

# ANNUAL REPORT

## Finance and Performance Committee 2015/2016



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REF NUMBER	DOCUMENT REFERENCE NUMBER	TITLE	VERSION

**Contents**

1. Introduction ..... 3

2. Committee Responsibilities ..... 4

3. Work undertaken ..... 4

4. Conclusions ..... 6

Appendix 1 – Attendance at Meetings ..... 7

Appendix 2 – F&PC Duties (Extract from TOR)..... 8

## 1. Introduction

- 1.1 This report sets out the work undertaken by the Finance and Performance committee during the 2015/16 financial year in the discharge of its duties set out in the Clinical Commissioning Group's Constitution. This is designed to demonstrate how effective the committee has been in its work during the year and will help to support the committee's drive for further improvement in supporting the Governing Body.
- 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 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 committee's membership requirements are set out in its terms of reference, stating that the committee must be chaired by an elected GP member of the Governing Body, must include the Chief Finance Officer and can include other members of the Governing Body and employees of the group (including a commissioner). The members of the committee during the year have been:-
- Dr Sudhir Handa - Elected Member of the Governing Body (Chair) *resigned October 2015*
  - Dr David Bush - Elected Member of the Governing Body (from January 2016)
  - Claire Skidmore - Chief Finance and Operating Officer
  - Jim Oatridge - Governing Body Lay Member (Audit and Governance)
  - Mike Hastings - Associate Director of Operations
  - Steven Marshall - Director of Strategy and Transformation
- 1.5 Sadly, Dr Handa who has chaired the Committee since the establishment of the CCG has had to step down from his role as Governing Body lead for finance and performance due to ill health. The committee has passed its thanks on to Dr Handa for his leadership during his time in office.
- 1.6 Whilst the Governing Body considers the most appropriate way to fill the permanent vacancy for Finance and Performance Lead, Dr David Bush has stepped in to act as interim chair of the committee from January 2016. As a member of the Governing Body since 2013, Dr Bush has considerable experience of the work of the CCG, most recently in the role of South West Locality Lead. The committee looks forward to his continued contribution during his interim appointment.
- 1.7 The committee met on the following occasions during the financial year:
- 28 April 2015
  - 24 June 2015
  - 28 July 2015
  - 25 August 2015
  - 29 September 2015
  - 27 October 2015
  - 24 November 2015
  - 26 January 2016
  - 22 February 2016
  - 29 March 2016

The committee also conducted 'virtual meetings' with papers circulated for comment by members in May and December. 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 part of the group's commitment to continuous improvement, this approach to monitoring the committee's work will form part of its assessment of effectiveness during 2015/16. A draft of this report is being considered by the committee at its March meeting, giving members the opportunity to feed their views on how well the duties of the committee have been discharged.

## 3. Work undertaken

3.1 This section sets out a summary of the committee's work at meetings. As the committee schedule of meetings is monthly, it has a number of regular agenda items which, by their nature, may include work against more than one of the themes detailed in the section above. Where this has occurred, it is highlighted throughout the report.

### Financial Performance and Efficiency

3.2 The committee plays a key role in providing the Governing Body with assurance that the Group is meeting its statutory duties around finance and efficiency. To meet this duty, the Chief Finance and Operating Officer reports on a monthly basis on the group's finance position, highlighting both issues arising during the month and presenting a forecast for the year.

3.3 At the committee's first meeting in April, a financial plan and budget for 2015/16 was recommended to the Governing Body. In recommending the plan, the committee recognised that, following the outcome of contract negotiations with Royal Wolverhampton Trust (RWT), the budget for 2015/16 included a significant element of risk. Throughout the year, the Chief Finance and Operating Officer's regular reports have highlighted work undertaken by teams across the CCG to address the financial risks within the plan. As a result of this work, the committee has been pleased to provide assurance to the Governing Body that the CCG is projected to meet its financial targets and has taken steps to address the risk position it began the year with.

- 3.4 A key success factor in the CCG being able to meet its financial targets was the adoption of a robust financial recovery plan (FRP) by the Governing Body in September 2015. This plan was recommended by the committee in August 2015 following discussions with NHS England to provide assurance that the CCG was meeting financial planning requirements. In addition to the FRP, the committee has also considered the content of assurance provided to NHS England around the CCG's financial control environment, which forms part of the CCG assurance and assessment framework for 2015/16.
- 3.5 The committee has also considered a number of specific items with a specific impact on the group's financial performance during the year, including the arrangements for NHS Funded Care and jointly funded placements outside the city for children with significant Health, Social Care or Educational needs. A report was also presented on the lessons learned from the Efficiency Review Group process undertaken by the CCG in 2014/15 to support a return to a stable financial position and how this had been successfully bedded in as business as usual.

### Performance Monitoring and Management

- 3.6 This is the committee's other significant core duty and therefore receives similar levels of attention as financial matters, with regular agenda items updating members on performance along with the CCG's QIPP programme.
- 3.7 The committee's monthly performance reports from the Business and Performance team detail outturn against indicators in the NHS constitution and have highlighted a number of continuing themes throughout the year. Perhaps the most significant issue raised during the year has been the continuing pressure on RWT to meet Accident and Emergency targets, particularly during the winter months. Whilst this is a national issue, the committee has considered and supported the CCG's action to support the trust on this issue, including agreement of Recovery Action Plans and the application of contractual sanctions when appropriate.
- 3.8 Other specific areas of performance that the committee has undertaken scrutiny of during the year has included referral to treatment and cancer waits. Whilst it is primarily the responsibility of the Quality and Safety Committee to consider, the committee has also maintained a focus on the level of healthcare related infections at RWT. Across these areas, the committee has examined performance on both national and locally agreed targets and supported contract management action to address issues as appropriate.
- 3.9 During the year, the committee has taken steps to ensure that it is supplied with relevant, up to date information and refined the reporting processes available to it. In particular, to ensure that consistent information is supplied, the contracting action and performance reporting processes have been aligned into a single report that outlines both performance issues and actions (and proposed actions) to address these through contractual and other routes.

### Responsibilities under Prime Financial Policies

- 3.10 As well as having a defined role within the group's Prime Financial Policies to support the Chief Finance Officer in the development of the group's financial plans, the committee plays a key role in developing and approving any proposals to change the policies themselves. During September, the committee considered a number of minor changes, which aimed to provide alignment with the group's operational

Detailed Financial Policies and to prepare for the appointment of the group's Auditors under the new Local Audit regime. These proposed changes were approved for inclusion in the group's constitution in November 2015.

- 3.11 More recently, the committee has begun the process of developing financial plans for 2016/17 in line with the range of emerging national guidance to support the delivery of the NHS England five year forward view. The committee is aiming to recommend a budget to the April 2016 meeting of the Governing Body.

#### Monitoring Work on Reducing Inequalities

- 3.12 The committee has continued to address this area during the year. The committee has been given details of the CCG's achievement against the Quality Premium and plans for spending the associated funding. This includes a number of projects specifically designed to address health inequalities across Wolverhampton, including for groups such as recent migrants and those at risk of social exclusion.
- 3.13 One of the aims of the committee's monthly performance reporting is that any areas of concern are captured by exception and, whilst recognised as a key area, issues relating to inequalities have not been a specific cause for concern. In addition, in common with the approach across the group's meetings, all reports to the committee detail the equalities implications that they set out.
- 3.14 Further work in this area has focused on the process of continuous improvement across the CCG's QIPP programme and processes. The committee has been given assurance that the development of these processes has included ensuring that the equality implications of all programmes are considered throughout the project process.

## 4. Conclusions

- 4.1 The committee has reviewed its work during the year and feels that the work identified above demonstrates that it has met its duties effectively. The Governing Body has been assured throughout the year on the committee's work to support achievement of the CCG's financial duties. The committee would particularly like to highlight, the work to support on-going improvements in the Financial Control Environment and delivering the financial targets by year end as effective work. The committee has achieved this through effective review (and challenge where necessary) of the CCG management team in their work to manage the CCG's financial and performance management processes
- 4.2 As part of the committee's commitment to on-going improvement, it agreed during the year to appoint an additional independent lay member of the committee. The committee is looking for an individual with expert knowledge of NHS Finance and performance issues to provide additional 'critical friend' challenge to the committee's work. Recruitment is on-going and the committee looks forward to welcoming its new member early in the new financial year. This will help to ensure the committee remains effective in achieving its aims over upcoming years.

## Appendix 1 – Attendance at Meetings

	April 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	January 2016	February 2016	March 2016
<b>Members</b>										
Dr Sudhir Handa Governing Body Member, Chair	√	x	x	√	x	x	n/a	n/a	n/a	n/a
Dr David Bush Governing Body Member, interim Chair	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√
Mike Hastings Associate Director of Operations	√	x	√	√	√	x	√	√	√	√
Steven Marshall Director of Strategy and Transformation	x	√	√	√	x	x	√ (part)	√	x	x
Jim Oatridge Independent Committee Member	x	√	√	x	√	√	√	√	√	x
Claire Skidmore Chief Finance and Operating Officer	√	√	√	x	√	√	x	√	√	√

## 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).