

# ANNUAL REPORT

## Finance and Performance Committee

### 2016/2017



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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 2016/17 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 During the year, the Committee's membership has changed as, in response to national guidance on managing conflicts of interest, the CCG's Governing Body appointed a new lay member for finance and performance in July 2017 to take on the Chair of the Committee. This followed the agreement of this committee earlier in the last financial year to appoint a lay member to support the level of non-Executive challenge in the committee's work. This has meant that the membership of the Committee for the majority of the year has been:-
- Peter Price - Lay Member for Finance and Performance
  - Dr David Bush - Elected Member of the Governing Body
  - 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 The Committee has passed its thanks on to Dr David Bush, who served as interim Chair of the Committee from January 2016.
- 1.6 The committee met on the following occasions during the financial year:
- 26 April 2016
  - 31 May 2016
  - 28 June 2016
  - 26 July 2016
  - 30 August 2016
  - 27 September 2016
  - 25 October 2016
  - 29 November 2016
  - 31 January 2017
  - 28 February 2017
  - 28 March 2017

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 committee's work at meetings. As the committee schedule of meetings is monthly, it organises its work so that there are a number of agenda items that are received at every meeting. By their nature, these regular reports 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 One of the key ways that the committee gains assurance that the CCG is meeting its financial duties is through the monthly reports from the Chief Finance Officer. These reports provide an overview of the CCG's monthly financial position, along with a forecast towards the year-end position. The committee has then used these reports to provide on-going assurance to the Governing Body on how these duties are being met.

3.3 The monthly reports have highlighted the work undertaken in challenging circumstances to ensure that the CCG continues to meet its financial duties during the year. The committee has taken assurance that action has been taken to address concerns relating to the level of risk in the position during the year, including work by the CCG's management team to identify efficiencies in year. The committee has also taken steps during the year to refine the way that performance and finance information is presented to support committee discussions.

3.4 The committee has also considered further detail on a number of other specific areas during the year that impact on the successful delivery of the CCG's financial duties. In particular, detail is given on a monthly basis of performance against Quality, Innovation, Productivity and Prevention (QIPP) savings targets. Whilst these have been included in the monthly reports, details were given in April of the outturn performance from the 2015/16 financial year. Throughout the rest of the year, the committee has been updated on work to reduce unallocated QIPP and details of targets for 2017/18 financial year.

3.5 In addition to the assurance provided to the Governing Body, the committee has also been updated on the CCG's performance against the financial elements of the NHS England CCG Improvement and Assessment Framework. The Chief Finance and Operating Officer gave the committee an overview of this regime at the June 2016 meeting and details of the action plan following a self-assessment of the Financial

Control Environment element of the framework. This action plan highlighted significant progress and the CCG was now assessing as 'excellent' across all eight metrics in the framework.

- 3.6 Other matters dealt with by the committee under this theme have included receiving assurance on the process to develop a costing template for Primary Care extended services. This was discussed at the committee meeting in July, following consultation with both CCG based clinicians and the Local Medical Committee to gain their expert opinion. The committee approved the template, which will support the CCG's on-going development in commissioning Primary Care Services. Details were also given in May of work to map re-alignment of commissioning spend across commissioners for prescribed Specialised Services for 2017-18.

### Performance Monitoring and Management

- 3.7 As in previous years, this has been of the committee's core duties and has been a standing agenda item. The Business and Performance team provide a report on performance against the CCG's key performance metrics identified in the NHS Constitution and this is supported by further reports detailing performance and action taken under the contracts held with provider organisations. As with financial reporting, the committee has continued to strive to identify the most effective way of presenting this information to ensure that the discussion and scrutiny remains consistently robust.
- 3.8 These reports have highlighted areas, by exception, where there have been concerns about performance and any action taken to address them. This has allowed the committee to seek assurance about management actions and also to provide assurance, or escalate issues where necessary, to the Governing Body. Key issues that have been highlighted throughout the year have included A&E waiting times, Referral to Treatment, 62 Day Cancer waits and Improving Access to Psychological Therapies. The latest position in respect of these issues and action taken to address them, including through contractual measures (including fines) have been discussed in detail on a monthly basis. The outcomes of these discussions have been reported to the Governing Body on an on-going basis throughout the year.
- 3.9 To support its work in monitoring and managing performance, the committee has also been updated on work undertaken as part of annual planning work, including details of targets against NHS constitutional targets in April and May and 2017-19 planning round submissions in January 2017. These reports gave the committee assurance that these submissions are developed in a robust manner in line with nationally mandated requirements.
- 3.10 As the CCG's performance management systems are reliant on the use of robust data, the committee (and the Governing Body) have sought assurances on the CCG's processes for using data. This has included an internal audit, details of which were shared with the committee in May. This audit gave substantial assurance that the processes in place were robust and that appropriate steps are taken to ensure decision making across the organisation is supported by high quality data. Recommendations for improvement in this area were made and are being implemented on an on-going basis.

## Responsibilities under Prime Financial Policies

- 3.11 The committee has a number of defined roles within the group's Prime Financial Policies. The principal duty is to support the Chief Finance Officer in the development of the group's financial plans, and the committee discharged this duty through discussions of draft finance plans in October, November and January. This followed national action to complete the planning and contracting round for 2017 to 2019 before the end of December 2016.
- 3.12 The committee received early assurance in October that plans were developing in line with national requirements, and discussed a draft submission in November noting how a number of specific risks had been mitigated. The committee has highlighted the challenges within financial plans for 2017-19, including significant levels of QIPP that have been built into the position. The committee have scrutinised these plans and were able to recommend them to the Governing Body and they were subsequently agreed in February 2017.
- 3.13 In addition to discharging its operational duties within the CCG's financial policies, the committee is also responsible for developing and suggesting improvements to the policies themselves. As in previous years, a review of the policies took place during the year and the committee has taken action to ensure they remained appropriately up to date. The Prime Financial Policies and Scheme of Reservation and Delegation are part of the CCG's constitution and the Governing Body and Membership approved a number of minor changes to these documents on the recommendation of the committee. These were subsequently part of an application to vary the constitution agreed by NHS England which will take effect from 1 April 2017. In line with its delegated powers, the committee also approved a number of minor changes to the detailed financial policies which sit below the constitution.

## Monitoring Work on Reducing Inequalities

- 3.14 As in previous years, the committee's work in this area has focussed on ensuring that, through the exception reporting on metrics such constitutional targets, regard is paid to ensuring that health equalities reduced. The committee has been assured that this approach is embedded throughout the CCG as no significant issues have been raised through exception reporting. Equality implications are also considered throughout the CCG's programme processes and on all papers presented to Governing Body and committees.
- 3.15 This is an area where the committee can focus more work during 2017/18, seeking assurance from the CCG's management team on this issue. The committee have been made aware that part of the CCG Improvement and Assessment framework included an assessment of the impact of Public and Patient Involvement on health inequalities. The CCG was assessed as an exemplar on this element of the framework and the committee can seek further details on how this assessment can be maintained.

## 4. Conclusions

- 4.1 The Committee plays a key role in providing assurance to the Governing Body on the CCG's continued financial and operational performance. The work it has undertaken this year demonstrates that it is continuing to meet its terms of reference by providing



advice and support, particularly to the Chief Finance and Operating Officer, to ensure the CCG meets its statutory financial duties.

- 4.2 In delivering this work, the committee has recognised the on-going challenges facing not just Wolverhampton CCG, but also the wider NHS. Many of these challenges are reflected in the financial plans agreed by both the committee and the Governing Body for upcoming years. The committee recognises that delivering these plans will continue to require considerable effort by staff across the CCG, the Governing Body and the committee itself. Throughout this year, the committee has been assured that the CCG is equipped to meet these challenges and looks forward to playing its part in this work.
- 4.3 As a result of the interim arrangements put in place following the resignation of the Chair of the Governing Body, Les Trigg, who has been serving as Deputy Chair of the Audit and Governance Committee, will be joining the Committee and taking the chair. The committee welcomes Les into this new role.
- 4.4 The committee also wishes to place on record its thanks to Claire Skidmore, the Chief Finance and Operating Officer, who will be leaving the CCG at the end of May. Claire's contribution to the CCG, and particularly to the work of this committee, has been hugely significant and she will be missed. The committee wishes her well in her new role at Shropshire CCG.

## Appendix 1 – Attendance at Meetings

	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	March 2017	
<b>Members</b>													
Jim Oatridge, Independent Committee Member	√	X	√	√	X	√	√	X	Virtual meeting	√	√	√	
Claire Skidmore, Chief Finance and Operating Officer, CCG	√	√	√	X	√	√	√	X		√	√	√	
Mike Hastings, Head of Business and Performance Management, CCG	√	X	√	√	√	√	X	√		√	√	√	
Steven Marshall, Director of Strategy and Transformation, CCG	√	X	√	√	√	√	√	X		X	√	√	
Dr David Bush, Governing Body Member	√	√	√	√	√	√	√	X		√	X	√	
Peter Price, Governing Body Lay Member			√	√	√	√	√	√		√	√	√	
<b>In regular attendance</b>													
Lesley Sawrey, Deputy Chief Finance Officer, CCG	√	X	X	√	X	√	√	√		√	√	X	√
Gus Bahia, Business and Operations Manager, CCG	√	√	√	√	√	√	√	√		√	√	√	X
Vic Middlemiss, Head of Contracting and Procurement, CCG	√	√	√	√	√	X	√	√		X	√	√	X
<b>Ad Hoc attendance</b>													
Aran Sharma, Senior Contracts Manger, CSU	N/A	N/A	N/A	N/A	N/A	√	N/A	N/A		N/A	N/A	N/A	N/A
Alex Nixon, Interim Senior Contracts Manager	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	√	N/A	N/A
Mandeep Duhra, Contract Portfolio Manager	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	



## 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).