

## Finance and Contracting Working Group

Monday 11<sup>th</sup> January 2016, 14:00pm – 16:00pm, Meeting Room 6.1  
120 The Broadway, Wimbledon, London, SW19 1RH

### MINUTES

#### Members in attendance

Name	Organisation	Designation
Mike Sexton (Co-Chair)	SWL Primary Care Finance	Chief Finance Officer, Croydon CCG
Richard Jeffery	NHS England	Director of Financial Management
William Cunningham Davis	NHS England	Head of Primary Care (South London)
Faiza Waheed	Merton CCG	Head of Finance and Business

#### Attendees

Name	Organisation	Designation
Geoffrey Price	Sutton CCG	Chief Finance Officer
Hardev Virdee	Wandsworth CCG	Chief Finance Officer
Liam Bayly	Richmond CCG	Head of Finance
Jenny Sinnott	Kingston CCG	Head of Finance
Neil McDowell	Wandsworth CCG	Head of Finance
Jonathan Weaver	NHS England	Managing Director of Primary Care
Julie Freeman	London Wide LMCs	Director of Primary Care Strategy
Steve Uttley	RSM	Associate Director

#### SWL Collaborative Programme Team

Name	Organisation	Designation
Joanne Devlin	South West London Collaborative Commissioning	Interim AD Primary Care and Out of Hospital
Robeel Riaz	South West London Collaborative Commissioning	Assistant Director, Finance
Gurvinder Chana	South West London Collaborative Commissioning	Governance Lead
Emmanuel Oluyinka	South West London Collaborative Commissioning	Project Support Officer

#### Apologies

Name	Organisation	Designation
Toyin Akinyemi	NHS England	Primary Care Finance Lead
Mick Lucas	NHS England	Senior Finance Manager
Paul Pegden Smith	Healthwatch Richmond	Representative

Item	Title	Action
1	<b>Declarations of Interest</b> – Mike Sexton	
	No new declarations of interest were received.	
2	<b>Welcome, Introductions and Apologies</b> – Mike Sexton	
	The Chair welcomed the attendees and noted the apologies.	
<b>FINANCE</b>		
3	<b>Minutes of the last meeting held on 24.11.2015 (for APPROVAL)</b> – All	
	The minutes of the last meeting held on 24.11.2015 were APPROVED as an accurate record of the meeting with one minor amendment on page 4, item 10 to read: Woodside Group Practice (Croydon).	
4	<b>Matters Arising / Action Log</b> – Mike Sexton	
	The action log was reviewed: <ul style="list-style-type: none"> <li>• Schemes information – Mike Sexton to forward the email sent from NHS England to Gurvinder Chana to circulate wider to this working group.</li> <li>• Contractual issues list – William Cunningham Davis to forward to Gurvinder Chana to circulate wider to this working group.</li> </ul>	
5	<b>Month 8 Primary Care Finance Report</b> – Richard Jeffery	
	Richard Jeffery presented the month 8 finance report: <ul style="list-style-type: none"> <li>• Overall financial position showing an overspend of £989k against issued budgets (this includes the release of £1,155k non recurrent 2014 / 15 accruals)</li> <li>• Forecast deficit at year end</li> <li>• Unchanged position across SWL CCGs</li> <li>• Overspend is largely due to under achieved planned QIPP savings</li> <li>• QIPP report – has been finalised, but not agreed for wider circulation yet</li> <li>• Annual budgets are allocated net of £2.7m QIPP savings across SWL</li> <li>• Settlement of all of the prior year liabilities remain outstanding – especially premises reimbursement for CHP and NHSPS landlords.</li> <li>• All CCGs in London were all written to by NHS England regarding the QIPP position for 2015/16 and the joint response from Andrew Bland has been noted. In line with the response, NHS England will do all it can, working across Primary Care to mitigate the QIPP shortfall and meet any further pressures. Whilst this will largely involve non-recurrent actions, there will be some further recurrent benefits from 2015/16 schemes and the rate reviews.</li> <li>• Overall based on month 8 results, the forecast outturn has remained largely the same as last month due to mitigation actions put in place by management such as the release of 2014/15 accruals and reservation of the uncommitted</li> </ul>	

	<p>balance of the 1% non-recurrent headroom.</p> <p>The Finance Report was NOTED.</p>	
<p><b>6</b></p>	<p><b>Financial Due Diligence Outcome – RSM</b></p>	
	<p>Steve Uttley provided a summary of the findings of the financial due diligence work. It was noted that:</p> <ul style="list-style-type: none"> <li>• The review was requested by the SWL CCGs to help their Governing Bodies consider the financial risks associated with the proposed transfer of responsibilities for the management of primary care contracts from NHS England.</li> <li>• RSM carried out the work and six individual reports have been compiled for each CCG to provide the detail behind the findings and recommendations.</li> <li>• There was no detailed data provided from NHS Property Services despite significant chasing.</li> <li>• Key financial risks which were identified by RSM include:             <ul style="list-style-type: none"> <li>- Budgets – potential overspend and underspend</li> <li>- QIPP – large shortfall in delivering the 2015/16 QIPP target</li> <li>- Accruals – large NHS England accruals were held at SWL level in 14/15 with £5.3m being unable to be broken down to CCG or GP level</li> <li>- Other risks – associated with the management of primary care contracts,</li> </ul> </li> </ul> <p>RSM make a number of recommendations for each CCG. Some of the key ones that are common across all CCGs are:</p> <ul style="list-style-type: none"> <li>• Financial reporting – CCGs need to invest to enable a more robust reporting mechanism</li> <li>• Improve systems for accruing costs at a GP practice and CCG level</li> <li>• Practices should be aware of the budget at the start of the year and there should be on-going review to monitor costs against budget throughout the year</li> <li>• The QIPP gap from 15/16 would need to be eliminated through financial strategy</li> <li>• Contract management – a robust process of contract management with meetings minuted and actions followed up</li> <li>• Property – meetings should take place in GP practices to ensure that all property issues with NHSPS are flagged and an appropriate action plan is put in place</li> <li>• Capacity – additional capacity will be needed and those staff transferring will require new ways of working</li> <li>• Shared services – CCGs should consider working together so that common standards are applied to the management of these contracts</li> </ul> <p>The briefing paper was NOTED and it was agreed that this summary and individual detailed reports are in the process of being taken to CCG Governing Body meetings for decision.</p>	

	<p>The legal report from Capsticks has also been received in draft format and will be shared with the CCGs for overall delegation decision making.</p> <p>Mike Sexton said that he will write to NHS Property Services highlighting the lack of data and lack of awareness on their part. Hardev Virdee suggested copying in Peter Kohn into the letter for information.</p>	<p align="center">Mike Sexton</p>
<p align="center"><b>7</b></p>	<p><b>London Primary Care Technical Reference Group (financial planning process for 2016/17) – Mike Sexton / Richard Jeffery</b></p>	
	<p>Mike Sexton provided an update following the last Technical Reference Group Meeting. He explained that The London Primary Care Technical Reference Group has met twice (last on 4/1) and NHSE has been tasked with doing a high level budget at CCG level of 2016/17 for the end of January, and a detailed budget at CCG level for the end of February.</p> <p>He highlighted that his discussions with other SPG leads is that no one else in London is doing a 5 year primary care plan at this stage; however his working assumptions are:</p> <ol style="list-style-type: none"> <li>1. Baseline allocation – use each CCGs budget from the Month 8 Finance Report</li> <li>2. Baseline expenditure – use each CCGs forecast outturn adjusted for the non-recurrent accrual adjustments as they are non-recurrent</li> <li>3. 5 Year Allocation growth – per published NHSE national assumption on primary care <a href="https://www.england.nhs.uk/wp-content/uploads/2015/12/04.PB_17.12.15-Allocations.pdf">https://www.england.nhs.uk/wp-content/uploads/2015/12/04.PB_17.12.15-Allocations.pdf</a></li> <li>4. 5 Year expenditure – grow for demographic growth for each CCG over 5 years per ONS growth rates for each Borough.</li> <li>5. 5 year expenditure – inflation at 1% per annum</li> <li>6. 5 year expenditure – additional 1.1% for 16/17 for national insurance</li> <li>7. 5 year expenditure – the concept of non-demo does not exist in primary care</li> <li>8. Because allocation uplift is higher than expenditure growth this should a surplus which needs to be presented as primary care investment pot so primary is balanced.</li> <li>9. Assume a payback of £1 reduction in acute for every £1 in the investment pot. This is a highly dodgy assumption, but this is the minimum we should expect from investing in primary care.</li> </ol>	
<p align="center"><b>8</b></p>	<p><b>PMS Reviews – Financial Data – William Cunningham Davis</b></p>	
	<p>Jonathan Weaver discussed that meetings have ensued with individual CCGs and that the process has also begun in mapping out the current practices that need to be represented in the new template format.</p> <p>Julie Freeman highlighted that a lot of the CCGs have taken the information already released and or shared it within their wider forums within their CCGs. It was noted that the London offer has not been finalised yet and could still be further refined.</p>	

CONTRACTING		
<b>9</b>	<b>Update of Current Contracting Issues</b> – William Cunningham-Davis	
	No new update – paper to be circulated after the meeting; information for noting.	
<b>10</b>	<b>Any Other Business</b> - All	
	None	
	The meeting closed at 15:30pm.	

**Date and Venue of next meeting**

Finance and Contracting Working Group

Date: Tuesday 23<sup>rd</sup> February 2016

Time: 9.00am – 11.00am

Venue: Meeting Room 2.4, 120 The Broadway, Wimbledon, SW19 1RH

**APPROVED 23.02.2016**