

Notes of the Finance Resource Committee (FRC) Meeting

20th September, 2013 at 13:30-16:00

Meeting Room2, Watershed House, Putney Bridge Road

Attendees:

Stephen Hickey	Chair (SH)
Jeremy Ambache	Lay Member PPI (JA)
Graham Mackenzie	Chief Officer (GMK)
Hardev Virdee	Chief Finance Officer (HV)

Apologies:

Dr Tom Coffey	GP and Board Advisor (TC)
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In Attendance:

Yarlini Roberts	Head of Finance (YR)
Wendy Meynell	PA (minute taker)
Jane Pettifer	Head of Service for Continuing Care (JP)
Paul Smith	Manager for Continuing Care
Lucie Waters	Director of Commissioning & Planning
Clare Ratnayake	Head of Clinical and Service Improvement

No.	Item	Action by
1.	Declarations of Interest – none	
2.	Minutes of the last meeting – 19/07/13 –minutes were agreed as a true record.	
3.	Matters Arising	
3.1	<p>GP Resources Sub Committee Terms of Reference</p> <p>To include an Associate lay member as an additional attendee. To remove “legal advice” paragraph 2 last bullet point. It was agreed that Andy McMylor will be the lead director for this sub-committee. FRC agreed the content of the TOR.</p>	
3.2	<p>Legal Advice Note</p> <p>FRC noted the content of the Legal Advice Note as to whether NHSE can adjust CCG allocations to ensure a cost neutral impact across London for Specialised Commissioning.</p>	
4.	<p>SECTION 1: Financial Performance</p>	
4.1	<p>Month 4 Position</p> <p>As this was previously circulated to FRC member, YR gave a brief overview of the Month 4 position. On target to achieving the required surplus in line with the plan. However there is some acute over-performance with some providers reconciliation still to be made. Still on-going issues with data validation. QIPP is still on target for month 4/5.</p> <p>Month 5 Position – draft</p>	

YR presented the Month 5 draft report.

Key issues/risks noted were:

- I. Significant over-performance against plan on continuing care – further work is underway
- II. Finance Department will be undertaking a Deep Dive review of all budgets within WCCG with responsible budget holders regarding any spillages and re-investment
- III. Increase in reported activity for a number of acute Trusts – data has yet to be fully validated against specialised commissioned services activity
- IV. Significant maternity over-performance at Chelsea & Westminster which may be due to multiple registrations by expectant mothers - detailed analysis will commence once CCGs can gain access to Patient Identifiable Information.
- V. Overspends at Marsden, Guys and Kings driven by critical care activity –need to ensure we are informed about patient placements
- VI. No plans to change the Financial Ledger System which is a major concern.

FRC noted the content of the financial position draft report for Month 5

4.2 **Specialist Commissioning Update**

HV reported that the position is constantly changing and that the funding shortfall needs to be reallocated. This will be done for Month 6 by NHSE

4.3 **Continuing Care – Verbal presentation**

PS and JP provided some background regarding the continuing care activity and spend. They highlighted the increase in demand for fast track referrals - which is consistent with the trend across London.

They discussed at length the risk attaining to a small number of high cost patients, who together cost 48% of the CHC budget.

It was agreed that there is a need to develop a patient choice policy.

Additional key points raised and discussed:

- I. To consider risk sharing model across the patch would be beneficial
- II. Include WCCG population data in the benchmarking
- III. Need to take to Board as a clinical focus area
- IV. Hold a forum to review the process with commissioner, acute, social care and continuing care providers
- V. Updated quality and risk need to be integrated into the report and it will need to go to Integrated Governance Committee for further consideration.

The FRC thanked PS and JP for their informative presentation. FRC was aware of the current pressure and risk and that a process is being reviewed.

4.4 **Business Intelligence Group**

HV reported that process for phase 2 is in progress.

Bids have been received and are being assessed and scored. These will be shared with FRC. However we need to be sure of the final specialised commissioning adjustments before rolling out the whole phase 2 projects. Priorities will be given to 'must do' and cost pressures which equate to a million of the £2m bids received in phase 2.

GM appreciated the delay but asked if we can we afford to delay a further month and if there would be any quality implications.

SH agreed the cost pressure and FRC agreed the 'must do'.

HV to write formally to the chair for approval.

HV

5. **SECTION 2: Financial Strategy**

5.1 **Benchmarking**

The next step is to produce a Wandsworth case for change for the next 5 years and to identify the impact from the allocation, key challenges in relation to BSBV model and potential financial shift to Local Authority. We are focusing on areas of high spend e.g. shifting of patients to community, mental health, continuing care and working with social care services to enable effective financial modeling.

5.2 **Wandsworth Community Adult Health Services**

FRC thanked CR for the good work and a well developed business case.

Key points:

- I. Further work to be done on the financial modelling – a workshop is taking place on Wednesday to look at efficiency, potential savings and financial business case.
- II. Potential negotiation with St. George's (current provider) to discuss the business case needs to take place.
- III. FRC was happy to support the procurement and agreed procurement contract with St. George's for 2 years from April 2014-2016.

5.3 **Single Tender Waiver for Queen Mary's Hospital GP Clinic**

The revised paper on QMH Single Tender Waiver was tabled for discussion at the FRC. LT explained that the paper was revised to clarify rationale for putting St. George's Healthcare NHS Trust forward as the Preferred Provider of the QMH Urgent Care Centre. The recommendation is to approve extension of existing St. George's Healthcare NHS Trust QMH Nurse led Minor Injury Service contract to include the GP service on an annual rolling contract basis from 1 January 2014 onwards.

The Single Tender Waiver was sought under the Chief Officer's power, in exceptional circumstances, to decide that normal tendering procedures are not practical and could potentially increase risk to patients. This was because the specific service at issue needed to be fully integrated with many of the other services at QMH and tendering it in isolation would defeat this objective.

The following points were made by FRC:

- I. It was confirmed that the proposal for Single Tender Waiver is made on the basis that all four urgent care services at QMH – Brysson Whyte Rehabilitation Service, Mary Seacole Elderly Inpatient Unit, Nurse led Minor Injury Service and the GP Service including the associated diagnostic services would need to be retendered if the CCG was procuring through competitive tendering.
- II. FRC agreed that, to enable integration of services, it was right to transfer the GP service contract to St George's Healthcare NHS Trust, which was responsible for the other relevant services. However, the FRC was not

convinced that this meant that the combined services should not be re-procured at an appropriate future date.

- III. FRC was not convinced that the appointment of another provider through competitive tendering is likely to increase the service cost (operational cost, rent and facilities management) to the CCG because of the Public Finance Status (PFI) status of Queen Mary's Hospital.
- IV. FRC noted that there is an expectation that service delivery will be cost neutral and that the main focus in regards to the pathway are the interdependencies between the primary care and acute admission avoidance pathways.
- V. The Committee approved the Single Tender Waiver Action for the GP Service contract to be transferred to St George's Healthcare NHS Trust at QMH will be tendered at an appropriate future date, probably within the next 2 years.

6. **SECTION 3 – Financial Risk**

6.1 **Allocations**

HV recently attended a seminar about CCG revenue allocations for 2014-2015 which were agreed centrally.

The proposed changes in the allocations formula would have a marked negative impact on Wandsworth CCG's budget. In general it would benefit outer-London CCGs, many of whom were currently below their "target" allocations, and hit inner-London CCGs such as Wandsworth who were currently above "target". One issue was the loss of an additional element for deprivation which had been added in 2010: but even without this, deprivation remained an element within the formula. It seemed unlikely that NHS England would change the formula itself, but there were still many issues to be decided, including the relevant population measurement (most London CCGs strongly preferred GP practice list size) and the pace of change. Discussions on these issues continued. Final decisions were expected in December. The FRG noted the position, agreed that GP lists were the most relevant population measure, stressed the importance of deprivation remaining a factor in the formula and stressed the need for any changes to be made at a pace which did not jeopardise or destabilise services.

FRC noted the content of the paper.

7. **Any Other Business**

None

- 8. Future FRC meetings have been agreed and it will take place 4th Tuesday of each month. Note : No meeting in November. **Date of next Meeting: Tuesday 3rd December, 14:00-16:00**, Committee Meeting room, Watershed.