


<b>MEETING DATE:</b>	10 October 2013	 <b>North Lincolnshire Clinical Commissioning Group</b>  <b>REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY</b>
<b>AGENDA ITEM NUMBER:</b>	Item 7.9	
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<b>JOB TITLE:</b>	CFO & Business Support	
<b>DEPARTMENT:</b>	CCG	

## COMMISSIONING SUPPORT UNIT FINANCIAL SERVICES BRIEFING

<b>PURPOSE/ACTION REQUIRED:</b>	To Receive & Note
<b>CONSULTATION AND/OR INVOLVEMENT PROCESS:</b>	A more detailed paper went to Septembers Audit Group
<b>FREEDOM OF INFORMATION:</b>	Public

<b>1. PURPOSE OF THE REPORT:</b>					
To brief the Governing Body on issues, progress and residual risks in relation to CSU financial services					
<b>2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:</b>					
Continue to improve the quality of services					
Reduce unwarranted variations in services					
Deliver the best outcomes for every patient					
Improve patient experience					
Reduce the inequalities gap in North Lincolnshire					
Finance is a facilitator of all these objectives					
<b>3. IMPACT ON RISK ASSURANCE FRAMEWORK:</b>					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 20%;">Yes</td> <td style="width: 20%; text-align: center;">x</td> <td style="width: 20%;">No</td> <td style="width: 40%;"></td> </tr> </table>		Yes	x	No	
Yes	x	No			
The paper explains the risks, actions taken and residual risk. The BAF already captures the key issues described.					
<b>4. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:</b>					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 20%;">Yes</td> <td style="width: 20%;"></td> <td style="width: 20%;">No</td> <td style="width: 40%; text-align: center;">X</td> </tr> </table>		Yes		No	X
Yes		No	X		

**5. LEGAL IMPLICATIONS:**

Yes	x	No	
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Whilst the SLA with CSU is not a legally binding contract, there are legal implications if services are not delivered/withdrawn. There is a risk of statutory financial duties not being complied with, which would impact on CCGs 'assumed liability' and potentially on the CCGs constitution.

**6. RESOURCE IMPLICATIONS:**

Yes	x	No	
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Additional resources within the CSU e.g. vacancies are being mobilised to prevent financial penalties being applied and deliver excellent services within the envelope agreed. Support to the legacy team has been provide via 'lean back' arrangements

**7. EQUALITY IMPACT ASSESSMENT:**

Yes		No	X
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This is not a plan/policy/guidance

**8. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:**

Yes		No	
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A further progress report will go to Novembers Audit Group

**9. RECOMMENDATIONS:**

The CCG is asked to: -

- Receive and Note the report, progress made and residual risks

## **CCG GOVERNING BODY OCTOBER 2013**

### **Briefing paper -Financial services from CSU**

#### **1. INTRODUCTION**

The CFO has professional responsibility for finance and as such is responsible for setting high professional standards including for contracted out services.

The purpose of this paper is to make the Governing Body aware of problems experienced, actions taken, significant progress made and remaining risks in embedding these new arrangements with the CSU.

The CCG currently spends £285k on finance support from CSU buying financial services including financial reporting, management accounts, cash management, debtor and creditor management, interfaces with ledger and payroll systems, input to QIPP and HLHF. These are expected to be delivered 'end to end' working with other CSU services.

The Business Services Director of the CSU also has a role in providing assurance to the CCG and its Chief Officer assisted by the CSUs Relationship Manager. Whilst services provided by CSU are generally good there are some concerns around delivering end to end services and quality assurance. However a number of positive actions have been taken and progress made.

#### **2. SERVICE CONCERNS AND PROGRESS MADE**

The areas of concern have included lack of ownership of the budget setting process and input to financial planning and QIPP. A successful joint workshop in September seems to be addressing these issues and a more proactive approach is anticipated this year supported by new Local Operating Teams.

The quality and accuracy of financial reporting and forecasting especially continuing care has been an issue exacerbated by a new ledger system. A risk range of forecasts are now produced and reviewed jointly and signed off by budget holders before entering into the ledger. Board reporting has improved in quality with input and quality assurance from CSU heads of service. There is a residual risk of the financial forecasts not being sufficiently robust and especially delays in clearing balances for continuing care impacting on the CCGs ability to manage its year end position.

Invoices are not always being applied in accordance with CCGs authorisation matrix but this is improving. There were delays earlier in the year in setting up new suppliers (non NHS) by SBS centrally at Tingley. Where Information Governance issues exist e.g. NCAs temporary solutions have been agreed until the DMIC is ready mid October.

Where organisations cash flows have been at risk with the potential impact for patient services, manual payments have been made. Processes are in place to prevent duplicate payments when this has been done.

Cash information and forecasting whilst poor at the beginning of the year has significantly improved and is more transparent.

The CCGs payroll service is within the CSU budget and contract. A pragmatic approach to issues around CSUs ownership and management of this contract has been agreed until such time as the CCG joins the Logica/ SBS ledger linked payroll solution. Greater co-ordination within CSU re ESR is required.

RE HLHF there is a concern around the ability for the CSU to mobilise sufficient capacity at the critical points once options are confirmed and patient flows identified, without impacting further on the above.

Legacy issues, splitting old PCT balances and entering them onto successor body balance sheets will be an ongoing issue in 2013, affecting capacity.

CSU have agreed further action and mobilisation of sufficient resources to build on progress made to date ensuring excellent services for the future. A further progress report will go to Novembers Audit Group. A full list of actions taken by CCG/CSU is available from the September report to the Audit Group.

In summary, all CCG/CSU staff have worked hard to make these arrangements work and progress continues to be made. All the actions have consumed resource but have enabled good relationships to be formed, a better joint understanding to be forged and standards gradually driven up delivering significant improvement in outputs and confidence levels particularly around financial reporting. This will continue to improve over time as staff get used to their new roles and new ways of working and legacy work is completed.

### **3 FURTHER ACTION REQUIRED**

Further development of KPIs, service specification for finance and process maps including links with other CSU teams is required. This will describe more effectively what success looks like on a monthly basis. Should the service still not be achieving its KPIs by October then a financial penalty will be applied. However the CCG is working with CSU to ensure this is not necessary.

Benchmarking of services and potential market testing of the finance element of the CSU service is an option. The Local Authority (NLC) as part of the integration agenda could be a potential provider or customer of financial services from CSU.