Audit South West
Internal Audit, Counter Fraud and Consultancy Services

NHS

STP Partnership Governance Arrangements February 2017

Final Report - July 2017

Executive Summary

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OVERALL CONCLUSION

We looked to provide assurance to the Programme Delivery Executive Group (PDEG) as to the overall high level governance arrangements for the Devon STP Partnership. We can conclude that these governance arrangements as at the end of February 2017 are, overall, fit for purpose. We have made the following key recommendations:

1.The Devon STP Memorandum of Understanding (MOU) meets good practice expectations and has been signed by the main constituent health providers and commissioners, and we understand that other parties are to sign including NHSI and NHSE. If, as per its intent, the MOU is to provide a mechanism for securing parties' agreement and commitment to sustained engagement with and delivery of the STP to realise a transformed model of care in Devon, the MOU needs to be both signed by all parties, and be supported by explicit formal confirmation that all partner boards have ratified the MOU. Members of the Devon STP Partnership remain accountable for achieving their own statuary responsibilities.

2.To ensure that it can be demonstrated that any recommendations for changes to services and models of care, have been discussed by all appropriate, relevant partners of the Devon STP Partnership at PDEG and recommended to and ratified by partner boards, thus avoiding legal challenge:

- A log of decisions recommended to partner boards by PDEG and their subsequent ratification by all partner boards should be maintained.
- PDEG should set a quorum for their meetings and decide when meetings will be stood down.
- Every PDEG meeting should include an agenda item for declaration of interests.

3.Consideration should be given to how the partnership wide approach to strategic risks to the Devon STP Partnership's objectives, and risk appetite, is considered, evaluated and managed so that partner boards can be appropriately assured.

4.The overall governance arrangements for the Devon STP Partnership need to be regularly reviewed to ensure they remain fit for purpose, are effective and enable delivery of the STP plan supported by appropriate capacity.

Key Findings

The general conclusion from the interviews we held was that PDEG is moving forward in its role, though progress has not been as quick as it perhaps could have been. The nature of the transformation from the Success Regime to the Devon STP Partnership has meant, however, that it is has been ever evolving.

Accountability
Health and care organisations as well as local authorities across Devon have come together to meet the increasing health and care needs of the population while ensuring services are sustainable and affordable and, through the Devon STP Partnership, have built sound arrangements which underpin that commitment to work collaboratively to transform the model of care in Devon. That commitment needs to be demonstrated by the ratification of the Devon STP MOU by all parties.

Through interviews we were told that the Devon STP MOU has not been tested to assess whether the commitment to collaborative working can be sustained. This is key, especially when decisions around organisational design and development and, ultimately, delivery of services are considered and recommended. It was suggested to us that the MOU could be tested using scenario planning and that this is undertaken within the next three months.

The MOU should be kept under regular review to ensure it remains fit for purpose. Alternative, more enforceable arrangements may be needed once organisational design becomes delivery.

Governance
Our review of the key elements of the governance architecture were assessed to be in the main fit for purpose:

The partnership recognises that this governance architecture will need to be reviewed to ensure it remains fit for purpose. This falls to the Collaborative Board.

Our review of PDEG confirmed both a strategic and operational form, with appropriate membership, good attendance at meetings, good challenge of papers and actions that are monitored for completion.

The Devon STP Partnership should be able to demonstrate that any recommendations for changes to services and models of care, have been recommended by PDEG and ratified by all partner boards.

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We have suggested that a Work Plan for PDEG, the Collaborative Board and PDEG's subordinate groups is put in place to set out the priorities, for a three month period at a time, to give purpose and structure to all the groups' meetings.

The Collaborative Board is the key forum for Non Executives Directors and Lay Members to get involved in the collaboration of and development of system transformation. It provides the opportunity for partner board members to voice their views and concerns on the future organisational design and delivery of care in Devon. It has met three times since its inception. The Collaborative Board workshop held in January 2017 enabled a key step forward in exercising its role, asking for commitment to strengthening collaborative working, and looked for support for a proposed commissioning framework and early objectives for taking forward organisational form and development. Its Terms of Reference state no quorum for its meetings nor its decision making, accountability and reporting arrangements.

Significant levels of 'Executive' resource, including CEOs, form the membership of PDEG, its subordinate groups and the Collaborative Board. Reviewing the governance arrangements at staged intervals during the design and delivery of the work programmes should ensure the effective use of such resources supported by appropriate capacity. A high level set of KPIs could be developed for measuring the performance and success of the Devon STP Partnership at key milestones in the design and delivery process.

The approach taken to date is that formal risk management arrangements remain with each partner body of the Devon STP Partnership. The consideration of risk management at an operational level was not within the scope of this review, however we have seen that risk is considered at an operational level as part of the detailed management and review of each work programme and in developing work programme mandates.

We have not seen how the overarching progress and status of the overall risk profile in terms of delivery and achievement of the Devon STP Partnership objectives is reported to PDEG, such that partner boards can be appropriately assured and have a clear, consistent and transparent view of the risk profile.

Reporting
Reporting arrangements to PDEG continue to develop as expectations of PDEG are being realised, in terms of both strategic and operational needs.

PDEG receives regular reports covering both the performance and financial position of the Devon STP Partnership supported by data at partner level, along with an overview report on many of the work programmes, rag rated with achievements to date, risks and next steps. Reporting for some work programmes is in development.

Although there are regular reports to PDEG from the Finance Working Group and the Clinical Cabinet, there is no standard reporting from these groups and it can be verbal. The Terms of Reference for these groups do not set out the reporting arrangements, although they do make it clear that they are accountable to PDEG. The Work Plan we have suggested for PDEG should set out the responses needed from these groups at each meeting.

Papers received by PDEG and subordinate groups should continue to be reviewed to ensure best use of CEO and Executive resource, to avoid duplication of working between groups and aid making decisions for recommending to partner boards.

The above key messages on the areas reviewed have been derived from the detailed findings and conclusions set out on the pages below.

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AUDIT BACKGROUND, SCOPE AND OBJECTIVES

Background

On 22nd December 2015, the NHS published 'Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21'. This set out the requirement for five year Sustainability and Transformation Plans alongside one year Operational Plans for 2016/17. The Devon STP covers the areas of the NEW Devon CCG and South Devon and Torbay health economies. Health and care organisations as well as local authorities across Devon worked together to create the shared five-year vision to meet the increasing health and care needs of the population - while ensuring services are sustainable and affordable.' The STP built upon work undertaken through the Success Regime and the South Devon and Torbay economy. The Draft Devon STP was published on 4th November 2016.

The arrangements through which Devon developed and will deliver its STP have evolved over the last year. Devon STP MOU covering the working arrangements was due to be approved by the boards of the constituent organisations in January 2017. Given that the STP is moving from development to design, through consultation and into delivery, it is timely to review the governance and reporting arrangements to determine whether they are suitable to take the Devon STP Partnership forwards.

The MOU lists the following as parties to the Devon STP Partnership:

- North East and West Devon CCG
- South Devon and Torbay CCG
- Devon County Council
- Plymouth City Council
- Torbay Council
- Devon Partnership NHS Trust
- Livewell Southwest
- Northern Devon Healthcare NHS Trust
- Plymouth Hospitals NHS Trust
- Royal Devon and Exeter NHS Foundation Trust
- Torbay and South Devon NHS Foundation Trust
- NHS England
- NHS Improvement
- South Western Ambulance Service NHS Foundation Trust (not listed as party to the MOU but eligible to attend PDEG)

The advent of the Devon STP Partnership and Plan significantly changes the risk profiles of member organisations. New and changed risks could lead to failure of individual organisations to deliver safe, high quality services within the available resources in 2016/17, and sustainably into the future.

The consequent assurance needs of the Devon STP Partnership's member organisations are similar:

They need to be assured that the new arrangements do not place them at risk of breaching their statutory responsibilities.

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Objectives and Scope of the Audit

The aim of the Devon STP Partnership is to facilitate the '*creation of a clinically socially and financially sustainable health and care system that will improve health, wellbeing and care of the population'* across Devon. Our review focused on the developing governance and reporting arrangements in place at the level of the Devon STP Partnership to progress this aim. We looked to provide assurance of the governance and reporting arrangements at the level of the STP Partnership to PDEG, established to act as a forum for recommending decisions made affecting more than one and maybe all members of the Devon STP Partnership which are then ratified by each STP Partnership partner's board, as follows.

Objective One

To provide assurance that appropriate governance arrangements are in place covering the Devon STP Partnership and that these are working as intended. This covered:

Accountability

- Arrangements for decision making covering the Devon STP Partnership and its constituent member organisations including mechanisms to manage any conflict or inability of an individual member to agree to or meet its commitment to the Partnership.
- Arrangements which underpin the commitment of the organisations of the Devon STP Partnership to work collaboratively and adhere to the principles and behaviours critical to its success.
- Roles and responsibilities in respect of the Devon STP Partnership of its Senior Leadership Team and Programme Office.

Governance

- Governance architecture, membership, meeting arrangements etc. covering groups instated for the Devon STP Partnership.
- The Devon STP Partnership's arrangements for risk management.

Objective Two

To provide assurance that reporting mechanisms and arrangements are in place, adequate and working as intended:

Reporting

We focused on reporting to PDEG as per its Terms of Reference covering the following key areas:

- Guidance from the Collaborative Board.
- Assurances, exception reports and recommendations from subordinate groups.
- Assurances and updates from member organisations.
- Progress in delivery of the STP plan and outcomes at high level.
- Business cases for approval.
- Risk status.

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How we Conducted the Review

We conducted the review through:

- Interviews with the System Lead Chief Executive, System Lead Director of Finance, Director of Strategy, NHSI and NHSE and the STP Leadership Team.
- Review of relevant documents provided to us, including the MOU, papers, minutes, action logs and presentations to meetings of the following groups:
  - PDEG.
  - Collaborative Board.
  - Clinical Cabinet.
  - Finance Working Group.
  - System Plan Delivery Group.
- We observed the PDEG meeting held in January 2017.

What was not Included in the Review

The following was not included within this audit:

- Delivery arrangements for the Devon STP and associated savings plans.
- Arrangements in place at member organisations to implement the Devon STP.
- Arrangements in place at member organisations to report on the progress of the Devon STP Partnership's work.
- A detailed review of the analysis (including financial) underpinning the Devon STP, the STP document and associated consultation activity.
- The role of consultants appointed to support the Success Regime and/or the Devon STP Partnership.

We would like to acknowledge the help and assistance given by the System Lead Chief Executive, System Lead Director of Finance, System Leadership Team, NHSI and NHSE during the course of this review.

Jenny McCall, Director of Audit

REPORT DATA

Date Work Undertaken	January to February 2017
Date of Issue of Draft Report	8th March 2017
Date of Return of Draft Report	31st July 2017
Date of Approval of Final Report	31st July 2017
Lead Auditor	Caroline Andrews, Senior Auditor /Jenny McCall, Director of Audit
Client Lead Manager(s)	Andy Robinson, Lead Director of Finance
Client Lead Director	Angela Pedder, Lead Chief Executive

Action Plan

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Rec No	Recommendation	Management Response	Manager Responsible	Action Date
1	If, as per its intent, the Devon STP MOU is to provide a mechanism for securing parties agreement and commitment to sustained engagement with and delivery of the STP to realise a transformed model of care in Devon, the MOU needs to be both signed by all parties and be supported by explicit formal confirmation that all partner boards have ratified the MOU.	Agreed. Partners have confirmed via PDEG that the MOU has been ratified by boards. Partner board papers will be collated to augment record of minutes. Action EM to request board minutes.	STP Transformation Director	July 2017
2	It was suggested to us that the MOU be tested using scenario planning and that this is undertaken within the next three months.	Disagree. Formal scenario planning is not required in the context that is continually changing. PDEG has evidenced its ability to keep elements under review) (during June Clinical Cabinet TOR are being reviewed and signed off at July PDEG for example).	N/A	N/A
3	The MOU should be kept under regular review to ensure it remains fit for purpose. Alternative, more enforceable arrangements may be needed once organisational design becomes delivery.	Following response above. The MOU is under review. The work to define the role of the strategic commissioner and the possible implementation in shadow form will drive a review. The MOU is unlikely to become more enforceable before the creation of other structures (such as ACOs) are developed.	STP Finance Lead Director	Ongoing
4	The roles of all the STP Partnership Team should be set out in job descriptions.	Agree. The roles of the Partnership team are: Lead CEO Lead Director of Finance STP Director of communications STP Delivery Director STP Transformation Director The Lead CEO role is set out in the STP. The others all have job descriptions available on request.	STP Transformation Director	Done
5	To ensure that it can be demonstrated that any recommendations for changes to services, including models of care, have been discussed by all appropriate, relevant partners at PDEG and recommended to and ratified by partner boards, thus avoiding legal challenge: • A log of decisions recommended to partner boards by PDEG and their subsequent ratification by all partner boards should be maintained. • PDEG should set a quorum for their meetings and decide when meetings will be stood down. • Every PDEG meeting should include an agenda item for the declaration of interests.	PDEG minutes are clear when a recommendation to partner boards is being made. A log of these will be maintained which will include a log of items ratified in prior month. As PDEG is a recommendation board, not a decision making function a Quorum is not required. Agree – Agenda to be updated with standing item to ascertain declarations of interest pertaining to that particular agenda. The ToR will be updated (Action – VG to update ToR, EM to update agenda)	STP Transformation Director	July 2017

Action Plan

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Rec No	Recommendation	Management Response	Manager Responsible	Action Date
6	A Work Plan for PDEG, the Collaborative Board and PDEG's subordinate groups is prepared to set out the priorities, for a three month period at a time, to give purpose and structure to all the groups' meetings.	Agree. A work plan exists for PDEG, and Clinical Cabinet. This could be developed for Collaborative Board and FWG. A periodic review will take place of their 3 month forward plan.	Head of PMO	July 2017
7	Collaborative Board Terms of Reference to include the quorum for meetings, decision making, accountability and reporting arrangements.	ToR to be updated although as not a decision making board query the need for quorate meetings.	Associate Director Transformation	July 2017
8	There is a significant amount of senior resource committed to transforming care in Devon. Significant levels of 'Executive' resource, including CEOs, form the membership of PDEG, its subordinate groups and the Collaborative Board. The effectiveness of these groups and forums should be reviewed at staged intervals during the design and delivery of the work programmes to ensure the effective use of such resources supported by appropriate capacity. A high level set of KPIs could be developed for measuring the performance and success of the STP Partnership at key milestones in the design and delivery process.	Not agreed. KPIs are not an appropriate measurement given the context. The relationships and forums for steering the STP are under constant review. Work at a programme level to ensure we are getting maximum value from meetings is ongoing.	NA	NA
9	The Collaborative Board should look to review on-going governance structures of STP partnership in line with its Terms of Reference.	Not agreed. This is already within the PDEG ToR.	NA	NA
10	We have not seen how the overarching progress and status of the overall risk profile in terms of delivery and achievement of the Devon STP Partnership objectives is reported to PDEG, such that partner boards can be appropriately assured and have a clear, consistent and transparent view of the risk profile. Consideration should be given to how the partnership wide approach to strategic risks to the Devon STP Partnership objectives, and risk appetite, is considered, evaluated and managed.	Partially agree: The STP is not superior to sovereign bodies. Therefore risks falling from the system are managed at a trust level where the accountability sits. STP exists to facilitate solution changes. An additional programme risk log will be created that includes the high rated risks from STP sub programmes. Action: SW to create programme risk log summary.	STP Transformation Director	Sept 2017
11	Although there are regular reports to PDEG from the FWG and the Clinical Cabinet, there is no standard reporting from these groups and it can be verbal. The Terms of Reference for these groups do not set out the reporting arrangements, although they do make it clear that they are accountable to PDEG. The Work Plan we have suggested for PDEG should set out the responses needed from these groups at each meeting.	Partially agreed: FWG and SPDG both report to PDEG in an agreed format. This includes verbal updates. CC ToR is being updated that will make reporting to PDEG clear.	Associate Director Transformation	Complete
12	Papers received by PDEG and subordinate groups should continue to be reviewed to ensure best use of CEO and Executive resource, to avoid duplication of working between groups and aid making decisions for recommending to partner boards.	Agreed and in place. Evidenced by front sheet on PDEG reports.	NA	N/A

1. Accountability

- Arrangements are in place for decision making covering the Devon STP Partnership and its constituent member organisations including mechanisms to manage any conflict or inability of an individual member to agree to or meet its commitment to the Partnership.
- Arrangements underpin the commitment of the organisations of the Devon STP Partnership to work collaboratively and adhere to the principles and behaviours critical to its success.
- Roles and responsibilities in respect of the Devon STP Partnership, its Senior Leadership Team and the Programme Office.

Conclusion
The Devon STP MOU meets good practice expectations.

The Devon STP MOU has been signed by the constituent health providers and commissioners and we understand that other parties are to sign including NHSI and NHSE. A number of partner boards we understand are still to ratify this MOU. Without the explicit formal ratification of the MOU by all partners, that full commitment to partnership working is not assured. This is particularly important given that the Devon STP Partnership has no legal standing; decision making powers remain with the statutory parties to the MOU.

Through interviews we were told that the MOU has not been tested to assess whether the commitment to collaborative working can be sustained. This is key, especially when decisions around organisational design and development and, ultimately, delivery of services are considered and recommended. It was suggested to us that the MOU could be tested using scenario planning and that this is undertaken within the next three months.

The MOU should be kept under regular review to ensure it remains fit for purpose. Alternative, more enforceable arrangements may be needed once organisational design becomes delivery.

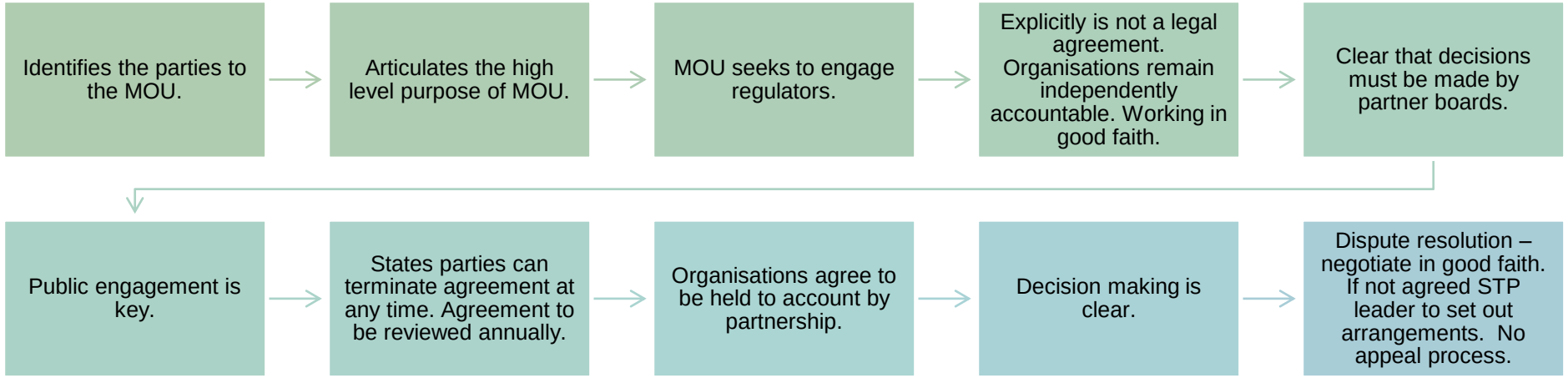
MOU
A MOU sets out the broad principles to be followed to regulate the relationship between the statutory bodies, support decision making and joint working and offers sufficient clarity of roles and responsibility.

Good practice suggests that a MOU should include:

- Purpose.
- Membership.
- Governance processes.
- Roles and responsibilities.
- Engagement principles and partnership arrangements:
    - Partners will work together towards effective delivery and improvement of the services and will support planning, development, service redesign and improvement in collaboration.
    - A specified review mechanism will monitor quality standards and performance and will support any interventions required to respond to service pressures and demands and to improve performance.
- Information sharing and data management.
- Risk Management.
- Dispute resolution procedure.

The Devon STP MOU dated December 2016 meets these good practice expectations and has been signed by the constituent health providers and commissioners and we understand that other parties are to sign including NHSI and NHSE. A number of partner boards we understand are still to ratify this MOU.

The Devon STP MOU, dated December 2016:



The Devon STP MOU states that partners will:

- Share information, experience and resource, to work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost.
- Demonstrate transparent communications in terms of delivery of STP plans and notification of any quality or financial organisational concerns, including mitigation planning.
- Identify where it is mutually beneficial to share information to advance an evidenced individual and/or system benefit, and to do so on the basis that the information requested is reasonable for the purpose only, and not excessive. Where information is shared, it is agreed that it will be used for the stated purpose only.

Performance management and risk management arrangements are covered in the MOU and are included in more detail in the Governance section of the report.

The Devon STP MOU could be enhanced as follows:

Areas for Enhancement

- If, as per its intent, the Devon STP MOU is to provide a mechanism for securing parties agreement and commitment to sustained engagement with and delivery of the STP to realise a transformed model of care in Devon, the MOU needs to be both signed by all parties and be supported by explicit formal confirmation that all partner boards have ratified the MOU.
- It was suggested to us that the MOU be tested using scenario planning and that this is undertaken within the next three months.
- The MOU should be kept under regular review to ensure it remains fit for purpose. Alternative, more enforceable arrangements may be needed once organisational design becomes delivery.

Roles and Responsibilities in respect of the Devon STP Partnership, its Senior Leadership Team and Programme Office

The Devon STP MOU identifies the role of the Lead Chief Executive as if it is for the Success Regime. Executive lead for the development for the STP as required by NHSI and NHSE was added as at January 2016. We understand that job descriptions are held by both the System Lead Chief Executive and System Lead Director of Finance and that other key roles of the STP Team have been in development as the STP Partnership has developed.

Areas for Enhancement

- The roles of all the STP Partnership Team should be set out in the job descriptions.

2. Governance

- Governance architecture covers, membership, meeting arrangements etc. covering groups instated for the Devon STP Partnership.
- The Devon STP Partnership's arrangements include risk management.

Conclusion

Our review of the key elements of the governance architecture were assessed as to be in the main fit for purpose:

The partnership recognises that this governance architecture will need to be reviewed to ensure it remains fit for purpose. This falls to the Collaborative Board.

Our review of PDEG confirmed both a strategic and operational form, with appropriate membership, good attendance at meetings, good challenge of papers and actions that are monitored for completion.

The Devon STP Partnership should be able to demonstrate that any recommendations for changes to services and models of care, have been recommended by PDEG and ratified by all partner boards.

We have suggested that a Work Plan for PDEG, the Collaborative Board and PDEG's subordinate groups is put in place to set out the priorities, for a three month period at a time, to give purpose and structure to all the groups' meetings.

The Collaborative Board is the key forum for Non Executive Directors and Lay Members to get involved in the collaboration of and development of system transformation. It provides the opportunity for partner board members to voice their views and concerns on the future organisational design and delivery of care in Devon. The Collaborative Board has met three times since its inception. The workshop held in January 2017 enabled a key step forward in exercising its role, asking for commitment to strengthening collaborative working, and looked for support for a proposed commissioning framework and early objectives for taking forward organisational form and development. Its Terms of Reference state no quorum for its meetings nor its decision making, accountability and reporting arrangements.

Significant levels of 'Executive' resource, including CEOs, form the membership of PDEG, its subordinate groups and the Collaborative Board. Reviewing the governance arrangements at staged intervals during the design and delivery of the work programmes should ensure the effective use of such resources supported by appropriate capacity. A high level set of KPIs could be developed for measuring the performance and success of the Devon STP Partnership at key milestones in the design and delivery process.

The approach taken to date is that formal risk management arrangements remain with each partner body of the Devon STP Partnership. The consideration of risk management at an operational level was not within the scope of this review, however we have seen that risk is considered at an operational level as part of the detailed management and review of each work programme and in developing work programme mandates.

We have not seen how the overarching progress and status of the overall risk profile in terms of delivery and achievement of the Devon STP Partnership objectives is reported to PDEG, such that partner boards can be appropriately assured and have a clear, consistent and transparent view of the risk profile. Consideration should be given to how the partnership wide approach to strategic risks to the Devon STP Partnership objectives, and risk appetite, is considered, evaluated and managed.

Programme Architecture to design and develop system wide activity

The diagram opposite sets out the overall governance architecture of the Devon STP partnership, including accountability for reporting, as set out in the Sustainability and Transformation Plan document.

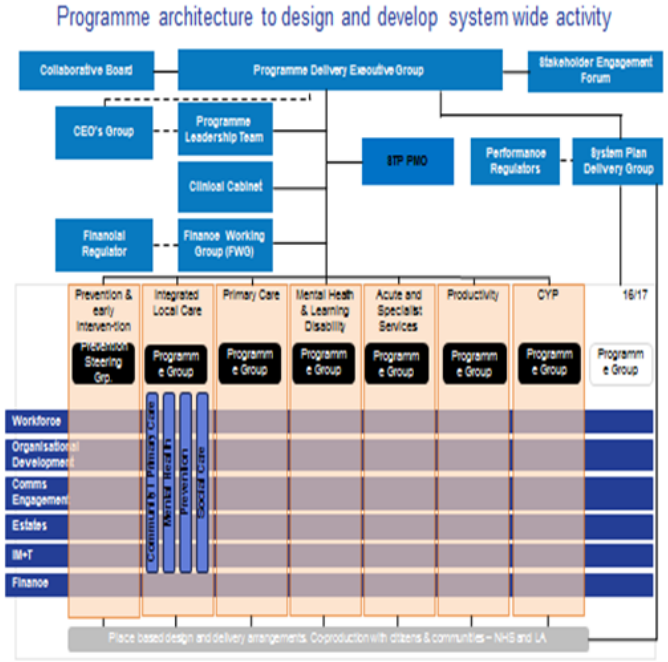
The governance arrangements in place at present reflect the design phase of devon systemwide working.

We have reviewed the key elements of the governance architecture to assess their fitness for purpose. This has covered the:

- PDEG.
- Collaborative Board.
- Subordinate Groups; System Plan Delivery Group, Clinical Cabinet and Finance Working Group.
- Risk Management Arrangements.

Overall, at this point in time, we consider that these arrangements are in the main fit for purpose.

The sections on the pages below outline the results of our review of these elements.



PDEG

PDEG meets monthly and is well attended by its membership. Meetings are supported by an appropriate Agenda. Comprehensive minutes of meetings and actions logs are maintained which are reviewed at each meeting focused on completion. The Agenda does not require the membership to declare any interests.

PDEG has Terms of Reference that sets out its key responsibilities, including to develop a clinical strategy, review shape and approve projects, review and approve budgets and hold programme groups to account. Membership includes the Chief Executive or equivalent of the parties to the Devon STP MOU, NHSI and NHSE and the System Lead Chief Executive and System Lead Director of Finance. As described in the Devon STP MOU, during transition from Success Regime to STP architecture and whilst supported by Carnall Farrar, PDEG fulfils two roles both at a strategic and operational level, with it meetings split into Part One - Strategic ,and Part Two – Operational , as set out below. Over time, and as the system becomes more self-sustaining, this agenda is expected to merge to become a single agenda, supported by the system itself. The Group will continue to be chaired by the Independent Chair until such time as the system becomes self-sustaining and formally exits the Success Regime, at which time the chair will be appointed by such process as agreed by PDEG.

Strategic - Part One purpose	Operational - Part Two purpose
• To provide the overall "Programme Board" function for the system. • To propose the strategy for the system for approval by statutory bodies. • To provide the system leadership and co-ordination for programmes requiring a system response.	• To receive assurances from its subordinate groups. • To receive assurances from member organisations. • To drive delivery within the system, via each attendant CEO. • To monitor delivery of the system plan at the strategic level and agree corrective measure proposals from subordinate groups. • To delegate tasks to subordinate groups in furtherance of STP objectives. • To receive and approve recommendations and/or business cases from sub- committees or member organisations in furtherance of STP objectives.

Our observations from our attendance at the PDEG meeting in January 2017 are set out below:

Strategic Part One

- Well run by the Chair, who pushed the membership to pin down actions at pace. Responsibility for action was clear.
- Challenged membership on signing of MOU.
- NHSE applied appropriate challenge around finance delivery.
- Challenge over content of papers received.
- Evidence of the group holding each other to account /peer pressure v performance management.
- Good strategic challenge.
- Appropriate discussion taken off line.

Operational Part Two

- Challenge on finance and performance update received and debate around how much and what info was needed from System Plan Delivery Group.
- Discussion about need for focused deep dives on data presented at future meetings.

Collaborative Board

The Collaborative Board is a forum for Senior Leaders to work together to develop and deliver the Devon STP and meets quarterly. This is the key forum for Non Executive Directors and Lay Members to get involved in the collaboration of and development of system transformation. It provides the opportunity for partner board members to voice their views and concerns on the future organisational design and delivery of care in Devon. Review of its governance arrangements suggests they could be enhanced as its Terms of Reference do not include a quorum or make reference to its decision making, accountability and reporting arrangements.

Its Terms of Reference state that the Collaborative Board will plan for Devon as a whole and will evaluate any areas that are out of the control of the individual organisations. Ultimately, each organisation is accountable for their own delivery and nothing actioned at Collaborative Board exempts the organisations from their own statutory responsibilities. Its membership includes the Chairs and CEOs as parties to the Devon STP MOU and locality chairs.

The Collaborative Board's responsibilities are:

- Ensure that all organisations are involved in the development of the STP and there is clarity on the contribution of individual organisations to the delivery of this plan.
- Act as a system-wide forum to hold organisations to account for delivery of the plan.
- Hold the Lead Chief Executive and Independent Chair to account for system-wide leadership.
- Ensure that all organisations play their agreed role in delivery monitoring and reporting of progress.
- Ensure there is appropriate public engagement throughout the development and delivery of the STP.
- Work effectively with the Independent Chair to help drive system transformational change.
- Reinforce the current statutory roles of organisations.
- In collaboration with the Independent Chair, partner CEOs and Chairs design, and keep under review, the overall governance structures for the STP.

The Collaborative Board is clearly considering strategic issues for the future, notably future organisational form and the future shape of commissioning. Actions logs from meetings are maintained.

The Workshop held in January 2017 looked to define the framework, working assumptions, design principles, possible governance and early objectives for taking forward both organisational form and development.

Feedback from workshop considered at PDEG in February 2017 provided key messages about commitment to strengthening colloborative working, support for a proposed commissioning framework and thoughts on organisational form and development, and included the receipt of specific responses to workshop, provided by individual members of PDEG.

PDEG Subordinate Groups

PDEG has four subordinate groups, as shown opposite, as described in the Devon STP MOU:

The roles of these subordinate groups are set out in the Devon STP MOU which also includes the responsibilities of the SPDG. We reviewed the underpinning governance arrangements for the following groups through the MOU and their Terms of Reference. The Terms of Reference for these groups do not set out the reporting arrangements, although they do make it clear that they are accountable to PDEG.

FWG
The FWG meets fortnightly. Its membership consists of Chief Finance Officers of CCGs, Finance Directors from the appropriate providers, NHSE and Local Authority Finance Leads.

Its responsibilities include:

- Work with the Clinical Cabinet to ensure changes will deliver £ sustainability.
- Sign off financials for programmes to ensure they are costed, modelled and will deliver, making recommendations to PDEG.
- Review in year savings and performance.

SPDG
The SPDG meets monthly with the following responsibilities:

- Reviewing monthly delivery and financial validation reports from each work stream/patch.
- Provide a platform for teams to escalate risks and their mitigation proposals for approval.
- Holding to account the work-stream SROs and Control Centres in supporting consistent approaches to delivery and development of new schemes.
- Oversee the development of business cases for investment prior to submission for decision making.

Clinical Cabinet

The Clinical Cabinet meets fortnightly and provides clinical leadership to the programme, ensuring that the programme develops robust proposals that are safe and effective as well as clinically and financially sustainable, making recommendations to PDEG for decision where these require a system response.

Its membership includes:

- Clinical Chair and locality chairs, NEW Devon CCG.
- Clinical Accountable Officer South Devon & Torbay CCG.
- Medical Directors of provider organisations.
- A number of Directors of Nursing from the STP Partnership membership.
- Director of public health (by consensus).
- An executive from the local authority sector.

Detailed Findings

Our review of meetings and papers of the subordinate groups sampled demonstrated that meetings are appropriately minuted and that actions from the meetings are followed through. The diagram below highlights the key points from this review, highlighting the effectiveness of meetings.

- SPDG is well attended by senior managers.
- Reviews performance and delivery of key KPIs at STP, CCG and provider level.
- Meetings are in the process of bedding down.

- Clinical Cabinet has strong focus on getting engagement and the right management.
- Has a work programme and an action plan that is actively maintained.
- Scrutinses work programme mandates .

- FWG meets to understand and address the system wide financial position.
- Is a working group supporting STP work programmes.
- There is clear follow through of actions.

Areas for Enhancement

To ensure that it can be demonstrated that any recommendations for changes to services, including models of care, have been discussed by all appropriate, relevant partners at PDEG and recommended to and ratified by partner boards, thus avoiding legal challenge:

- A log of decisions recommended to partner boards by PDEG and their subsequent ratification by all partner boards should be maintained.
- PDEG should set a quorum for their meetings and decide when meetings will be stood down.
- Every PDEG meeting should include an agenda item for the declaration of interests.

A Work Plan for PDEG, the Collaborative Board and PDEG's subordinate groups is prepared to set out the priorities, for a three month period at a time, to give purpose and structure to all the groups' meetings.

Collaborative Board Terms of Reference to include the quorum for meetings, decision making, accountability and reporting arrangements.

Areas for review within the next three to six months:

- There is a significant amount of senior resource committed to transforming care in Devon. Significant levels of 'Executive' resource, including CEOs, form the membership of PDEG, its subordinate groups and the Collaborative Board. The effectiveness of these groups and forums should be reviewed at staged intervals during the design and delivery of the work programmes to ensure the effective use of such resources supported by appropriate capacity. A high level set of KPIs could be developed for measuring the performance and success of the STP Partnership at key milestones in the design and delivery process.
- The Collaborative Board should look to review ongoing governance structures of STP partnership in line with its Terms of Reference.

Risk Management Arrangements
The Devon STP MOU states that detailed risk management arrangements differ for the constituent parts of the system at the time of setting out the MOU.

- For the NEW Devon Health part of the system are set out in Schedule 7 of the MOU.
- Arrangements between Plymouth City Council and the relevant part of the NEW Devon system are set out in the section 75 agreement.
- Arrangements between Devon County Council and the relevant parts of the NEW Devon system are set out in the section 75 agreement.
- Arrangements for the South Devon and Torbay part of the system are set out in their contract which also incorporates the relationship with Torbay Council.

The approach taken to date is that formal risk management of the delivery of savings plans sits with each partner body of the Devon STP Partnership. The consideration of risk management at an operational level was not within the scope of this review, however we have seen that risk is considered at an operational level as part of the detailed management and review of each work programme and in developing work programme mandates.

We have not seen how the overarching progress and status of the overall risk profile in terms of delivery and achievement of Devon STP Partnership objectives is reported to PDEG, such that partner boards can be appropriately assured and have a clear and consistent view of the risk profile. Consideration should be given to how the partnership wide approach to strategic risks to the Devon STP Partnership objectives, and risk appetite, is considered, evaluated and managed to ensure transparency among partner organisations and ensure that this is considered at staged intervals.

Areas for Enhancement
We have not seen how the overarching progress and status of the overall risk profile in terms of delivery and achievement of the Devon STP Partnership objectives is reported to PDEG, such that partner boards can be appropriately assured and have a clear, consistent and transparent view of the risk profile. Consideration should be given to how the partnership wide approach to strategic risks to the Devon STP Partnership objectives, and risk appetite, is considered, evaluated and managed.

3. Reporting

- Reporting mechanisms and arrangements for reporting to PDEG are in place, adequate and working as intended.

Conclusion
Reporting arrangements to PDEG continue to develop as expectations of PDEG are being realised, in terms of both strategic and operational needs.

PDEG receives regular reports covering both the performance and financial position of the Devon STP Partnership supported by data at partner level, along with an overview report on many of the work programmes, rag rated with achievements to date, risks and next steps. Reporting for some work programmes is in development.

Although there are regular reports to PDEG from the Finance Working Group and the Clinical Cabinet, there is no standard reporting from these groups and it can be verbal. The Terms of Reference for these groups do not set out the reporting arrangements, although they do make it clear that they are accountable to PDEG. The Work Plan we have suggested for PDEG should set out the responses needed from these groups at each meeting.

Papers received by PDEG and subordinate groups should continue to be reviewed to ensure best use of CEO and Executive resource, to avoid duplication of working between groups and aid making decisions for recommending to partner boards.

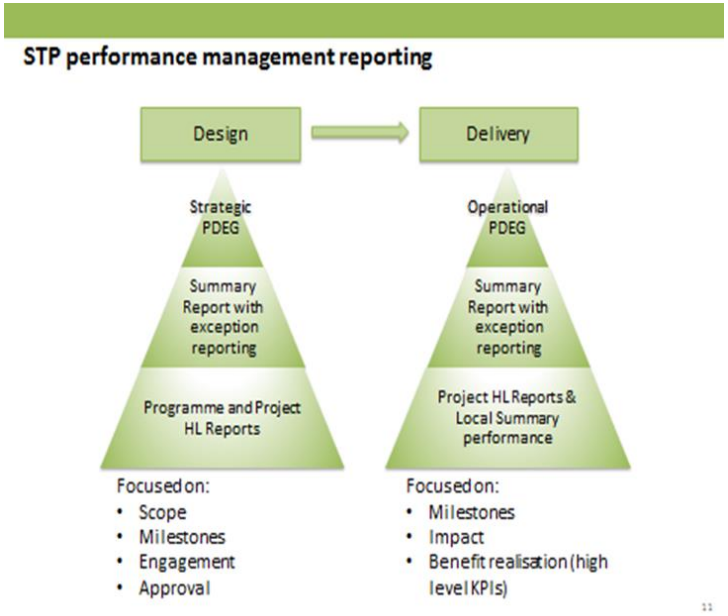
Reporting arrangements have been developed over the year to meet the needs of PDEG.

We did not review the reports provided to PDEG in terms of data quality and accuracy and completeness, but looked to assess whether their content would assist PDEG in delivering its duties.

Our review of examples of reporting to PDEG suggests that it is ever evolving and is being challenged to be more timely and informative for carrying out its duties.

A presentation to the PDEG meeting in February set out the overall proposed reporting structure to be put in place for 2017/18, as summarised in the diagram opposite.

The table overleaf sets out current examples of reporting to PDEG for February 2017.



Reports Source	Reports
Reporting from Collaborative Board	• PDEG received a report feeding back on the Collaborative Board workshop held in January 2017 and recommendations. The report was supported by individual responses on the report from partner organisations.
Assurances, exception reports and recommendations from subordinate groups	• Operational PDEG received a regular performance report from SPDG. Report provides key performance summary on the latest month and year to date position on RTT, Diagnostic, cancer 62, A&E acute, A&E Acute & MIU, IAPT Access and IAPT Recovery at Devon STP and provider level. • Refinements requested at PDEG to include more timely data, national comparator, additional mental health indicators and indicators for local authorities. • Strategic PDEG receives STP Implementation - items for Action. • Sub Group Updates. • Programme Updates.
Progress in delivery of the STP plan and outcomes at high level	• SPDG report covering PMO Overview and Exception Report. (Full report that is received by the SPDG is to go as an appendix in future). • System wide Savings Plan Financial Summary at STP Partnership level and partner level, and the same at work programme level, and exceptions reports on key performance indicators. • System wide update report provides overview of progress with STP programmes, including rag rating of delivery, what has been achieved, risks and next steps. Some programme not yet reporting.
Business cases for approval	• Updates on Mandates for STP Programmes provided at each meeting. • Programme structure governance arrangement paper covering planned governance enhancements around decision making and approval of programme mandate.

Areas for Enhancement

- Although there are regular reports to PDEG from the FWG and the Clinical Cabinet, there is no standard reporting from these groups and it can be verbal. The Terms of Reference for these groups do not set out the reporting arrangements, although they do make it clear that they are accountable to PDEG. The Work Plan we have suggested for PDEG should set out the responses needed from these groups at each meeting.
- Papers received by PDEG and subordinate groups should continue to be reviewed to ensure best use of CEO and Executive resource, to avoid duplication of working between groups and aid making decisions for recommending to partner boards.

Appendix 1: Interviews with STP Senior Leadership Team and NHSI and NHSE conducted in February 2017

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The general conclusion from the interviews we held was that PDEG is moving forward in its role, though progress has not been as quick as it perhaps could have been. The nature of the transformation from the Success Regime to the STP Partnership has meant, however, that it is has been ever evolving. The table below captures the comments received from interviews.

Accountability
• Clear that statutory accountability remains with statutory bodies and PDEG recommends. • MOU has been signed or in the process of being signed by partners and ratified by boards and there is agreement for NHSI and NHSE to sign. • MOU has yet to be tested for commitment from partner organisations.
Governance
• PDEG is evolving and provides a continued reminder of stronger together. • Value of PDEG can be affected if deputies attend. • PDEG provides opportunity to take concerns forward for discussion and comment and then endorsement of actions. • Collaborative Board forum to develop and deliver STP. • PDEG could be more structured. • PDEG is being appropriately challenged and held to account. • Actions identified and followed up. • Opportunity to receive additional assurance if needed. • It is the intention of NHSI and NHSE to use PDEG as the assurance vehicle for its performance management role, reinforcing the message of system management. • System recognises that it is stronger together • Responsibilities within the STP Partnership team have been evolving looking to have job descriptions for April. • An OD piece needs to be undertaken with organisations executives re design and delivery of programmes of care. • Risk management sits with statutory organisations. • Managing risk associated with new work programmes sits with PMO. • STP work prioritised through work programmes in the STP. • Small number of system focused KPIs for measuring success would be an enhancement. • Governance architecture will need to be updated at appropriate times; in design moving to delivery. May need to something more enforceable. • Public health not at the table.
Reporting
• Reporting to PDEG is in development, being refined and is an improving position. • Reporting could be enhanced through bringing together finances and new clinical models.

Audit Report Information

Audit South West
Internal Audit, Counter Fraud and Consultancy Services

AUDIT SOUTH WEST – ABOUT US

Audit South West is the largest provider of internal audit, counter fraud and consultancy services in the South West. We maintain a local presence and close engagement within each health community, with audit teams based in Bristol, Exeter, North Devon, Plymouth, Torquay and Cornwall, linked by shared networks and systems.

More information about us, including the services we offer, our client base, our office locations and key people can be found on our website at *www.auditsouthwest.co.uk*.

Audit South West is a member of TIAN; a group of NHS internal audit and counter fraud providers from across England and Wales. Its purpose is to facilitate collaboration, share best practice information, knowledge and resources in order to support the success and quality of our client's services.

CONFIDENTIALITY

This report is issued under strict confidentiality and, whilst it is accepted that issues raised may need to be discussed with officers not shown on the distribution list, the report itself must not be copied/circulated/disclosed to anyone outside of the organisation without prior approval from the Director of Audit.

INHERENT LIMITATIONS OF THE AUDIT

There are inherent limitations as to what can be achieved by systems of internal control and consequently limitations to the conclusions that can be drawn from this review. These limitations include the possibility of faulty judgment in decision-making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also there is no certainty that controls will continue to operate effectively in future periods or that the controls will mitigate all significant risks which may arise in future. Accordingly, unless specifically stated, we express no opinion about the adequacy of the systems of internal control to mitigate unidentified future risk.

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