

## PLYMOUTH CITY COUNCIL

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|------------------------|---|
| <b>Subject:</b>        | Integrated Commissioning Finance and Assurance Review Group Annual Report 2017/18 |
| <b>Committee:</b>      | <b>Audit and Governance Committee</b>   |
| <b>Date:</b>           | 11 March 2019   |
| <b>Cabinet Member:</b> | Councillor Tuffin (Cabinet Member for Health and Adult Social Care)               |
| <b>CMT Member:</b>     | Craig McArdle (Strategic Director for People)                                     |
| <b>Author:</b>         | David Northey, Head of Integrated Finance   |
| <b>Contact details</b> | Tel: 01752 305 428<br>email: david.northey@plymouth.gov.uk                        |
| <b>Ref:</b>            |   |
| <b>Key Decision:</b>   | No  |
| <b>Part:</b>           | 1   |

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### **Purpose of the report:**

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 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 Audit and Governance Committee and the CCG Western Locality Board.

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### **Corporate Plan**

The integration of finances for both Plymouth City Council and the Clinical Commissioning Group (CCG) are integral to the delivery of the Corporate Plan. It underpins the integration of health and social care provision.

#### Caring Plymouth

The Integrated Fund will ensure the best use of available funds and ensure the Council can:

- Help people take control of their lives and communities through supporting them to live Independently at home;
- Support adults to be safe and confident in their communities;
- Ensure people are treated with dignity and respect.

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**Implications for Medium Term Financial Plan and Resource Implications:  
Including finance, human, IT and land**

The Integrated Fund, overseen by FARG, ensures both organisations provide the maximum resources achievable to address key policy areas. The report sets out the governance of the £630m Fund.

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**Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

There are no impacts as a result of this report.

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**Equality and Diversity**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

The Committee is recommended to:

Note the contents of the Annual Report 2017/18

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**Alternative options considered and rejected:**

None, the governance arrangements require consideration of the report by the Commttee

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**Published work / information:****Background papers:**

All background papers are set out in the body of the report

| Title | Part I | Part II | Exemption Paragraph Number |   |   |   |   |   |   |
|-------|--------|---------|----------------------------|---|---|---|---|---|---|
|       |        |         | 1                          | 2 | 3 | 4 | 5 | 6 | 7 |
|       |        |         |                            |   |   |   |   |   |   |
|       |        |         |                            |   |   |   |   |   |   |

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**Sign off:**

|  |                  |     |                  |            |                     |    |  |        |  |    |  |                       |  |
|--|------------------|-----|------------------|------------|---------------------|----|--|--------|--|----|--|-----------------------|--|
| Fin  | pl.18.19<br>.233 | Leg | ALT/305<br>08/01 | Mon<br>Off | It/62225<br>/4/0103 | HR |  | Assets |  | IT |  | Str<br>at<br>Pro<br>c |  |
| Originating SMT Member Craig McArdle                             |                  |     |                  |            |                     |    |  |        |  |    |  |                       |  |
| Has the Cabinet Member(s) agreed the contents of the report? Yes |                  |     |                  |            |                     |    |  |        |  |    |  |                       |  |



Northern, Eastern and Western Devon  
Clinical Commissioning Group



# Integrated Commissioning Finance and Assurance Review Group (FARG) Annual Report 2017/18

## 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 Federated Directorates Strategic Planning and Commissioning Group meeting and the CCG Western Locality Board.

On an Integrated Fund of £630m both the CCG and PCC each recorded a small under spend against their budget share, resulting in the risk share on the Plymouth Integrated Fund of £0.064m payable from the CCG to Plymouth City Council. The Section 75 sets out the methodology for the application of the risk share.

The following extract from the Month 12 Integrated Finance Report details the respective positions with CCG reporting an under spend of £0.223m against the budget of £376.437m being 0.05%. The PCC position was reported as an under spend of £0.050m against the budget of £253.755m being 0.02%.

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

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.

| Month 12  | Outturn        |                |                       |
|---|----------------|----------------|-----------------------|
|   | Budget         | Actual         | Variance              |
|   | £000's         | £000's         | Adv / (Fav)<br>£000's |
| <b>CCG COMMISSIONED SERVICES</b>                        |                |                |                       |
| Acute   | 184,949        | 185,097        | 148                   |
| Placements  | 42,456         | 41,112         | -1,344                |
| Community & Non Acute                                   | 56,383         | 56,405         | 21                    |
| Mental Health Services                                  | 27,618         | 27,649         | 31                    |
| Other Commissioned Services                             | 10,372         | 11,079         | 707                   |
| Primary Care  | 47,512         | 47,625         | 113                   |
| <b>Subtotal</b>   | <b>369,291</b> | <b>368,968</b> | <b>-324</b>           |
| Running Costs & Technical/Risk                          | 7,146          | 7,246          | 101                   |
| <b>CCG Net Operating Expenditure</b>                    | <b>376,437</b> | <b>376,214</b> | <b>-223</b>           |
| Risk Share  |                | 64             | 64                    |
| <b>CCG Net Operating Expenditure (after Risk Share)</b> | <b>376,437</b> | <b>376,278</b> | <b>-159</b>           |
| <b>PCC COMMISSIONED SERVICES</b>                        |                |                |                       |
| Children, Young People & Families                       | 37,848         | 38,005         | 157                   |
| Strategic Cooperative Commissioning                     | 75,472         | 75,319         | -154                  |
| Education, Participation & Skills                       | 101,379        | 101,344        | -35                   |
| Community Connections                                   | 3,967          | 3,953          | -14                   |
| Director of people                                      | 214            | 209            | -5                    |
| Public Health   | 16,321         | 16,321         | -                     |
| <b>Subtotal</b>   | <b>235,201</b> | <b>235,151</b> | <b>-50</b>            |
| Support Services costs                                  | 16,428         | 16,428         |                       |
| Disabled Facilities Grant (Cap Spend)                   | 2,126          | 2,126          | -                     |
| Recovery Plans in Development                           | -              | -              | -                     |
| <b>PCC Net Operating Expenditure</b>                    | <b>253,755</b> | <b>253,705</b> | <b>-50</b>            |
| Risk Share  |                | -64            | -64                   |
| <b>PCC Net Operating Expenditure (after Risk Share)</b> | <b>253,755</b> | <b>253,641</b> | <b>-114</b>           |
| <b>Combined Integrated Fund</b>                         | <b>630,192</b> | <b>629,919</b> | <b>-273</b>           |

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.

## Quality Care Commission (CQC)

Plymouth was the subject of a CQC System Review that took place in December 2017. The review looked at pathways across our system for people moving between hospitals, communities and home. It involved PCC, NEW Devon CCG, Plymouth Hospitals, Livewell and NHS England and it extended to other key provider agencies, patients and service users.

The published report reflects the significant work and progress across the city and acknowledges where we still face significant challenges.

FARG was part of the review and the following comments are extracts from the published CQC Report.

*We found there were robust controls and governance arrangements in place to provide assurance that available resources were being used in the most effective manner. Plymouth's financial situation was challenging with both the acute trust and CCG running large deficits, coupled with a funding gap of approximately 10% compared to the rest of Devon. The pooled budget arrangements facilitated open and transparent lines of communication between organisations and clear reporting structures meant system leaders were able to provide assurance they were aware of how resources were being used.*

*Governance structures were designed to provide assurance. Since the pooling of budgets between PCC and New Devon CCG in 2015, the fund has been hosted by the CCG, with the fund manager being employed by the CCG and the deputy employed by PCC. The pooled budget was managed through an Integrated Commissioning Board. Financial officers worked closely with commissioners to measure the effectiveness of investments. There were a series of dashboards that tracked both budget and activity on a daily basis providing real time financial information.*

## Better Care Fund (BCF) and Improved Better Care Fund (iBCF)

As partners we not only succeeded in having a joint plan for the Better Care Fund (BCF) signed off and approved by NHS England without any conditions, we also submitted a bid to be part of round one BCF graduation. Although Plymouth was not successful in this bid, it was clear evidence of the strength of our joint working.

At one point in the year, there was a risk of either losing or having NHS England impose conditions on the second and third year tranches of iBCF. Finance successfully supported the commissioning department and senior management's challenge to these proposals and Plymouth has assurance there will be no changes to the original funding allocations.

CQC noted:

*The iBCF funding was included within the pooled budget in its entirety and was being used to drive forward next phase of the 'One System, One Aim' programme of activity. The system was meeting requirements of the iBCF funding by providing quarterly update reports to the Department for Communities and Local Government.*

## IT

A major breakthrough in 2017/18 saw the introduction of a Shared Drive which allows both organisations to save data in a common location. The significance of this is improved efficiency for FARG and JTWG; files can be updated “live” ensuring we are working on only one master; it eliminates the need to share sensitive data via email, improving data protection; links rather than actual files can be sent, reducing the size of the emails. We are continuing to work with DELT colleagues to implement a shared calendar function. This will allow sight of all calendars which will greatly improve the booking of meetings.

## Membership

- Pooled Fund Manager (Chief Financial Officer (Western Locality), CCG)
  - Deputy Pooled Fund Manager (Head of Integrated Finance, PCC)
  - Finance Business Partner Integrated Commissioning & Public Health, PCC
  - Finance & Contracting Administrator, CCG
  - 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

During the financial year 2017/18 FARG has continued to meet on a monthly basis as scheduled. These were supplemented with monthly Joint Technical Working Group (JTWG) meetings and/or supplementary ad-hoc meetings as required to discuss and agree the approach for specific areas. Early in the year, changes to structures in PCC resulted in the Business Support Officer for the Integrated Fund being deleted which meant there was no longer business support for the JTWG meetings. There was also a reflection that as the Fund had matured we could consider reducing the frequency of both of the meetings. In January 2018 it was agreed that starting in the new financial year 2018/19 the meetings would each become alternate months, with ad-hoc as required, and both supported by the Finance & Contracting Administrator CCG, giving continuity of support.

## Key progress to date

During the year FARG has:

- Worked closely with DELT colleagues on the successful introduction of a joint drive for FARG. This has improved both efficiency and file security by allowing sensitive data to be stored securely without having to be shared via email. It also means files are only saved once, rather than in each organisation.
- Held monthly meetings as scheduled:
- Undertaken due diligence on each organisation's 2017/18 budget for the Fund:
- Built on the benefits of the integrated finance teams co-located on floor 2 Windsor House:
- Allocated the Integrated Fund to the four Integrated Commissioning Strategies and whole system action plans:
- Rolled out further improvements to the content and timing of the now Business as Usual monthly finance monitoring report.
- 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.
- Improved the financial controls around the Better Care Fund and the Improved better Care Fund (iBCF):
- 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:
- 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.
- Continue to build on the current BCF arrangements to encompass the new iBCF (Improved Better Care Fund) in 2018/19.
- Introduced an Integrated Risk Register in collaboration with Risk colleagues

## National Recognition

Plymouth City Council and the Western Locality Devon CCG were shortlisted for a national Public Finance Innovation Award, sponsored by CIPFA, the Chartered Institute of Public Finance & Accountancy. The award was for the development and implementation of a joint Risk and Opportunity Report for the Fund.

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

## Next Steps/Priorities

- Continue working with DELT colleagues on the introduction of a shared calendar for all FARG members.
- Enhance the monthly Integrated Finance Report to include more detail on both the Better Care Fund and Improved Better Care Fund.
- Work continues within the FARG JTWG meetings to “Making it real” – designing pools within the overall Integrated Fund.
- Ensuring the local work streams are aligned with the wider Sustainable Transformation Plan (STP) for Devon.
- Working with the STP Director of Finance (DoFs) Working Group and the Deputy DoFs meetings to highlight the importance of integrated working and the role of the local authority in health and social care working collaboratively.
- Working closely with commissioning colleagues to maintain the link between budget allocations and the four commissioning strategies.



**Attachments:**

**1. FARG Forward Plan 2017/18**



Package

**2. FARG Forward Plan 2018/19**



Package

**3. Month 12 Month 12 (March 2018) Joint Finance Report**



Microsoft Word  
Document

**4. Integrated Risk Management Framework**



CCG-PCC RM Policy  
Framework - V6.docx

A handwritten signature in blue ink, appearing to be 'David Northey'.

**David Northey**  
*Head of Integrated Finance &  
Deputy Pooled Fund Manager*

A handwritten signature in blue ink, appearing to be 'Ben Chilcott'.

**Ben Chilcott**  
*Chief Finance Officer, Western  
& Pooled Fund Manager*

