the beginning of 2017/18 will be locked in to the contract as any reductions in activity will be covered by collar effect. In contrast, un-agreed QIPP in PbR contracts could be achieved in year as reductions in activity will flow through to the I&E account.</p> <p>The CCG's total risk profile is valued at £12.5m. £1m of risk is included in the plan relating to the clearance in 2017/18 of the RTT backlog particularly at St George's. There is a further £11.5m risk spread across a number of key areas. Half of this figure or £5.8m has been assessed as likely (a 50% weighting has been applied to all categories) leaving the remaining £5.8m as identified but unlikely to occur.</p> <p>In accordance with the Business Rules, a contingency reserve of 0.5% and an uncommitted STP Risk-Pool non-recurrent reserve of 0.5% has been included in the budget plan.</p> <p>The CCG has received the IAT for foetal medicine at £590k however this has been flagged as non-recurrent which is not in keeping with the agreement made with NHSE earlier in the year. NMc is pursuing rectification of this with NHSE.</p> <p>The Finance Committee AGREED the Budget Plan for 2017-18 but remained concerned about the risk to delivering the plan.</p>	
9	<p>Governing Body Assurance Framework</p> <p>The Governing Body Assurance Framework was presented to the Finance Committee for consideration before presentation to the Audit and Governance Committee.</p> <p>PD asked for the risks to be updated to reflect the modified corporate objectives before presentation to the Audit and Governance Committee in June.</p> <p>The Finance risk register will be added to the agenda as a standing item starting from June.</p>	Fwd Plan

	<u>Recommendation</u> The Finance Committee NOTED the assurance framework	
10	<u>Tender Waiver – SELDOC</u> AMc explained that the purpose of the paper presented is for the Finance Committee is to consider the approval of the tender waiver for the East Merton Access Hub 6 month pilot contract. The reason for waiver action are as follows: <ul style="list-style-type: none"> - Circumstances have arisen which could not have been reasonably foreseen by the CCG and the timescale genuinely precludes a competitive process; - The task is essential due to the closure of the Wilson Walk-in Centre, and engaging different consultants for the new task would be inappropriate in this timescale; - There is a clear benefit to be gained from maintaining continuity (of care) with regards to the contract previously held with The Wilson Health Centre. - Contract is for six month pilot period only; after the 6 month pilot the provider and model will be reassessed. - Knowledge of current provider is based on current OOH contract with them. <p>The finance and procurement option was approved in principle by Finance Committee on 01.02.17 and EMT approved the Tender Waiver on 26.4.17.</p> <p>The Finance Committee APPROVED the Tender Waiver for SELDOC</p>	
11	Any Other Business	
	There was no further business for discussion.	
12	Date of Next Meeting	
	15 th June 2017, 10am to 12 noon, 120 the Broadway, Wimbledon	

The minutes are an accurate record of the meeting held on 27 April 2017

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Peter Derrick, Chair

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Date