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NHS
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MERTON CLINICAL COMMISSIONING GROUP
GOVERNING BODY

Date of Meeting: 23rd March 2017

Agenda No: 7.1 **Attachment:** 09

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: 11.01.17; 19.01.17.	
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 EXTRAORDINARY MEETING

Wednesday 11th January 2017
2:00pm – 3:00pm
Meeting Room 5.1, 5th Floor, 120 the Broadway Wimbledon

Members:

Peter Derrick (PD) (By Conference Call)	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 Operations
Dr Tim Hodgson (TH)	GP Governing Body Member

Attendees:

Chris Moreton (CM)	Deputy Chief Finance Officer
Dr Karen Worthington (KW)	East Merton Locality Lead & Clinical Director for Transforming Primary Care
Alison Roberts (AR)	Deputy Director of Commissioning
Tracy Walcott (TW)	Note Taker

No.	AGENDA ITEM	WHO
1.	**Welcome and Introductions**	
	The Chair welcomed all present to the meeting.	
2	**Declarations of Interest**	
	AM stated that there may be a potential conflict of interest for both himself and TH. However, it was agreed by the Chair that they could both remain in the room for the discussion.	
3.	**For Approval**	
3.1	<u>Wilson Dispersal Package</u> LW stated that the paper had gone through various iterations with support from NHSE and the Practices. LW further stated that the Committee are being requested to approve practices receiving the additional discretionary payment of £20 per patient for practices registering 51 or more patients over	

	a period of six months. The proposal also confirms payment for practices receiving any of the identified vulnerable patients, regardless of the total number received. AM queried the sentence on page 4, paragraph 3, under Finance, *'In addition, the cost of the current contract value will cover the new registration payment at the local PMS tariff'*. It was agreed that there was a lack of clarity and this is to be amended. It was agreed that all were content with the paper and approval was given.	LW
4	**Any Other Business**	
4.1	No other business was discussed.	
4.2	<u>Date of next meeting</u> Thursday 19th January 2017, 1:00pm-3:00pm, Meeting Room 6.1	

The Minutes are an accurate record of the meeting held on 11th January 2017

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Peter Derrick, Chair

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Date

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MINUTES

MERTON CLINICAL COMMISSIONING GROUP
FINANCE COMMITTEE

Thursday, 19th January 2017
1.00 – 3.00pm
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
Karen Parsons (KP)	Interim Chief Officer
Dr Carrie Chill (CChi)	Governing Body GP Member
Liam Williams (LW)	Interim Director of Commissioning
Chris Moreton (CM)	Chief Finance Officer (Acting)

In attendance:

Andrew Moore (AMo)	Interim Director for Financial Recovery
Greg Penlington (GP)	Asst. Director for Transformation, SWLCC (for item 3.8 only)
Tony Foote (TF)	Note Taker

Apologies:

Dr Tim Hodgson (TH)	Governing Body GP Member

No.	AGENDA ITEM	WHO
1.	**Welcome and Introductions**	
	The Chair welcomed all in attendance to the meeting. Apologies received are noted above.	
2	**Declarations of Interest**	
	The Register of Interests was agreed as a full and correct record of interests.	
3.	**For Approval/Discussion**	
3.1	(i) <u>Minutes of the meeting of 13.12.16</u> These were approved as a full and accurate record of the meeting. (ii) <u>Extract of minutes of meeting of 13.12.16</u> AM left the meeting for the duration of this item. CM reminded the Committee of the details of the issue in question: an unresolved risk relating to an agreement made in 2013 by Merton CCG's Chief Officer, to the CCG paying transitional relief to the Nelson Medical Practice for costs for three years, starting 2015/16. CM said that he had looked into this further and felt that the CCG's former CO's "agreement" was not as	

	comprehensive as first thought and that any risk was likely to be in the range of £30 - £60k. He added that he would review the CHP costs levied on the Nelson Medical Practice with a view to challenging them. A further update will be provided to the next Meeting.	**CM**
3.2	Matters Arising & Action Log AM re-joined the meeting. A verbal update was received on the following action: 3.2 Finance Report Month 8 (Nelson Health Centre) LW said that options to maximise the utilisation at the Nelson were on-going with planned care a particular area of focus.	
3.3	Contracting and Planning Round 2017/18 **Contracting** LW informed the Committee that all contracts had now been signed, with the exception of London Ambulance Service which was the subject of a London wide mediation process. For ESH, a dynamic risk share contract had been agreed providing a number of benefits including banking £0.8M of QIPP and effectively capping activity. However, unless remaining QIPP was sufficiently developed by the end of March, the block value would effectively lock out QIPP delivery and this presented a significant risk to the CCG. This risk was also incorporated in Pay by Results (PBR) based contracts, but these were not so time critical and permitted further development of QIPP during the financial year. LW added that there had been some movement in the plan to the extent that the QIPP and savings target was now increased to £13.1M or 4.71% of allocation, although this was likely to be reduced when the next iteration was submitted as some assumptions would be revised downwards given more recent information. The issue of the South West London control total had not been resolved as Richmond was still submitting a plan exceeding their minimum control total by £5M. PD asked for further detail on the acute contracts. LW replied that they were PBR contracts and the dynamic risk share in place with ESH was also the subject of ongoing discussions with St George's. AM felt that more work was required to clarify timelines. With regard to ESH, the Trust was eager to roll out patient pathways. PD asked about the mechanism by which ESH would deliver its QIPP. CChi asked whether the need to move services into the community would mean that a block contract with acute trusts would not be cost effective for the CCG. LW said that the dynamic risk sharing agreement would address this. **Planning** CM stated that although most key assumptions in the plan remained unchanged since December, there were a number of changes in the run up to the deadline as assumptions were fine tuned. Specifically: • Increasing the contract negotiation reserve from £1.0M to £1.5M to reflect the risk of unknown values that the CCG may be committed to by host commissioners in other parts of London. • Increasing the RTT reserve from £0.5M to £1.0M to reflect growing intelligence about the scale of the risk faced from the ongoing review of SGH reporting.	

	• Changes in seasonality assumptions provided by the CSU which increased our forecast expenditure by £1.5M as they corrected an error in their methodology. • Continued refinement of the tariff calculations at a detailed level. Consequently, the total savings requirement has increased to £13.1M or 4.71% of allocation. The QIPP programme has remained largely unchanged at £11.1M gross, but further additional, and currently unidentified, savings of £2.0M would be required to achieve the break even assumed control total. This would be very challenging to deliver and it is imperative that every effort was focused between now and April to ensure that the current level of QIPP preparedness was strengthened. The issue of the further £2.0M of savings was perhaps a less significant issue than it would appear as there were a number of assumptions that will improve when the plan is next updated. These included: • Reduction of the acute contract negotiation reserve by at least £1M. • The removal of the £1.6M market rents assumption as NHSE have now confirmed that they will cover this for a second year on a non-recurrent basis. Nevertheless, caution about the deliverability of the QIPP programme was still warranted as there was little room for any slippage. The Finance Committee noted and discussed the Contracting and Planning Round 2017/18.	
3.4	<u>Finance Report Month 9</u> CM stated that the CCG continued to report that the control total of a £0.6m deficit would be achieved. However, the CCG incurred additional and material pressure on its acute position in November and work had been undertaken to establish whether the spike in activity was a "one off" or the start of a seasonal trend. There was an argument that the established methodology could overstate the position to be in the region of £750k. For the year to date position, the CCG's pro-rata target is a £450k deficit and there had been slippage relative to this: posting an overspend of £777k, producing an adverse variance of £327k. This was due principally to bank interventions required to achieve the year-end target not being pro-rated in to the year to date position. The CCG chose this approach on the basis that the interventions once completed and achieved would be binary in nature and as such have been phased in to M12. **Key Variances** • Acute: the full year forecast acute position shows an adverse variance to plan of £2,327k. Adjusting for the £750k reduces this variance to plan to £1,577k but this is still £714k worse than last month's FYF. • Primary Care & Prescribing: Overall, the FYF favourable variance has improved by £404k to £1,435k. £29k of this is due to prescribing improvement but the bulk of the improvement is in Primary Care. • Corporate and Estates: the FYF adverse variance is £1,123k. The position has deteriorated this month by £210k, due mainly to Nelson IT costs. • Reserves – the FYF indicates an improvement of £1,322k to a favourable variance of £2,748k.	

Revue Resource Limit
There has been an increase of £1,649k in the RRL in M9 to £272,157k. NHSE has applied this adjustment to compensate the CCG for 2015/16 costs in primary care.

Non-Acute
Overall, the FYF position has deteriorated very slightly to £732k adverse compared to plan. This is £51k worse than the M8 FYF. Excluding CHC, there is a net movement of just £15k. £36k relates to CHC. Compared to the sizeable changes in the FYF experienced previously, the CCG is growing in confidence that the CHC FYF looks reasonable and robust.

Primary Care & Prescribing
Overall, the FYF position shows a £1,435k underspend at M9 which is an improvement of £404k over M8. Prescribing shows a £116k underspend after the impact of QIPP of £1,235k. This is £29k better than M8.

The prescribing forecast has performed well, achieving a stretched QIPP target in addition to the favourable variance explained in this report. Again, the CCG has increased optimism that this figure looks robust for the full year.

There is an improvement in the primary care FYF at M9, £216k relates to a prior year benefit. The remainder of the £404k relates to some over budgeting.

Corporate and Estates
The Corporate and Estates FYF position has worsened in M9 by £210k to a full year forecast adverse variance of £1,123k. £165k relates to the CCG's view that IT printer costs at the Nelson will not be recovered. £43k relates to CHP voids at the Nelson that were previously unaccounted for.

The CCG continues to forecast to break its running cost allocation. The forecast disclosed in the accounts is net of a movement of £119k (M8:£171k) which has been moved from running costs and placed in transformational costs. The CCG has left the NHS Property Services related property costs forecast unchanged. Some further information has come in since month end which may signal an improvement in this area but it is too early to say at what level this will be.

Reserves
The reserves position consists of four elements: unallocated savings, finance policy & procedure QIPP, Systemwide Programmes, Non-recurrent fund.

Much of the reported improvement relates to the position taken on unallocated savings. These savings must be achieved for the CCG to hit its control target of a £0.6m deficit.

There are broadly offsetting, minor changes to the Finance Policy and Procedure QIPP element and system wide programmes.

Risks and Mitigations
The major risk to the position is in the judgement on the future performance of the acute. All other risks can be assumed to be included in the position. Given that we have already mitigated the position as much as is possible, any further deterioration would result in the CCG forecasting that its control total cannot be met. The CCG has advised NHSE of this view and estimate the down side to be £1m in a final deficit of £1.6m in this scenario.

The Finance Committee approved the Month 9 report.

3.5	QIPP Report Month 9 AMo presented this item and referred the Committee to the table showing preliminary details of the 2017/18 QIPP. This stated that the target net saving (after investment) was £8,932,500. The Committee then considered some of the individual programmes. Referral Management Centre AMo explained that the RMC was a "must do" as it would earn funding for the CCG from other sources. CChi commented that it could prove to be a valuable enabler and LW felt that the RMC could provide more benefits than predicted. AM asked whether Dx and Kinesis were still on track: LW confirmed that DX was already embedded and the contract with Kinesis was due to be signed later in the week. Smoking and BMI AMo stated that the CCG had now adopted guidance approved by the Governing Body; this defined that a patient awaiting surgery must at least consider healthier life choices. Clinical Thresholds This was scheduled to be considered for approval at the Governing Body meeting on 26th January. If approved, work on implementing the thresholds from February. IVF AMo said that if the Governing Body was to approve this, consultation would start in March for probably eight weeks. However, it was likely to be at least six months before any savings would be evident so an option was for the CCG to "pause" IVF for up to six months. This could be done immediately following the Governing Body meeting and be attributed to "emergency financial pressure". AMo conceded that this may be a risk but could save as much as £700k. The Finance Committee noted and discussed the QIPP Report Month 9.	
3.6	Estates Options Proposal KP reminded the Committee that it had been previously informed that the CCG faced the risk of considerable additional void costs as other organisations signalled their intent to vacate 120 The Broadway. To minimise this risk, the CCG had to find another tenant to take up the released space and this was likely to be difficult due to the limitations on usage in a NHS facility. An alternative would be to vacate the building completely and let it to another organisation until the next lease break point of June 2019. This also has practical difficulties as it would require all users of 120 The Broadway and likely delays in this would reduce its effectiveness as a mitigation of voids. Another aspect to consider was where the new senior pan-SWL management team wished to be based. This was discussed at Chief Officers Group and a unanimous decision was taken that this team (and the supporting SWL Collaborative team) should continue to be based at 120 Broadway. At the same time, the CCG moving to an alternative site was discussed at EMT and a decision reached that there were a number of factors which militated against such a move. Accordingly, the steer from EMT was that the CCG should maintain a presence at 120 Broadway for the short term until the lease could next be broken in June 2019. Additionally, St George's Hospital's (SGH) urgent need of space for 500 people provided a viable resolution of the issue of voids. SGH had confirmed	

	that it would absorb any released space that became available at 120 Broadway up to the next lease break point with the proviso that they only wanted to lease whole floors. Therefore, the most practical solution was a configuration of the occupancy of the building to ensure that SGH can take up whole floors. Two papers were developed for this to be discussed at Chief Officers' Group: the first documented the potential options and how these were arrived; the second outlined the financial consequences of each option and made a recommendation that option 1 was adopted. Specifically: to vacate the 5th floor and consolidate both Merton CCG and the SWL Management Team on the 3rd floor in order to release the whole of the Chief Officers and it has been brought to Finance Committee for noting and further discussion. Plans are now being developed in conjunction with NHSPS, for the CCG to move to the 3rd floor, releasing floors 2, 4 and 5 for use by SGH. It is anticipated that this process would be concluded by the end of March. KP informed the Committee that feedback on this way forward had been sought from all the SWL Chief Officers. KP suggested that if all other parties were willing to share the remaining costs of the building, a feasibility study of 120 Broadway would be undertaken. There would be a further update to the February Committee meeting. The Finance Committee agreed to this way forward.	
3.7	<u>Investment Mandate for OptimiseRXx Prescribing Support Software</u> LW stated that the investment mandate set out a proposal to review the point of care prescribing solutions in the CCG, utilising the latest technology available to improve the quality and cost effectiveness of prescribing. There were currently two fully-developed prescribing support software solutions available on the market; ScriptSwitch and OptimiseRx. Merton CCG currently uses ScriptSwitch. LW explained that OptimiseRx was similar to the offering of ScriptSwitch with a number of additional benefits. It is fully integrated with the prescribing workflow within EMIS Web, providing clinicians with targeted information and the profile can also be tailored to include local formularies and guidance. Since its launch two years ago, OptimiseRx gained approximately 50% market share (85 CCGs in England and counting), including Wandsworth CCG. Sutton CCG is also considering procuring OptimiseRx. The current ScriptSwitch contract is for 2 years and expires in April 2018. There is a break clause at 12 months, whereby notice must be served by 31st December 2016. This was an opportunity to replace ScriptSwitch with a more advanced tool and increase the return on investment to support QIPP quality and savings work. CChi said that she had seen a demonstration of OptimiseRx and felt it was a more intelligent and patient-centred system than ScriptSwitch. The Finance Committee approved the purchase of OptimiseRx via the NHS Shared Business Services Framework.	
3.8	<u>Joint ETTF Tech Bids</u> GP joined the meeting and explained that the presented PIDs/business cases were developed collectively by CCG IT leads in order to delivery key elements of the SWL Local Digital Roadmap and STP, and CCGs' own IT strategies relating to implementing the GP Forward View. They had been approved in	

	principle by NHS England to access the capital described in the bids from the Estates and Technology Transformation Fund and considered and approved by the CCG's Executive Management Team at its meeting earlier in the day. AMo thought these represented good value, and AM that they provided good enablers. The Finance Committee approved the PIDs, allowing for access to the capital funding made available by the ETTF	
3.9	<u>GP Access Plans - Practice Variation Phase 2</u> LW explained the paper recommended that each practice in Merton develop an access plan to improve same day access to primary care services and patient satisfaction in making appointments. It was proposed that a portion of funding, at the value of £3,500 per GP Practice and from non-recurrent STP monies allocated to Merton CCG for 2016/17, be directed to the GP Access Plan scheme. The original full paper regarding this matter was submitted to both Executive and Finance Committees in November 2016 but was rejected due to insufficient information. PD expressed some concern with this matter and asked why GPs could not offer improved access as a part of their standard service. AM responded that Practices were already extremely busy and the current lack of funding was also an issue. AM also suggested that e-referrals and hard-to-reach-groups could be added to the suggested actions to be taken by Practices. The Committee approved the recommendation for each practice in Merton to develop an access plan to improve same day access to primary care services and patient satisfaction in making appointments, and to approve the necessary funding as outlined in the paper. However, this was subject to LW discussing with AM and CCh any other actions that could be added	
4	**Date of Next Meeting**	
	Date of next meeting: 21st February 2017	

The minutes are an accurate record of the meeting held on 19 January 2017

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Peter Derrick, Chair

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Date