

NHS LIVERPOOL CLINICAL COMMISSIONING GROUP

**GOVERNING BODY
ANNUAL REPORT AND ACCOUNTS**

**Minutes of meeting held on THURSDAY 26TH MAY 2016 3pm
BOARDROOM, THE DEPARTMENT, LEWIS'S BUILDING**

PRESENT:

VOTING MEMBERS:

Dr Nadim Fazlani	Chair/GP
Katherine Sheerin	Chief Officer
Tom Jackson	Chief Finance Officer
Prof Maureen Williams	Lay Member – Governance/Deputy Chair
Dave Antrobus	Lay Member – Patient Engagement
Jane Lunt	Head of Quality/Chief Nurse
Dr Simon Bowers	GP/Clinical Vice Chair
Dr Fiona Ogden-Forde	GP
Dr Maurice Smith	GP
Dr Janet Bliss	GP
Dr Monica Khuraijam	GP
Dr Fiona Lemmens	GP
Dr Rosie Kaur	GP
Dr Donal O'Donoghue	Secondary Care Doctor
Moira Cain	Practice Nurse

NON VOTING MEMBERS:

Ian Davies	Chief Operating Officer
Dr Paula Finnerty	GP – North Locality Chair

IN ATTENDANCE:

Stephen Hendry	Acting Head of Operations & Corporate Performance
Alison Ormrod	Interim Deputy Chief Finance Officer
Beverley Bird	Financial Accountant

Robin Baker
Iain Miles

Director – Audit, Grant Thornton
Senior Manager – Audit, Grant
Thornton

Lynne Hill

Minutes

APOLOGIES:

Cheryl Mould
Tony Woods

Primary Care Programme Director
Healthy Liverpool Programme
Director - Community Services &
Digital Care

Dr Shamim Rose
Tina Atkins
Dr Tristan Elkin

GP
Practice Manager
GP – Liverpool Central Locality

PART 1: INTRODUCTIONS & APOLOGIES

Introductions were made. The Chair noted that the meeting was quorate and took the opportunity to request formal approval of the Governing Body agenda items from March 2016 and April 2016 Governing Body meetings which were not quorate.

1.1 DECLARATIONS OF INTEREST

There were no declarations of interest made specific to the agenda.

1.2 MINUTES & ACTION POINTS FROM THE MARCH 2016 AND APRIL 2016 MEETINGS

The minutes of the previous meeting on 8th March 2016 and 5th April 2016 were agreed as an accurate record of the discussions that had taken place.

1.3 MATTERS ARISING

As a consequence of the previous two meetings of the CCG Governing Body not being quorate the following areas were brought to the attention of the Governing Body as they required a decision / formal approval:

1.3.1 April 2016 Governing Body: 2016/17 Local Quality Measures GB 25-16

The recommendation to the Governing Body was to choose:

- (1) Reduction in emergency admissions for alcohol related liver disease – move to a rate of 56.2 per 100,000 admissions.
- (2) Increase % of people who receive physiological therapies – move to a rate of 15%.
- (3) Reduce the rate of injuries due to falls per 100,000 population ages 65+ - move to a rate of 3,452 per 100,000 admissions.

The two measures which were not recommended were:

4. Reported numbers of dementia on GP register.
5. % of people aged 18-69 on Care Programme Approach in employment.

These choices would need to be submitted to NHS England who might well challenge if they thought the CCG had not been sufficiently ambitious.

✓ **Approved**

1.3.2 May 2016 Governing Body: NHS Liverpool City Region CCG Alliance Revised Terms of Reference GB 29-16

The Liverpool City Region CCG Alliance had been a long time in its development due to the changing footprint of the Sustainability and Transformation Plan

therefore revised Terms of Reference for the Committees in Common were to be brought to the Governing Body in May 2016 for approval. The May 2016 Governing Body meeting was not quorate therefore these would need to be approved at the next quorate meeting. The quorate Governing Body approved the revised drafts Terms of Reference.

✓ **Approved**

1.3.3 May 2016 Governing Body: Operational Plan 2016/17 (incorporating the Better Care Fund) GB 31-16

The Governing Body was asked to;

- **approve the Operational Plan for 2016/17; and**
- **approve the Better Care Fund for 2016/17.**

✓ **Approved**

1.3.4 May 2016 Governing Body: Liverpool CCG Corporate Risk Register GB 32-16

The Governing Body was asked to satisfy itself as to the control measures in place and approve the risk scores.

✓ **Approved**

1.3.5 May 2016 Governing Body: Audit Tender Arrangements GB 33-16

The Governing Body was asked to approve the Audit Panel arrangements and amendments to Audit Committee Terms of Reference.

✓ **Approved**

1.3.6 May 2016 Governing Body: Anti-Fraud, Bribery & Corruption Policy GB 34-16

The Governing Body was asked to approve the policy.

✓ **Approved**

Part 2 Governance

2.1 Annual Report and Accounts 2015/16 GB 35-16

The Chief Finance Officer outlined the requirements of the Governing Body to approve the Annual Accounts and Report and note the content of the Letter of Representation and Audit Findings Report (SA260).

2.1a Annual Report

The Chief Operating Officer presented the Annual Report and highlighted the following to the Governing Body:

- The Annual Report follows the required national guidance and all subsequent guidance and comments received from external audit and NHS England.
- Key Sections were drawn to the Governing Body attention, namely;
 - Introduction to NHS Liverpool CCG.
 - Key topics of discussion on Health and Wellbeing Board including highlighting the key areas of business conducted during the year.
 - The performance report and perspective of the Accountable Officer on the performance of the organisation.
 - Key business conducted by the Governing Body.
 - Key issues and risks faced by Liverpool CCG.
 - Performance summary and analysis and challenges in the year.
 - The achievement of the CCGs Statutory Financial Duties including information on key areas of expenditure.

It was noted that the assurance assessment of the CCG from NHS England was only up to Quarter 2 and therefore incomplete as the assessment process for 2015/16 had not by the time of submission of the Annual Report and Accounts been concluded by NHSE. This has been raised with NHSE and is a national conflict not just affecting Liverpool CCG. The final assurance assessment of the CCG will be

made publically available via the CCG website in early 2016/17 once the NHSE process is completed.

Other areas presented included;

- Better Care Fund
- Friends and Family Tests
- Sustainable development
- Patient and public involvement – with further detail on our approaches and key activities listed.
- Accountability Report – this is the corporate governance report and has a different layout and inclusions than last year.
- Conflicts of Interest – Three examples of the successful management of actual or potential Conflicts of Interest have been included in the report to illustrate how the CCG has managed those conflicts to give a high level of assurance to readers of the report

The Governing Body Members declaration is a requirement of the report and it was noted that all Governing Body members had confirmed acceptance of the statements below:

- *So far as the member is aware, that there is no relevant audit information of which the clinical commissioning group's external auditor is unaware; and*
- *The member has taken all the steps that they ought to have taken as a member in order to make them self-aware of any relevant audit information and to establish that the clinical commissioning group's auditor is aware of that information.*

Additional details have been included in the Governance Framework section that give assurance of the work that has been carried out by those CCG Committees.

- **Action:** It was noted that the **Committee attendance record was not showing in the PDF version of the report and this will be rectified in the final version. A paper copy of the missing table was made available to members at the meeting.**

In the Internal Contract Framework - the Chief Operating Officer reported that a number of serious Information Governance (IG) incidents were reported in the providers that we commission and not within the CCG's direct control and these are listed in the report.

Review of Effectiveness - the Chief Operating Officer stated that the review of effectiveness is an important section of the report and is supported by the Head of Internal Audit Opinion conclusions.

The Chief Operating Officer stated that the duty to improve quality section has also been extended and has been strengthened.

Remuneration and Staff Report - the Chief Operating Officer highlighted the revised statement for Section 4.4.4 as this is a new requirement and includes details relating to salaries, pensions, off payroll engagement and this is a significant change from last year's report.

With regards to sickness absence data the Chief Operating Officer highlighted that the data is for Jan – December 2015 which does not fit in the financial year for the Annual report of April to March. This was a specific direction from NHS England that data was included in this way.

- ✓ **The Chair asked the Governing Body for any comments. No comments were made and the Annual Report was accepted with some minor amendments to be made for the final submission.**

2.1b Annual Accounts 2015/16

GB 35-16

Interim Deputy Chief Finance Officer reported on the Annual Accounts section of the report and highlighted the following and asked the Governing Body to note:

- Statement of Net Comprehensive Expenditure – this includes expenditure only - no income is included in the statement - the organisation is funded via an allocation from parliament.
- The statements shows a summary of expenditure in year, analysed into programme and administration expenditure.
- The increase in gross employee benefits in 2015/16 relates to the additional staff appointments in year and also reflects the inclusion of the Governing Body onto payroll. The increase in allocation reflects amounts for delegated co-commissioning of Primary Medical Services which transferred to the CCG with effect from 1st April 2015.

Statement of Financial Position as at 31 March 2016.

- The Statement of Financial Position shows amounts owed by and owing to the CCG as at 31st March 2016. The increase in trade and other receivables relates to outstanding amounts owed to the CCG in respect of Section 75 debtors with the Local Authority. Trade and other payables has increased in 2015/16 and this is largely as a result of accrued expenditure for Better Care Fund obligations.
- Cash held was at minimal levels at the end of the financial year.
- The Statement of Changes of Taxpayers Equity for the Year ended 31 March 2016 shows the movement in the general fund and reserves from the beginning to the end of the financial year.
- The Statement of Cash Flows summarises cash flowing into and out of the CCG in the financial year.
- Better Payment Practice Code – the target to pay 95% of invoices within 30 days by number and by value was achieved for both NHS and Non NHS creditors in 2015/16.

The Interim Deputy Chief Finance Officer made reference to Note 13 Clinical Negligence. CCGs make a contribution to the NHS Litigation Authority. LCCG have been notified of a provision of £39.5k in relation to the organisation. No information in relation to the detail of the provision has been received by the CCG. This will continue to be chased with the NHSLA but it is likely that this relates to the predecessor organisation.

- ✓ **The Chair asked the Governing Body for any comments. No comments were made and the Annual Accounts was accepted with some minor amendments to be made for the final submission.**

2.2 HFMA suggested questions for GB and Management Responses. GB 36-16

The Interim Deputy Chief Finance Officer explained that this was provided to the Governing Body for consideration and to support the decision to approve the financial statements for the year ended 31 March 2016.

- ✓ **The Governing Body noted the management responses to the questions posed prior to the formal approval of the financial statements.**

2.3 Draft Letter of Representation GB 37-16

The Interim Deputy Chief Finance Officer presented the Draft Letter of Representation which is a standard disclosure letter to be signed by the Accountable Officer and Chair of the Governing Body following the Governing Body meeting.

The Director of Audit, Grant Thornton, commented there was a requirement to acknowledge the Letter of Representations and drew the Governing Body's attention to section xiii which states;

- ***We confirm that non-executive Governing Body members are engaged on a contract for service.***
- ✓ **The Governing Body acknowledged the recommendation of the Letter of Representation and noted section xiii.**

2.4 Audit Findings Report (ISA260) from Grant Thornton to Liverpool CCG GB 38-16

The Director of Audit, Grant Thornton, presented the Audit Findings report and stated there are 3 main areas:

- An explanation of the report
- An explanation of what happens next
- The final sign off of the Annual Report and Accounts

The Director of Audit, Grant Thornton, stated that External Audit are required to share findings, conclusions and key messages namely;

- 1. Financial Statements**
- 2. Annual Report**
- 3. Wider Responsibilities for Value for Money (VfM)**

1 *Financial Statements*

It is noted that the vast majority of spending is secondary health care, and audit has not found any material errors. There have been some differences on the comparing balances but they are below materiality and do not affect the audit opinion.

It was recognised that there is an increase in expenditure and this relates to co-commissioning of primary care. Some sample testing and assurance from other providers on expenditure has been undertaken. Whilst there were some minor changes on classifications on payables it was noted they were immaterial. There were no material errors and there will be an unqualified opinion issued on Liverpool CCG's financial position.

2 *Annual Report*

The Director of Audit, Grant Thornton stated that they do not give an opinion on the annual report but look to see if the guidance has been adhered to. Two elements of interest in the report are the Remuneration Report which details the salaries and pensions and the analysis around this. Non-executive members and the Governing Body are employed on contract basis and on the LCCG payroll. Subject to minor changes Grant Thornton are happy to give an unqualified opinion.

It was noted that as Accountable Officer, Katherine Sheerin will be required to sign the Annual Governance Statement

3 *Wider Responsibilities for Value for Money Conclusion*

The Director of Audit, Grant Thornton stated that they must form a judgement that Liverpool CCG has appropriate arrangements in place for use of resources. The new arrangement for the co-commissioning and relevant invoicing was recognised, and also that the CCG delivered

to the planned surplus and has a relatively strong financial position. This is notable as it is not the same picture across the region.

It was noted that LCCG work effectively with partners, Liverpool City Council and engaging communities with Health Liverpool Programme via social media and interactive sessions.

It is the intention of Grant Thornton to issue an unqualified opinion to Liverpool CCG.

The Director of Audit, Grant Thornton commented that it is reflected elsewhere that there are increasing pressures in the health economy and challenges that we face in the STP footprint. This needs to be managed well for the future.

The Director of Audit, Grant Thornton gave thanks to all those involved in the preparation of the Annual Report and Accounts including the scrutiny of the working documents. Working arrangements with both the Finance Team and Corporate Services have worked extremely well.

The Director of Audit, Grant Thornton commented that Grant Thornton do accounts pre-work with some of the GPs in the Liverpool area, however this is disclosed. It was highlighted that Grant Thornton has its work checked in respect of Liverpool CCG by a secondary partner and the partner is happy with the accounts so far.

Lay Member – Patient Engagement commented that it is a comprehensive annual report and the comments on the Better Care Fund have been useful.

The Chair noted the comments made on the financial balance and that we are in a strong position, however the future financial strategy will be reviewed at the Governing Body session on 27 May 2016 and we will need to ensure we maintain a healthy financial position and VfM in future years. He thanked the CCG staff from the Finance Team and Corporate Services for their work preparing the Annual Report and Accounts, and Grant Thornton for their audit work.

- ✓ **The Chair requested formal recommendation for the Annual Report and Accounts. This was agreed by the Governing Body members present**
- ✓ **The Annual Report and Accounts and associated documents were formally signed off by the Chair, Chief Officer and Chief Finance Officer of Liverpool CCG.**

3 Date and time of next meeting:

Tuesday 14th June 2016 at 1pm – Boardroom, Lewis’s Building.