

## Notes of the Finance Resources Meeting

24<sup>th</sup> June 2014 – 1000 - 1200

Meeting Room 3, Watershed House, Putney Bridge Road

### Attendees:

Stephen Hickey	Chair (SH)
Hardev Virdee	Chief Finance Officer (HV)
Dr. Tom Coffey	GP and Board Advisor (TC) – Part of the meeting
Yarlini Roberts	Head of Finance (YR)
Lucie Waters	Director of Commissioning (LW) – Presenting

### Apologies:

Graham McKenzie	Chief Officer (GMK)
Chris Savory	Associate Lay Member (CS)

### In Attendance:

Carmel McLean	Temp. PA (minute taker)
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No.	Item	Action by
	<i>Meeting was not quorate until Dr. Coffey attended (11:15am) to ratify the proposals</i>	
1.	Declarations of Interest – None	
2.	Minutes of the last meeting – 27 <sup>TH</sup> May 2014 minutes The Minutes were agreed as being an accurate record.	
3.	<b>Matters Arising</b> HV reported that the Continuing Care paper would be put to the next FRC. The annual report had now been resolved.	
4.	<b>SECTION 1: Financial Performance</b>	
4.1	<b>Month 2 Financial Position</b>	
	<ul style="list-style-type: none"> <li>Awaiting template on 5 year plan of action on Better Care Fund</li> <li>Month 2 reporting assumes surplus of £5.8m and able to spend the draw down of £1.5m YR reported that QIPP was on target to deliver.</li> <li>There remains a risk on specialised commissioning and impact for CCGs.</li> <li>WCCG met with NHSPS last week to gain a better understanding of estates liabilities going forward for 2014/15.</li> <li>On target to achieve our running cost target and deliver the required QIPP savings. It was acknowledged that costs of relocating the headquarters would increase running costs (non-recurrently) whilst the rise in rent would be a recurrent running cost.</li> <li>There was a significant over-performance in Continuing Care reported for Month 2. A more detailed paper would be presented at the next meeting.</li> <li>HV reported that there were still a few out of area contracts outstanding, however this was not seen as a material financial risk. Outstanding contracts included UCL, Barts and Imperial. Update at next meeting.</li> </ul>	HV
	Chelsea and Westminster had a block arrangement with non-elective and out patients activity but it did not include maternity.	HV YR

#### 4.2 **Mental Health Focus /End of Life Care**

LW joined the meeting to present papers on Mental Health and End of Life care

End of Life Care Single Tender Waiver

- LW reported that finance for End of Life Care had been approved through BIG/MT.
- It was agreed that Trinity Hospice was the right provider for this service and that adequate market analysis had been done to confirm this.
- There was discussion on whether to opt for single tender action or go through a procurement process.
- The conclusion was reached that the preferred route would be to award a single tender waiver on the following grounds:
- Patient care would be compromised through procurement
- Financially it would not deliver value for money
- The points set out in Section 5a were agreed as key issues
- The proposal was for a 'pilot' and if the pilot works then the service is expected to go out to full tender under the procurement route
- **FRC recommended the use of a single tender waiver on the above grounds and specifically noted the expectation that after the pilot phase the service would be tendered under the procurement route.** This recommendation was confirmed when the FRC was quorate.
- SH confirmed that the Audit Committee would be advised.

On Mental Health, LW reported:

- The target of £700k CIP is very challenging for SWL&STG. The contract negotiations with the Trust were done through the Kingston CCG team (as lead commissioner on behalf of SWL CCGs) and we did not manage to secure £287k of the required CIP. This is because the CIP schemes offered by the Trust were not supported by our clinical leads.
- It was agreed by the Kingston CCG team that any outstanding CIP liability was the responsibility of CCG.
- There was discussion on how to make up the shortfall on CIP. WCCG are confident that savings would be found. Discussions on 2015/16 and 2016/17 savings processes were already taking place.
- It was noted that NHSE has required that CCGs demonstrate parity of esteem between 2013/14 and 2014/15. LW felt this issue would be quite challenging to achieve.
- Some issues of poor care had been identified at SWLSTG and we needed to look to make efficiencies in community rehabilitation. This issue needed to be addressed urgently.
- LW stated that the objective was to rebalance mental health as an efficient and well run service by doing it differently and doing it better.
- There is still an expectation that the shadow tariff will go live from 1<sup>st</sup> April 2015 and would provide significant financial savings for WCCG.
- The issue of whether the lead commissioner model was the right approach for commissioning services from SWLSTG needed to be considered.

#### 4.3 Draw Down Update

HV outlined the Draw Down issues:

- WCCG planned increase in surplus of £1.5m made in in 13/14 unlikely to be allowed to be drawn down in 14/15
- In addition the revised 13/14 planned surplus of £7.4m would be required rather the original surplus of £5.9m (£1.5m less)
- NHSE had indicated that WCCG Operating Plan will not be signed off until it shows no draw down in 14/15
- Draw downs across CCGs in England are unlikely to be authorised due to the pressure faced by Specialised Commissioning and the large increase in surplus made by London CCGs in 13/14
- WCCG has already committed £1.5m resources and had not planned on delivering an additional £1.5m, equivalent to the 13/14 surplus.
- Following the agreement of acute contracts WCCG is able to release £1.5m to reserves as 'residual'. HV recommended the use of the residual amount to increase the CCG surplus and thus have no impact on planned investments. This would mean no draw down.
- HV recommended that the CCG should agree to no draw down noting that:
  - a) Any impact on CCGs from specialised services would have a direct impact on the surplus
  - b) Any planned changes to CCG allocations cannot be done in isolation of the agreement to not draw down £1.5m
  - c) WCCG will plan to draw down £1.5m in 15/16. SH wanted to know what assurance had been given by NHSE that the CCG could draw down in 15/16. HV reported that no assurances had been given.

HV

**FRC recommended the increase in surplus for 14/15 to £7.4m and that WCCG writes to NHSE setting out the terms required as stated above. This recommendation was ratified when the meeting was quorate.**

HV/GMK

#### 5. SECTION 1: Financial Strategy

##### 5.1 5 year Plan

HV advised that a revised financial plan was due to be submitted on the 20<sup>th</sup> June

##### 5.2 BCF Update

YR reported that Ministerial approval of the new template was required and that the target for submission was August.

YR

##### 5.3 SWL Collaborative Commissioning – hosting

**FRC recommended that there was a greater level of transparency regarding the financial reporting of the SWL Collaborative Commissioning arrangement with WCCG as hosts. In addition any governance issues should be reported through WCCG Audit Committee as hosts. This recommendation was ratified when the meeting was quorate.**

HV

##### 5.4 Accommodation update

HV reported that the lease was due to be signed imminently but there were still some issues to be sorted out.

HV

#### 6. Date of next meeting: **Tuesday 22<sup>nd</sup> July 2014, 10:00-12:00 Committee Room, Watershed House.**