

ANNUAL REPORT

Finance and Performance Committee

2018/2019



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RELATED DOCUMENTS

These documents will provide additional information:

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1. Introduction

- 1.1 This report sets out the work undertaken by the Finance and Performance committee during the 2018/19 financial year. It has been produced in order to demonstrate that the committee has met the duties assigned to it by the Governing Body in its terms of reference.
- 1.2 The committee has been established by the CCG's Governing Body to provide assurance on issues related to the finance and performance of the group. Its main purpose is to monitor, on behalf of the Governing Body, how the group is meeting its statutory duties to act effectively, efficiently and economically and to reduce inequalities.
- 1.3 The evidence contained in this report forms part of the Committee's review of its effectiveness and will be shared with the CCG's Governing Body and also will be used to support the content of the Accountable Officer's Annual Governance Statement, which is a key part of the organisation's Annual Report.
- 1.4 The members of the committee during the year have been:-
- Les Trigg (Chair) - Lay Member for Finance and Performance
 - Dr David Bush - Elected Member of the Governing Body
 - Dr Mohammad Asghar - Elected Member of the Governing Body
 - Tony Gallagher - Chief Finance Officer
 - Mike Hastings - Director of Operations
 - Steven Marshall - Director of Strategy and Transformation
- 1.5 The committee met on the following occasions during the financial year:
- 24 April 2018
 - 29 May 2018
 - 26 June 2018
 - 31 July 2018
 - 28 August 2018
 - 25 September 2018
 - 30 October 2018
 - 27 November 2018
 - 29 January 2019
 - 26 February 2019
 - 26 March 2019

Details of the attendance at all of these meetings are enclosed at Appendix 1 for information.

2. Committee Responsibilities

- 2.1 As highlighted above, the committee is appointed by and is accountable to the Governing Body. The details of this are set out in the group's Constitution at Paragraph 6.9.5 d) which include the key duties outlined above. In order to fulfil this role, the detailed terms of reference for the committee appended to the constitution include a number of specific responsibilities that guide the committee's work. These are listed in full in Appendix 2, but can be summarised into the following broad themes:-
- Monitoring Financial Performance and Efficiency
 - Monitoring Performance and Performance Management
 - Specific Responsibilities under the Group's Prime Financial Policies
 - Monitoring the group's work on reducing Inequalities
- 2.2 Section 3 of this report details the committee's work during the year against these four themes. As in previous years, this review of work is the most significant evidence in determining how the Committee has met its defined duties and identifying any areas for future improvements.

3. Work undertaken

- 3.1 This section sets out a summary of the work undertaken at the committee's monthly meetings. The nature of this committee's work means that it takes a structured approach to its remit, considering a number of regular reports at each meeting. These regular reports often include work against more than one of the themes detailed above. Where this has occurred, it is highlighted throughout the report.
- 3.2 During the year, as part of its efforts to achieve continuous improvement, the committee has modified the structure of its agenda. This has involved rotating when specific items on the agenda are discussed in order to ensure that every item receives consistent levels of attention during the year.

Financial Performance and Efficiency

- 3.3 The committee's principal purpose is to support the Chief Finance Officer in ensuring the CCG meets its financial duties and responsibilities. It discharges this duty by maintaining an overview of the CCG's financial performance through a monthly report from the Chief Finance Officer. This report provides details of the CCG's performance against key financial metrics in line with its statutory duties and responsibilities as well as reporting by exception on any areas of concern.
- 3.4 During the year, the Chief Finance Officer has been able to report that the CCG was consistently meeting its financial duties, including delivery of challenging Quality, Innovation, Productivity and Prevention (QIPP) savings targets. The committee has been assured, and been able to provide consequent assurance to the Governing Body that financial performance has been effectively managed. This has included effective management of issues arising during the year in relation to cost pressures associated with Mental Health Services, Continuing Health Care and prescribing that were reported throughout the year.
- 3.5 The committee also receives a regular report from the Head of Contracting and Procurement that sets out key actions and approaches to contract management with

the CCG's providers. These reports have provided further detail on how the CCG's approach to contract management has supported prudent financial management. The steps taken by the committee to manage its agenda effectively have enabled it to triangulate the information provided in both reports to ensure it provides the necessary level of assurance.

- 3.6 In addition to considering regular reports, the committee also occasionally undertakes a deeper dive into particular areas of work. In October 2018, in response to queries raised through regular reporting process the committee examined the potential financial impact of an International GP recruitment scheme operating across the Black Country. This examination highlighted that, as the impact of recruiting new GPs was being borne by practices with support from NHS England (who were also funding the project team), there was no risk to the CCG. The committee was therefore sufficiently assured by this consideration.
- 3.7 Other work the committee has undertaken has included consideration of a self-assessment against financial control planning standards issued by NHS England. This forms part of the overall assessment of the CCG's performance against the national CCG Improvement and Assessment Framework assessed by NHS England. The committee noted the submission demonstrated overall compliance with the standards and agreed the narrative accounting for areas of minor divergence.

Performance Monitoring and Management

- 3.8 The Committee also maintains an overview of the CCG's work to manage performance from its commissioned services against statutory performance targets, including those in the NHS Constitution. Performance against these targets have been reported to the committee by the Business and Performance Team on a monthly basis, along with detailed commentary on any areas of performance variation.
- 3.9 The most significant performance issue that the CCG has faced during the year has been in relation to waiting times for cancer treatment. The committee has been updated regularly on the work the CCG has undertaken with Royal Wolverhampton Trust to address concerns in this area. This has included consideration of options to increase capacity at the trust as well as seeking support from other providers in the area. The committee has also been assured that actions have been taken to understand the impact on both service quality and patient safety in relation to performance in this area. Further detail on this work will be provided in the Quality and Safety Committee's annual report.
- 3.10 Other common themes have emerged during the year in relation to performance have included Referral to Treatment targets, Accident and Emergency waiting times and Improving Access to Psychological Therapies. The reports provided to the committee have given details of actions taken to address the issues identified and members of the committee have taken the opportunity to scrutinise members of the CCG's management team to ensure plans are robust.
- 3.11 As with the approach to financial monitoring, the committee triangulates the information it receives in relation to finance and contractual action as well as the performance information to ensure it receives a robust and complete picture of the CCG's position. The reports from the Head of Contracting and Procurement have supported the committee in this work, highlighting the contractual action taken to address performance concerns. This has included the issuing of appropriate

contractual sanctions and the development of remedial action plans in relation to areas where targets have not been achieved.

- 3.12 The committee have worked with the Business and Performance team during the year to refine the way in which performance is reported to ensure that discussion at committee meetings is focussed on the most important areas. The team have worked to ensure that the reports produced provide detail on these key areas by exception whilst enabling committee members to maintain an overview of overall performance. The committee has passed their appreciation to the team for this work and would like to take the opportunity to do so again as part of this Annual Report.
- 3.13 The committee has also received details of the CCG's performance against targets chosen in relation to the Quality Premium. A report was provided in January 2019, however data in relation the CCG's achievement of the premium was still emerging and it was not clear whether the CCG would achieve the required metrics to receive payment.

Responsibilities under Prime Financial Policies

- 3.14 The committee has a number of defined roles within the group's Prime Financial Policies, most importantly to support the Chief Finance Officer in the development of the group's financial plans. This includes considering and recommending a draft financial plan for endorsement for the Governing Body.
- 3.15 Financial planning for 2019/20 and beyond has been developed in line with the CCG's wider work to develop an integrated care alliance in Wolverhampton. This includes the development of an aligned incentive agreements to develop more collaborative forms of contracting. The committee considered the detail of an agreement with RWT in October 2018, that outlined principles of risk and gain share between the CCG and RWT in order to support wider system aims associated with shifting activity from acute services towards the community. The committee considered the agreement in detail before recommending it for onward consideration by the Governing Body.
- 3.16 The establishment of this agreement has informed the wider work undertaken by the CCG to develop the financial plan for 2019/20. The committee considered the draft financial plan in February 2019, noting that it had been produced in line with defined national requirements and reflected the appropriate financial metrics. The Committee recognised the work undertaken to develop the plan, including noting the detailed mitigations considered to manage risks identified in the plan. The Committee has recommended the plan to the Governing Body, which considered and agreed the committee's recommendation at the end of March 2019.
- 3.17 In addition to these operational responsibilities, the committee also has a role in developing and suggesting improvements to Prime Financial Policies themselves. The committee will be undertaking work on this early in the new year to reflect changes in staffing structures and a revised constitutional framework for CCGs.

Monitoring Work on Reducing Inequalities

- 3.18 The CCG core aim is to commission the right care, at the right time in the right place for all of its population. This means that reducing health inequalities is intrinsic to the way in which it operates. The committee takes an exception based approach to managing its work in respect of addressing this duty, monitoring information through

its regular cycle of reporting on key performance metrics and financial reporting. No specific concerns have been raised in relation to health inequalities during the year through the Committee's reporting processes. The committee will continue its monitoring approach to these issues throughout 2019/20.

Risk Management

- 3.19 The committee has continued to maintain an overview of risks associated with its areas of work, this has included reviewing corporate risks associated with meeting the CCG's financial targets and NHS constitutional targets and committee level risks that impact on the achievement of target.
- 3.20 The committee has taken a varied approach to managing its responsibility in relation to risk, which has included assessing risks raised through the overall discussions and an assessment of the committee's risk appetite. The committee has worked hard to develop and understand its risk profile and how this relates to its overall portfolio of work.

4. Conclusions

- 4.1 The work undertaken this year by the Committee has continued to provide assurance to the Governing Body on key areas of the CCG's operations, in particular around financial and operational performance. This demonstrates that it has met its terms of reference and, most significantly, provided the necessary advice and support to ensure the CCG meets its statutory financial duties.
- 4.2 The committee believes that the evidence presented in this report clearly demonstrates that it remains effective. Despite this, the committee continues to look for areas for continuous improvement and looks forward to identifying and addressing any such areas in its work in the upcoming year.

Appendix 1 – Attendance at Meetings

Attendee		Meetings Attended (of those required)
Committee Members	Les Trigg, Lay Member for Finance and Performance (Chair)	10 of 10
	Dr David Bush, Clinical Lead for Finance	8 of 10
	Dr Mohammad Asghar, Deputy Clinical Lead for Finance	8 of 10
	Tony Gallagher, Chief Finance Officer)	9 of 10
	Mike Hastings, Director of Operations	7 of 10
Regular Attendees	Lesley Sawrey, Deputy Chief Finance Officer	9 of 10
	Vic Middlemiss, Head of Contracting and Procurement	8 of 10
Ad Hoc Attendees	Phil Strickland, Governance and Risk Co-Ordinator	1 of 1
	Jo Reynolds, Primary Care Transformation Manager	1 of 1
	Georgina Moon, Business Operations Manager	3 of 5
	Peter McKenzie, Corporate Operations Manager	2 of 2

The meeting in May 2018 was cancelled and the December meeting was held virtually.

1. Appendix 2 – F&PC Duties (Extract from TOR)

The specific duties required of the FPC are:

- to support the Chief Finance Officer in the delivery of the general financial duties (constitution 5.3.1 – 5.3.3);
- to receive reports from the group's representative on the Wolverhampton Health and Wellbeing Board with regard to development of the joint assessments and strategies and delivery of the latter (constitution 5.1.2(c)(ii));
- to monitor the group's delivery of the duty to act effectively, efficiently and economically (constitution 5.2.3);
- to monitor the group's delivery of the duty to have regard to the need to reduce inequalities (constitution 5.2.6);
- review the Chief Finance Officer's proposals for any changes to the Prime Financial Policies prior to scrutiny of them by the Audit and Governance Committee (PFP 1.5.1)
- approval of detailed financial policies (PFP 1.1.3);
- to consider reports from the Chief Finance Officer regarding significant variances from budgeted performance (PFP 7.3) and approve any changes to budgets not significant enough to require approval by the governing body (PFP 7.4);
- to consider reports from management regarding significant variances from non-financial performance targets;
- agree the Chief Finance Officer's timetable for producing the annual accounts and report (PFP 8.1(a));
- approve the group's overall banking arrangements (PFP 11.2);
- receive reports detailing actual and forecast expenditure and activity for all healthcare contracts (PFP14.3).