



Northern, Eastern and Western Devon
Clinical Commissioning Group



Integrated Commissioning Finance and Assurance Review Group (FARG) Annual Report 2015/16

Executive Summary

Under the terms of reference for the Integrated Commissioning Finance and Assurance Review Group (FARG), the Chair will prepare an Annual Report and an Effectiveness Review on the activities of the FARG to be completed in the spring of each year. This report will detail the work undertaken during the financial year, the successes and risks plus look into the coming year to highlight key tasks. This formal report will be presented to FARG for approval and onward distribution to Plymouth City Council's Integrated Health & Wellbeing Board (IHWB) and the Plymouth Integrated Commissioning Board (PICB).

Measuring success purely from a financial perspective, on an Integrated Fund of £482m both the CCG and PCC each recorded a small over spend against their budget share, resulting in the risk share on the Plymouth Integrated Fund of £0.089m. The Section 75 sets out the methodology for the application of the risk share and this resulted in a requirement for a contribution from Health to the Local Authority of the £0.089m based on those outturns.

This is a significant achievement in terms of the joint management of financial positions, and the minimal impact of a joint risk share on an Integrated Fund of this size (£482m). Although there were key overspends within the Integrated Fund including the Care Co-ordination Team, Children and Young People's Care, and the QIPP and Transformation Programme, the Adult Social Care team came in under budget for the first time in six years.

Vision Statement

The vision for the Health and Wellbeing programme is to establish a collaborative, integrated and strategic approach to how CCG and PCC with some partners commission and deliver services, with the aim of improving patient/service user experience and improving outcomes for residents in Plymouth from the resources available.



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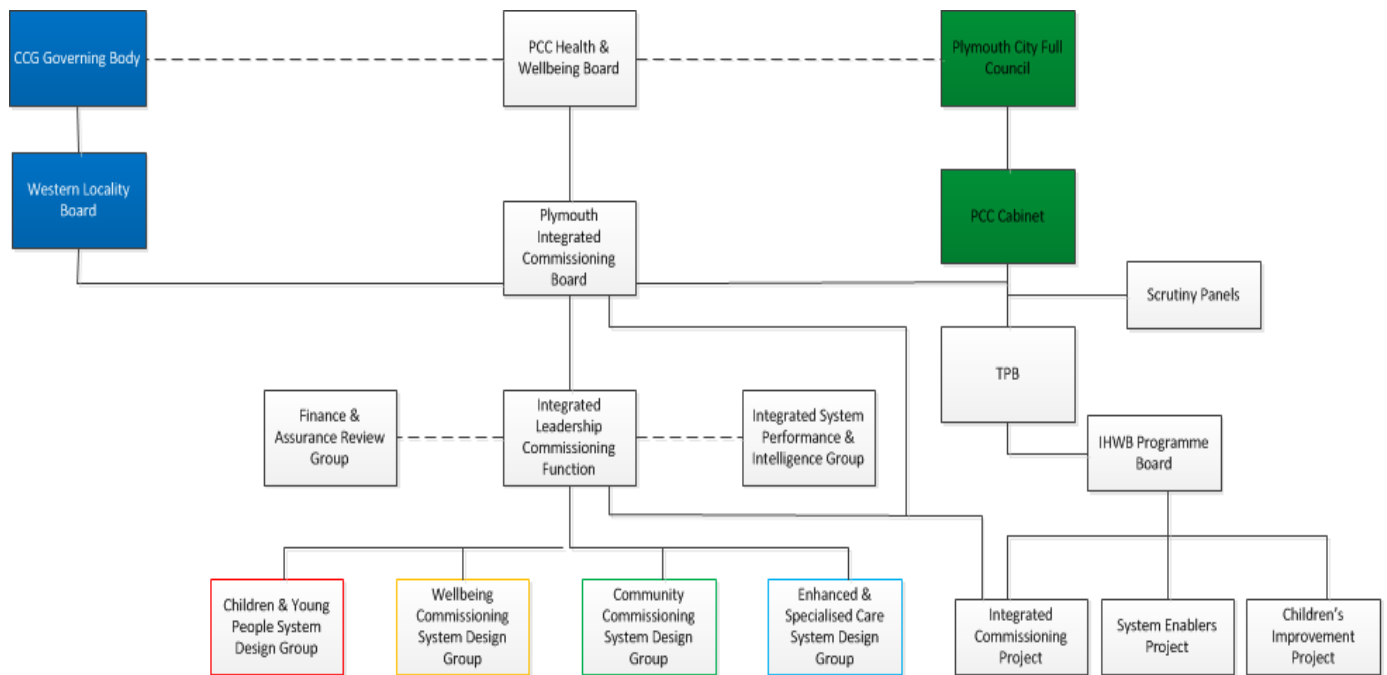
Project governance

The Integrated Commissioning project is part of the wider Integrated Health and Wellbeing programme. The outline business case was signed off in November 2014 by both NEW Devon CCG Western Locality Board and by Plymouth City Council Cabinet.

The IHWB programme has moved from a traditional governance model for a programme environment to a model embedded into business as usual. Due to the joint status of the programme, an integrated governance structure has been implemented complimenting operational needs of Plymouth City Council alongside the Strategic Commissioning needs of NEW Devon Clinical Commissioning Group.

A key component to the governance of the programme has been the implementation of a formal Finance and Assurance Review Group (FARG) which meets on a monthly basis working to the Terms of Reference, as approved by the Integrated Commissioning Board.

The relationship to the overall programme governance is represented below.



FARG terms of reference

Purpose

- Providing oversight, scrutiny and assurance of the Integrated Fund on behalf of the Plymouth Integrated Commissioning Board (PICB).
- Responsible for contributing to the overall process of financial planning, control and review. This is to be achieved through judgement, scrutiny, and independent and objective review.
- Monitoring compliance with each organisation's published standards and controls.
- Advising in the review of the section 75 agreement and financial framework.
- Reviewing financial risks by exception.

Membership

- Pooled Fund Manager
- Chief Financial Officer (Western Locality), CCG
- Head of Integrated Finance, PCC
- Lead Accountant ASC, PCC
- Contracting Accountant, CCG
- Internal Audit Representatives from Audit South West and Devon Audit Partnership (non-voting)
- Integrated Commissioning Project Manager
- Commissioning Representative, CCG
- Commissioning Representative, PCC
- Public Health Representative

In the financial year 2015/16 FARG has continued to meet on a monthly basis as scheduled. At the start of the year the defined membership included the required attendance of the Chief Finance Officer, CCG and the Assistant Director for Finance (Section 151 Officer), PCC. The Terms of reference allowed for the delegation of their duties to Chief Financial Officer (Western Locality), CCG and the Deputy Section 151 Officer.

Due to other work commitments, each meeting recorded the absence of the CFO, CCG and AD Finance, PCC. During the year the TOR were therefore amended to reflect the actual attendance.

Key progress to date

As anticipated, it has been a busy year. Any thoughts that crossing the line for the 31 March deadline to go live from 1 April was an end to the workload were soon dissipated. It was a very intense period, particularly in the three months leading up to the adoption of the Section 75 and the Financial Framework that sits behind it. However, getting the finances right was always going to be a key strand to the success of the integrated project.

During the year FARG has:

- Held monthly meetings as scheduled:
- Undertaken due diligence on each organisation's 2015/16 budget for the Fund:
- Begun operating as an integrated finance function, with teams co-located on floor 2 Windsor House:
- Allocated the Integrated Fund to the four Integrated Commissioning Strategies and whole system action plans:
- Produced a monthly finance monitoring report which captures the financial position of the Plymouth Integrated Fund. This report is used to report to the CCG Governing Body and also PCC's Directors (Corporate Management Team – CMT) and Cabinet:
- As part of the financial planning process, FARG has received, reviewed and recommended to the PICB, for formal adoption, the proposed list and arrangements of actions to meet the cost savings targets, both QIPP and Delivery Plans for the year.
- Regularly reviewed progress and performance of each of the approved schemes and, where necessary, seek reports and presentations by lead directors/project managers on progress against planned savings.
- Met on a weekly basis as the FARG Joint Working Technical Group (JTWG): this is a less formal meeting (no minutes) with action points circulated. It is an opportunity to invite other officers for discussion on issues pertinent to the finances and assurance of the Integrated Fund.
- Improved the financial controls around the Better Care Fund:
- Developed a Work Plan:
- Developed a Forward Plan:
- Improved the data capture for the monthly joint reporting, including increasing the input and awareness of more members of the finance team
- Improved the resilience of both FARG and JTWG by including the Lead Accountant ASC, PCC and the Contract Accountant, CCG as standing attendees:
- Worked with both CCG and PCC risk and assurance officers to develop an Integrated Risk Management Framework:
- Worked with both CCG Audit Committee and PCC Audit Committee to ensure the correct level of assurance is provided:
- Held two joint Audit Committee meetings, one hosted by PCC, one by CCG with attendance from respective Chair and CFO/Head of Finance at each.

Next Steps/Priorities

- In response to the Success Regime and the necessity of moving towards the next stage of developing an Integrated System of Health and Wellbeing there is a requirement to go further and faster on Integration
- A refocusing of the Integrated Commissioning Project on system wide transformational priorities such as Urgent Care and Planned Care will require
- Build on the input to the Digital Road 2020 and ensure FARG has full visibility of all IT requirements/requests
- Develop Key Performance Indicators (KPIs). We need to be regularly reviewing performance against KPIs such as;

- ✓ finance ratios,
- ✓ payments performance,
- ✓ debtor control,
- ✓ NHS England assurance framework requirements,
- ✓ regulatory compliance and payroll performance,

Where necessary, seek explanation and corrective action to meet the agreed level of performance.

- Improve our overall assurance review.
- Work with colleagues in PCC's capital programme teams, both finance and strategic planning, to ensure FARG has full visibility of all capital expenditure requests which will have a financial impact on the Fund. This includes the requirement for early engagement to help shape and develop the plans and fully model the costs and anticipated savings.
- Build on the current BCF arrangements to ensure consistency of approach when the new Improved Better Care Fund is introduced.
- Work with PICB and Internal Audit to ensure we have fully scoped the requirements of the Pooled Fund Manager.
- Ensure a timely review of the Section 75 Agreement and the Financial Framework to ensure any required changes are able to be fully scrutinised and approved for 2017/18.
- Policies: Review the financial impact of each organisation's accounting policies; review and provide recommendation for adopting other financial policies as required in line with each organisation's Scheme of Reservation and Delegation.
- "Making it Real" – designing pools within the overall Integrated Fund; for 2016/17 we are working on S117 which cover aftercare under section 117 of the Mental Health Act; also our combined spend on SEND (Special Educational Needs and Disability) to maximise resources and identify and monitor true financial efficiencies and savings.

Risks

Overall project risks have been captured and monitored through a risk log and monthly reported through the programme highlight reports to IHWB. The full risk log is maintained on the Plymouth City Council project server,

Below is an overview of the key financial risks:

Key Risks:

- Savings delivered from the integration are insufficient to meet the funding gap
- Resources required to deliver integration are not available/ funding does not exist to commission external resources
- Statutory, regulatory or political differences between Health and Social Care or partners may lead to tensions
- External factors such as the Success Regime and STP may require a change of commissioning priorities
- Change in key finance personnel
- Financial pressures within the partner organisations and between the partners and the Integrated Fund lead to threats to the on-going resilience of the Integrated Fund

Attachments:

1. FARG Forward Plan 2016/17



IC FARG Forward
Plan.xlsx

2. Month 12 (March 2016) Joint Finance Report



Finance Report
Western M12 Final.doc

3. Integrated Risk Management Framework



CCG-PCC RM Policy
Framework Draft CLE

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