

Report to the NHS Somerset Clinical Commissioning Group on 22 July 2021

Title: Minutes of the Extraordinary Part A NHS Somerset Clinical Commissioning Group Governing Body Meeting held on 10 June 2021	Enclosure B2
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Version Number / Status:	N/A
Executive Lead	James Rimmer, Chief Executive
Clinical Lead:	Dr Ed Ford, Chairman
Author:	Kathy Palfrey, Executive Assistant to the Governing Body

Summary and Purpose of Paper

The Minutes are a record of the Extraordinary meeting held on 10 June 2021. They are presented to the NHS Somerset CCG Governing Body, and also published in the public domain through the NHS Somerset CCG website, to provide clarity and transparency about the discussions and decisions made, and to ensure the principles of good governance are upheld.

Recommendations and next steps

The NHS Somerset Governing Body is asked to **Endorse** the Minutes of the Extraordinary meeting held on 10 June 2021. The Minutes were approved by Chair's action, as they were required to be submitted to NHS England together with our Annual Report and Accounts by 15 June 2021.

Impact Assessments – key issues identified				
Equality	N/A			
Quality	N/A			
Privacy	N/A			
Engagement	There is lay representation on the Governing Body. The Minutes are published on the NHS Somerset CCG website at: https://www.somersetccg.nhs.uk/publications/governing-body-papers/			
Financial / Resource	N/A			
Governance or Legal	The Minutes are the formal record of the meeting held on 25 March 2021.			
Risk Description	N/A			
Risk Rating	Consequence	Likelihood	RAG Rating	GBAF Ref
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Minutes of the Extraordinary Meeting of the NHS Somerset Clinical Commissioning Group Governing Body held on Thursday, 10 June 2021 via MS Teams (Virtual Meeting)

Present:	Lou Evans	Non-Executive Director CCG Vice Chair and Chair of Audit Committee (Lay Member)
	Dr Jayne Chidgey-Clark	Non-Executive Director, Registered Nurse
	Trudi Grant	Director of Public Health, Somerset County Council
	Wendy Grey	Non-Executive Director, Member Practice Representative
	David Heath	Non-Executive Director, Patient and Public Engagement (Lay Member)
	Maria Heard	Programme Director, Fit For My Future
	Alison Henly	Director of Finance, Performance, Contracting and Digital
	Trudi Mann	Non-Executive Director, Member Practice Representative
	Dr Alex Murray	Clinical Director, Fit For My Future and Clinical Director, STP
	James Rimmer	Chief Executive and System Lead
In Attendance:	Kathy French	Deputy Director of Quality and Nursing
	Jackson Murray	External Auditor, Grant Thornton
	Sandra Wilson	Observer Lay Member, Chair of Chairs of the Somerset Patient Participation Groups (PPGs)
Secretariat:	Kathy Palfrey	Executive Assistant to the Governing Body
Apologies:	Dr Ed Ford	CCG Chair, GP Partner, Irnham Lodge Surgery, Vice Chair, Health and Wellbeing Board
	Basil Fozard	Non-Executive Director, Secondary Care Doctor
	Judith Goodchild	Chair, Healthwatch (Observer)
	Val Janson	Director of Quality and Nursing
	Grahame Paine	Non-Executive Director (Finance and Performance)

SCCGB 054/2021 WELCOME AND PUBLIC QUESTIONS

Lou Evans, Acting Chair in the absence of Dr Ed Ford, welcomed everyone to the Extraordinary Governing Body meeting, which had

been convened to sign off the Annual Report and Accounts for 2020/21. A particular welcome was extended to Jackson Murray of Grant Thornton, the CCG's External Auditors, and also Kathy French, representing Val Janson.

SCCGB 055/2021 APOLOGIES FOR ABSENCE

Apologies for absence were noted from Dr Ed Ford, Basil Fozard, Judith Goodchild, Val Janson and Grahame Paine.

SCCGB 056/2021 REGISTER OF MEMBERS' INTERESTS

The Meeting received the Register of Members' Interests, which reflected the electronic database as at 9 June 2021.

James Rimmer advised that, reference his Interest as SRO of the [shadow] ICS Board, the word 'shadow' should be deleted, as the ICS was designated in December 2020. This will be updated on the database.

Governing Body members were reminded that they should update the electronic database within 28 days of an Interest becoming known or relinquished, and also to reconfirm their Interests on the database if they had not done so within the past three months. The database for the Gifts and Hospitality Register should also be updated if appropriate.

SCCGB 057/2021 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA

There were no declarations of Interest relating to items on the agenda. The quoracy of the meeting was confirmed.

SCCGB 058/2021 ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

The Meeting received the Annual Report and Accounts for the year ended 31 March 2021, comprising the following:

- Report from the Director of Finance, Performance, Contracting and Digital
- Annual Report and Accounts for 2020/21
- External Audit Findings Report
- Letter of Representation – to be signed today by the Chief Executive and Director of Finance Performance and Contracting

Alison Henly provided a verbal report and highlighted key areas for context, from which it was noted that:

Director of Finance, Performance, Contracting and Digital Report

- the Annual Report and Accounts, together with the various accompanying documents, were discussed at the Audit Committee meeting on 9 June 2021 and were brought to the Governing Body for final approval
- the year was unprecedented and there had been a significant period of change across all aspects of the CCG, not only in respect of Covid-19 but also in changes to the financial guidance, allocations and the retrospective recovery process
- this resulted in a considerable increase in expenditure – up £100 million compared to the previous year – as the CCG moved to a different payment method for its main providers, with payment being made on an organisational basis including the costs relating to Covid-19
- the CCG ended the year with a breakeven position (table 2 of the Director of Finance's report refers)
- the accounts have been prepared on a going concern basis, which relates to the services being an ongoing concern, not necessarily the organisation
- a number of services are provided to the CCG by other service organisations, and these are set out in Section 4.2 of the Director's report
 - the CCG receives reports from the auditors of the service organisations to understand if any risk is posed
 - the reports were considered in detail by the Audit Committee and the conclusion was that any risk was minimal as mitigations are in place
- the capita report was received after the initial reports were released last week to the Governing Body members. This was subsequently reviewed by the finance team, where the same conclusion was made, ie. there is minimal risk to the CCG and no impact on the financial statements
- under the Better Payment Practice Code, there is a target to pay trade creditors within 30 days of receipt of goods or valid invoice, unless other payment terms have been agreed with the supplier. During 2020/21 the CCG achieved:
 - for 2020/21, we paid 100% of non-NHS invoices and 99.92% of NHS invoices within the target

Annual Report and Accounts

- all Governing Body members received a schedule of amendments to the Annual Report and Accounts since they were first released last week:
 - apologies were extended for spelling errors, particularly in surnames
 - the revised version reflected that David Heath is not a member of the Patient Safety and Quality Committee
 - amendments made to the roles for the Remuneration Committee and to some of the Non-Executive Director leadership roles
 - an update to section 7.25, Delegation of Functions, relating to Capita Primary Care Support England (PCSE), which now reflects that the exceptions against the control objectives had no significant impact on the services provided to the CCG
 - changes had been made to the schedule of senior manager remuneration, in particular to the pension related benefits for James Rimmer arising from his split post as Chief Executive for the CCG and also as Senior Responsible Officer for the ICS. Dr Joanne Nicholl had been a member of the Governing Body for a short time during 2020/21 but was included on the schedule as a full year in the interests of transparency
 - an update had been made to the statement at section 8.7, Pay Multiple, and also the statement relating to Very Senior Managers whose annual salary is in excess of £150,000
 - the Letter of Representation had been amended at section xvi relating to the going concern assessment

External Audit Findings Report

Jackson Murray outlined the findings of the External Auditors' report. The External Auditors are responsible for issuing an opinion on the CCG financial statements, with Mr Murray attending the Audit Committee meetings throughout the year. It was noted that:

- Financial Statements: these have been produced in the context of work over the past year. There have been a number of changes to the funding, guidance, formulas etc. and the auditors have also needed to react to those changes
- auditors have been asked to be more sceptical in their approach, which is a knock-on effect from public failures in the

corporate and private sectors. This means that the Auditors have asked many more questions of the CCG than in previous years, and thanks were expressed to Alison Henly and the Finance team for their responsiveness and engagement in this process

- page 3 of the External Audit Findings report sets out the work relating to the financial statements. The Auditors have two principal responsibilities:
 - to set out a true and fair view of the CCGs financial statements, and
 - to provide a regularity opinion that the CCG's income and expenditure has been applied correctly for the purposes required by Parliament
- a number of areas of outstanding work have now been concluded, including journal sampling and the receipt of additional evidence
- a key area of focus at yesterday's Audit Committee was a request for additional evidence around invoice payments for 2020/21, to confirm that they do indeed relate to that year (NB: this is not Somerset CCG specific; all auditors have been asked to do this)
 - the majority of work areas have been concluded: once the required evidence and final signed versions of the various documents are received, Grant Thornton will consider any subsequent events that may be necessary. However, they anticipate issuing an Unmodified opinion by the reporting deadline of 9.00 am on Tuesday, 15 June 2021
- the External Auditors also have responsibility around Value For Money (VFM), and the deadline for the detailed report and findings has been extended to the 20 September 2021. This year, an official opinion is not required; rather, a commentary. Mr Murray was satisfied that, given the work to-date, this would not have any material impact on the financial statements as presented today
- page 4 of the External Audit Findings report sets out other statutory powers available to the auditors. These have not been exercised this year:
 - last year, a section 30 referral to the Secretary of State was made due to the CCG's deficit position
 - in 2020/21 the CCG achieved a breakeven position so no section 30 referral is necessary

- page 6 sets out the materiality levels to which the auditors will consider the financial statements. This provides assurance that the accounts are materially correct, without being audited to the nearest penny
 - the materiality level is £13.4 million for the financial statements; £10.05 million for performance; £300K for 'trivial' matters; £20,000 for VSM remuneration
- page 7 sets out a non-rebuttable presumed risk around management override of controls: no issues have been identified
- pages 8-9 set out the key judgements and estimates relating to the financial statements, eg. accruals, provisions, accounting practice, matters relating to fraud etc. No issues have been identified
- a recommendation from last year was that some of the information provided in the financial statements was in excess of what was necessary:
 - the CCG has taken note of this recommendation and the accounts as presented for 2020/21 are now more focused and therefore more transparent
- page 11 refers to the going concern assumption, and the updated wording of the Letter of Representation strengthens this
- page 16 sets out the independence of Grant Thornton, and also includes non-audit services that were provided to the CCG
 - Grant Thornton undertook a review of the CCG's 2019/20 Mental Health Investment Standard Compliance Statement, completing the work in March 2021, and the Compliance Statement has since been published. The fee for this work was £10,000
- Appendix A of the External Auditors' Report includes one recommendation – that the CCG further 'declutter' its financial statements - together with the management response
- the impact of unadjusted mis-statements that were identified during the audit - and which have not been adjusted within the final set of financial statements, together with the reason for not doing so - are detailed in Appendix C of the External Auditors' Report. No significant concerns were found
- Appendix D details the final fees charged for Grant Thornton's audit and provision of non-audit services during 2020/2021, at a total of £74,500 subject to a 20% adjustment for VAT

- the audit opinion will be issued in line with the national timetable, and the draft wording is included at Appendix E of the report

Letter of Representation

Alison Henly advised that the Letter of Representation is required to be signed by herself and James Rimmer on behalf of the Governing Body, subject to the Governing Body's approval of the financial accounts.

Lou Evans invited the Governing Body to comment and/or raise any questions:

Governing Body members expressed their thanks to Grant Thornton, Alison Henly and the Finance Team for their work in bringing the Annual Report and Accounts to timely fruition, especially in the light of this year's unprecedented circumstances. In particular, the level of due diligence by Jackson Murray and his team in scrutinising the work, and the Finance team's liaison with both the external and internal auditors. Mention was also made about the inclusion of a developed section on digital services in the annual report, which have been so important throughout the year.

David Heath commented about various typographical errors and it was agreed that he would send an email to Alison Henly clarifying these. James Rimmer confirmed that the report would be reviewed by the new Head of Communications and Engagement, and that work is in progress to produce a public-facing summary report.

As Chair of the Audit Committee, Lou Evans also expressed his thanks to the Auditors and the Finance Team, commenting on the robust process to produce an 'uncluttered' set of accounts, and particularly about the achievement of a year-end breakeven position.

Lou Evans further confirmed that the Value For Money statement will not form part of the submission on 15 June 2021, but will be submitted following the Audit Committee meeting on 8 September 2021, in line with the national guidelines.

Lou Evans advised that, in accordance with the guidance, each member of the Governing Body is required to formally state the following declarations in relation to the Annual Report and Final Accounts:

Declaration 1:

As far as I am aware, as an individual member of the Membership and Governing Body, there is no relevant audit information of which the Clinical Commissioning Group's auditors are unaware.

Declaration 2:

As an individual member of the Membership and Governing Body, I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information, and to establish that the Clinical Commissioning Group's auditors are aware of that information.

By a virtual show of hands, each Member of the Governing Body confirmed their agreement to each of the two declarations as stated.

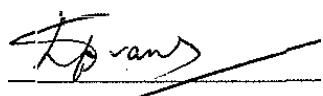
By a show of hands, the Governing Body approved the Annual Report and Financial Accounts for 2020/21.

SCCGB 059/2021 ANY OTHER BUSINESS

There were no further items of business.

SCCGB 060/2021 DATE OF NEXT MEETING

The next full Meeting of the Governing Body will be held on Thursday, 22 July 2021 at 9.30 am via MS Teams.



Lou Evans
Vice Chairman, Somerset CCG

DATE: 10 June 2021