



Northern, Eastern and Western Devon
Clinical Commissioning Group



Integrated Commissioning Finance and Assurance Review Group (FARG) Annual Report 2016/17

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 Western Locality Board.

On an Integrated Fund of £495m 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 £0.026m payable from the CCG to Plymouth City Council. The Section 75 sets out the methodology for the application of the risk share.

This is another 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. This is the second year of the Fund and the financial outturn is closer to budget than the result for year one.

FARG continues to provide oversight, scrutiny and assurance of the Integrated Fund on behalf of Plymouth's Integrated Commissioning and is responsible for contributing to the overall process of financial planning, control and review. The group meets monthly and amongst other agenda items reviews financial risks of the Integrated Fund by exception.



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Membership

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

In the financial year 2016/17 FARG has continued to meet on a monthly basis as scheduled. At the start of the year, the Plymouth Integrated Commissioning Board (PICB) agreed the appointment of the Chief Finance Officer (Western Locality) CCG as the Interim Pooled Fund Manager, and the creation of a Deputy Pooled Fund Manager with the interim appointment of the Head of Integrated Finance PCC. These interim arrangements will continue through 2017/18 with further review early in the calendar year 2018.

Attendance outside of the core members from finance and audit has been limited and the Terms of Reference should again be reviewed and agreed.

Key progress to date

During the year FARG has:

- Held monthly meetings as scheduled:
- Undertaken due diligence on each organisation's 2016/17 budget for the Fund:
- Built on the 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:
- Improved the content and timing of the now Business as Usual 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:
- Regularly reviewed progress and performance of each of the approved savings schemes and, where necessary, seek reports and presentations by lead directors/project managers on progress against planned savings.
- Moved from a weekly to a fortnightly basis for the FARG Joint Working Technical Group (JTWG): this is a less formal meeting (no minutes) with action points circulated. We continue to use the 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:

- Refined the Work Plan and Forward Plan:
- Improved the data capture for the monthly joint reporting, including increasing the input and awareness of more members of the finance team:
- Worked with both CCG and PCC risk and assurance officers and developed an Integrated Risk Management Framework:
- Worked with both CCG Audit Committee and PCC Audit Committee to ensure the correct level of assurance is provided:
- Continue to hold joint Audit Committee meetings.
- Worked on developing joint KPIs for the Fund which include:
 - ✓ finance ratios,
 - ✓ payments performance,
 - ✓ debtor control,
 - ✓ NHS England assurance framework requirements,
- Where necessary, seek explanation and corrective action to meet the agreed level of performance.
- Enhanced our overall assurance review, with regular contributions from officers.
- Worked 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.
- Continue to build on the current BCF arrangements to encompass the new iBCF (Improved Better Care Fund) in 2017/18.
- Ensured 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.

National Recognition

Plymouth City Council and the Western Locality Devon CCG were honoured with a national Public Finance Innovation Award, sponsored by CIPFA, the Chartered Institute of Public Finance & Accountancy. The award was for the pooling of all wellbeing resources into a single integrated finance fund of £483m. They were impressed by the risk-sharing approach, which can be shared by others. The team's ambitious integration Programme included an important role for financial leadership and solutions.

Next Steps/Priorities

- “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.
- Ensuring the local work streams are aligned with the wider Sustainable Transformation Plan (STP) for Devon.

Risks

The joint integrated framework is the first of its kind in the country and is the result of 18 months collaboration between both partners. The framework provides a common infrastructure for delivering, maintaining and governing risk management within the integrated commissioning function.

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 - V6.docx

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