

## Oxfordshire Clinical Commissioning Group Board Meeting

<b>Date of Meeting:</b> 25 May 2017	<b>Paper No:</b> 17/40b
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<b>Title of Paper:</b> Annual Report from the Finance Committee to the Board
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<b>Paper is for:</b> (please delete tick as appropriate)	<b>Discussion</b>	<input checked="" type="checkbox"/>	<b>Decision</b>	<input type="checkbox"/>	<b>Information</b>	<input type="checkbox"/>
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### **Purpose and Executive Summary:**

The Finance Committee in accordance with its terms of reference and with best practice, as a sub-committee of the Oxfordshire Clinical Commissioning Group Board (Board), is required to present an annual report to the Board which reviews the Committee's effectiveness and performance in discharging its duties. The reporting date for the Committee's annual report is aligned to OCCG's annual reporting cycle in order to provide timely assurance for the OCCG's governance statement included in the Annual Report.

This report together with an updated performance self-assessment and the 2017-18 workplan, is submitted to the Board to provide assurance that the Committee has been operating effectively and in accordance with its terms of reference.

The Committee can demonstrate a high degree of compliance against its effectiveness and performance checklist but identified 6 areas for improvement.

The Committee escalated several areas where governance could be further strengthened in the forthcoming year:

- The need to work with key partners to put in place effective and efficient systems to enable assurance to Board committees in relation to delivery of the schemes to mitigate the £18.0m system wide financial risk.
- Need to obtain assurance on the quality of data used by the Board and its committees to monitor performance and take decisions.
- Development of a pooled budget integrated performance report to make a clear link between the funding and outcomes/outputs expected.
- Build on the improvements in performance reporting over the last 12 months with integrated quality and performance reports.

The Terms of Reference were reviewed at the Committee's March 2017 meeting and the Committee agreed, except for one item, they were still fit for purpose. Reference to winter planning in list of the duties (16.2.3) should be deleted, as there was no longer a separate allocation of funding.

### **Financial Implications of Paper:**

There are no direct financial implications arising from this report.

**Action Required:**

The Board is asked to review the Annual Report of the Finance Committee, the self-assessment and the 2017-18 workplan.

**OCCG Priorities Supported** (please delete tick as appropriate)

✓	Operational Delivery
✓	Transforming Health and Care
✓	Devolution and Integration
✓	Empowering Patients
✓	Engaging Communities
✓	System Leadership

**Equality Analysis Outcome:**

Not applicable.

**Link to Risk:**

Finance Committee is responsible to the Board (in conjunction with the Audit and Quality Committees) for reviewing the risks relating to the business and activities of the CCG and ensuring the levels of risk and mitigations of those risks are appropriate and are properly recorded in the Risk Register of the CCG. The finance Committee is responsible for the financial risks.

**Author:** Duncan Smith, Chair of Finance Committee

**Clinical / Executive Lead:** Dr Paul Park Locality Clinical Director (Deputy Dr Julie Anderson)

**Date of Paper:** 7 April 2017

**Oxfordshire Clinical Commissioning Group**  
**Finance Committee Annual Report**  
**2 March 2016 to 1 March 2017**

**Purpose of this report**

The Finance Committee (Committee) in accordance with its terms of reference and with best practice, as a sub-committee of the Oxfordshire Clinical Commissioning Group Board (Board), is required to present an annual report to the Board which reviews the Committee's effectiveness and performance in discharging its duties. The reporting date for the Committee's annual report is aligned to OCCG's annual reporting cycle in order to provide timely assurance for the OCCG's governance statement included in the Annual Report.

This reporting cycle includes the meeting of the Committee on 27 February 2017 but excludes the final meeting of the financial year on 23 March and work to review the OCCG's final 2016-17 outturn position will be undertaken during April and May 2017. This report together with an updated performance self-assessment and the Committee's 2017-18 workplan, was considered at the Committee meeting on 24 March 2016 and is now submitted to the Board to provide assurance that the Committee has been operating effectively and in accordance with its terms of reference.

**Executive Summary**

It is not the Committee's role to hold management to account for financial performance but as membership is a mix of executive and lay, it provides an effective forum to review financial performance in more detail and provide assurance to the Board.

The Committee adapted the HFMA Audit Committee Self-Assessment Checklist to undertake a review of its 2015-16 effectiveness and performance and this checklist has been revisited and updated for use in 2016/17.

The Committee can demonstrate a high degree of compliance against its effectiveness and performance checklist, identifying 3 areas from the checklist for improvement, which include:

- requirement for integrating financial and outputs/outcomes performance monitoring in respect of the pooled budgets;
- strengthening governance in relation to business case approval and investment decisions as OCCG moves to whole system working and integrated commissioning;
- developing comprehensive performance reporting across the CCG, bringing together finance, activity, quality and outcomes, if OCCG is going to effectively and comprehensively monitor performance of the whole system.

Last year the Committee recommended a review of its term of reference in relation to the division of duties in respect of financial matters and placing reliance on the work of the newly established Primary Care Commissioning Committee. The Committee will complete this review at its April meeting, after 12 months operation.

The 2017-18 Committee workplan will be reviewed and agreed at its meeting in March. In addition to the areas that the Committee has identified for improvement, it is also planning to look at:

- VFM metrics;
- Transformation programme assurance required in relation to financial matters – Funding options for CapEx, financial sustainability, resource allocation, procurement route and assessment criteria;
- Elective care activity modelling and planning;
- The Learning Disability 'Big Plan' implementation and funding requirements
- **The quality of data on which decisions are made;**
- The first 18 months' evaluation of the Mental Health OBC – benefits realisation.

### **Introduction**

It is best practice for committees to assess their own performance and effectiveness regularly and report the results to the parent body. Measures of success should be considered in the context of:

- What difference has the committee made to the organisation's financial reporting and control environment?
- Did the committee encounter any surprises during the year, e.g. unexpected adverse inspection reports?
- Did the committee have to re-focus its planned activities during the year and if so, was this a proactive decision or for reactive reasons?
- The Committee adapted the HFMA Audit Committee Self-Assessment Checklist to undertake a review of its effectiveness and the updated self-assessment is attached as Appendix A.

### **Overview of Committee**

This Committee is a formal sub-committee of the Board, with defined terms of reference (see the OCCG constitution and Scheme of Delegation). The Committee terms of reference were reviewed in March 2016 but recommendations for changes were not submitted to the Board.) The 2015 version of the TOR are attached as Appendix A. The terms of reference will be reviewed at the Committee's April 2017 meeting, following 12 months of delegated primary care commissioning.

### **Membership and meetings**

The Committee had bi-monthly meetings until November 2016 when a decision was taken by the Committee to return to monthly meetings in response to its assessment of financial risk and in the light of the financial recovery plan. There were 8 meetings during this period (5 last year), all of which were quorate. The membership of the Committee and attendance record are as follows:

Member	Title	Attendance
Duncan Smith (Chair)	Lay member	8/8
Roger Dickinson	Lay Vice Chair	8/8
Mike Delaney	Lay member	7/8
Gareth Kenworthy	Director of Finance	8/8
Diane Hedges	Chief Operating Officer and Deputy Chief Executive	4/8
Paul Park or deputy (Julie Anderson)	Locality Clinical Director	6/8

The following officers of the CCG and external representatives attended the Committee during the year:

- Accountable Officer (6/8)
- Deputy Director of Finance (6/8)

#### **Duties within Terms of Reference**

The remit of the Committee is:

- The Finance Committee shall scrutinise and make recommendations on the Financial Plan and Budget of the CCG and its alignment to strategy. The Finance Committee shall monitor the CCG financial performance, policies, delivery and value for money under the Financial Plan, directing remedial actions and risk management/mitigation activity where required.
- The Finance Committee shall provide a performance framework which proactively manages the CCG's Financial, Performance and Quality Innovation, Productivity and Prevention (QIPP) agenda.
- The Finance Committee shall hold to account the Executive Team of the CCG for their respective areas of responsibility, and require full delivery plans as it deems appropriate.

The key duties of the Committee are as follows:

- To review the draft of the two-year Financial Plan and Budget and their value for money and to make recommendations thereon to the Board.
- To review the QIPP/savings plans produced to manage CCG's identified financial risk within the Financial Plan and make recommendations thereon to the Board. To review and approve individual business cases for investment and disinvestment within the limits of the Scheme of Delegation.
- To regularly review financial performance against Plan and Budget and to receive a detailed report of the financial position and progress towards meeting the targets within CCG's Financial Plan including value for money.
- To review CCG's arrangements and response to financial risk management. To monitor the implementation of QIPP schemes. Receiving updates on both the financial and activity performance of each scheme and directing remedial action where required.

- To monitor achievement against CCG incentive schemes. Receive a report of the actual and forecast performance to inform the achievement of incentive schemes.
- To review business case for investments/transformation and service change schemes and to monitor finances, activity and delivery against key performance indicators for each scheme.
- To review changes to the financial plan and the letting of contracts/orders within the limits set by the Scheme of Delegation.
- To identify and allocate resources where appropriate to improve performance. In approving any QIPP, investment/disinvestment schemes and business cases the Committee will always have regard to the findings and recommendations of the Quality Committee in respect of the assessed impact on patient and service safety and quality.
- To monitor the CCG co-commissioning and S.75 (of the NHS Act 2000) contracts and performance under such contracts together with the strategic approach to commissioning, procurement and contract development.
- To monitor winter resilience processes and performance having regard to the findings and recommendations of the Quality Committee in respect of the assessed impact on patient and service safety and quality.

The Committee systematically reviewed its 2016-17 effectiveness and performance against a checklist designed to provide an objective and auditable assessment:

- Constitution, establishment and general duties: The Committee assessed itself as fully compliant with best practice in this area, as it was properly constituted; reports regularly to the Board; members have sufficient experience and knowledge; it prepares an annual report; and assesses its own effectiveness.
- Meetings: The Committee has a work plan; the meetings have moved back to monthly reporting based on a risk assessment and the Committee still works to an escalation matrix in the event of a material risk to OCCG's financial position crystallising between meetings; reports it receives are timely; and when scrutinising information, there are examples where assurance has been sought in relation to some data. The Committee did not consider its self fully compliant, in so far as it recognises and escalated the need to develop comprehensive performance reporting across CCG, bringing together finance, activity, quality and outcomes, if it was going to effectively and comprehensively monitor performance of the whole system and the CCGs commissioning functions.
- Other: The Committee considered the costs that it incurs but increased the frequency of meetings based on a risk assessment and in the light of the FRP, to ensure appropriate focus on the key risks.

The Committee reviewed its performance against the key duties of the Committee, as set out above:

### **Two-year Financial Plan, Budget and their value for money**

- Regular updates were provided to the Committee as to progress with contract negotiation and agreement and any issues arising including the two part contract agreement in 2016-17 and the potential lead provider arrangements

as well as the new risk share arrangements for the 2017-18 contract agreement with OUH and OH.

- The Committee had the opportunity to contribute to the strategic approach to planning and will continue to scrutinise the 2017-19 financial plans, risks to delivery and mitigations available.
- The CCG submitted a compliant plan for 2016-17 and is planning to do the same in 2017-19.
- The Committee escalated the need to develop comprehensive performance reporting across the CCG, bringing together finance, activity, quality and outcomes, if it was going to effectively and comprehensively monitor performance of the whole system. This work is ongoing. The Committee received regular reports on the operational planning process and NHSE submissions.
- The plan submission was reviewed in December 2016 prior to submission to the Board and to NHSE on 23<sup>rd</sup> December.
- The Committee recommended to the Director of Finance the need for the CCG to have an agreed investment policy, to include VFM metrics and assessment criteria, to ensure that there is a transparent investment framework, in order that decisions were taken that support the delivery of the CCGs agreed aims and objectives and prioritisation of investment. The Committee considered the proposals for Value Based decision making at its meetings in July, September and November.

#### **Review of savings/QIPP plans and delivery**

- The Committee received regular reports on progress of the delivery of savings plans for 2016-17 and the development of plans for 2017-19 and beyond.
- The Committee considered the Savings plan at all of the meetings held, were briefed on progress with the Rightcare Programme.
- The Committee considered the work of the Savings Taskforce and was briefed on progress against the Financial Recovery Plan.
- The Committee was briefed on the system governance arrangements for the savings plan (Feb 2017).
- The Committee will receive a briefing on the Oxfordshire Transformation Programme at its April meeting, and is being asked to identify future information requirements to enable the Committee to provide assurance to the Board in relation to financial matters.

#### **Review of in-year financial performance**

- The Committee has reviewed the content and format of the monthly financial report for the CCG which now includes capital reporting. The CCG financial plan for 2016/17 was compliant with NHSE business rules including planning for in excess of a 1.0% surplus of £12.9m. The CCG is on track to deliver the plan. The Committee has reviewed the outturn position in 2016/17 and the ongoing risks and mitigations to the financial position as the year has progressed.
- The Committee has received and considered papers on Value based decision making (Sept and Nov 2016), Learning Disability Big Plan (July and Nov 2016); Resourcing of the Transformation programme (July 2016); Waiting lists (Sept 2016); Townlands (Jan 2017) Update on progress for Primary Care

Support to Care Homes (May 2016); DToC (March 2016); and PMCF scheme evaluation briefing (June 2015).

### **Review of financial risk management**

- The financial elements of the Board Assurance Framework (BAF) and all financial operational risks were reviewed on a bi-monthly basis by the Committee to ensure that all relevant risks had been identified and were being mitigated appropriately by senior management.
- The Committee has been active scrutinising the BAF and operational risk registers, making constructive observations on the controls, gaps in assurance and action plans.
- The Committee continued to escalate the need to develop comprehensive performance reporting across the CCG, bringing together finance, activity, quality and outcomes, if it was going to effectively and comprehensively monitor performance of the whole system.

### **Section 75 pooled budgets performance and strategic approach**

- The Committee continued to highlight concerns on the financial reporting and financial risk of the pooled budgets. At the May meeting the Committee raised concerns about scrutiny of performance and recommended that a quarterly performance dashboard should be submitted to the Committee. The Committee will consider a range of information for inclusion in a dashboard for reporting in 2017-18 at its March meeting.
- The Director of Adult Social Services and the Deputy Director of Joint Commissioning attended the July Committee meeting to discuss emerging risks and reporting issues. The Committee also received a report in November setting out the governance, reporting and risk share arrangements for the pooled budgets.

### **Other:**

- CCG incentive schemes – The Committee approved the schemes for 2016-17 but these are mainly now the responsibility of the OPCCC.
- Changes to the financial plan – The Committee tracks changes to allocations and plans through the monthly finance report.
- Letting of contracts/orders within the limits set by the Scheme of Delegation - The Committee received the following reports TV NHS 111 Integrated Urgent Care (Nov 2016) Non-Emergency PTS re-procurement (February 2017); and Re-procurement of CSU services (September and November 2016).
- To monitor winter resilience processes and performance – The Committee received a report on DToC (March 2016) and updates via the Finance report on a monthly basis.

### **Review of effectiveness and performance**

- It is not the Committee's role to hold management to account for financial performance but as membership is a mix of executive and lay, it provides an effective forum to review financial performance in more detail and provide assurance to the Board.
- The Committee is very conscious that it must get the balance right between allowing the OCCG Executive Team to manage, reviewing the detail and



obtaining the assurances it requires in relation to financial performance and its own role, to provide assurance to the Board.

- The Committee adapted the HFMA Audit Committee Self-Assessment Checklist to undertake a review of its 2015-16 effectiveness and performance and has updated this for 2016-17. The Committee has identified the following areas for improvement:
  - requirement for integrating financial and outputs/outcomes performance monitoring in respect of the pooled budgets;
  - strengthening governance in relation to business case approval and investment decisions as OCCG moves to whole system working and integrated commissioning;
  - developing comprehensive performance reporting across the CCG, bringing together finance, activity, quality and outcomes, if OCCG is going to effectively and comprehensively monitor performance of the whole system;

### Conclusion

The Committee can demonstrate a high degree of compliance against its effectiveness and performance checklist, identifying the areas for improvement.

### Looking Forward

The Committee moved back to monthly meetings in November 2016 and intends to continue with monthly meetings into 2017-18 but will review this position during the year given the inherent financial risks in NHS finance, and the mobilisation of a system programme to manage financial risk. The committee continues to work to the internal escalation protocol with financial triggers set out below, which may require additional reporting or meetings.

Event	Trigger	Action
Surplus - Actual or forecast deviation from plan.	£0.5m	Exception report within 5 working days to the Committee members
	£1.0m	Exception report within 5 working days to Committee members and formal meeting within 15 working days.
Any financial matter that materially changes the risk profile.	New high risk '20' - '25'  Any risk rated below '20' moving to '20' - '25'.	Exception report, including mitigation within 5 working days to Committee members.











The 2017-18 Committee's workplan was reviewed and agreed at its meeting on the 23rd March 2017. The Committee is planning to look at the following areas:














- VFM metrics;
- Transformation programme assurance required in relation to financial matters
  - Funding options for Capital Expenditure, financial sustainability, resource allocation, procurement route and assessment criteria;
- Elective care activity modelling and planning;
- The Learning Disability 'Big Plan' implementation and funding requirements
- The quality of data on which decisions are made
- The first 18 months' evaluation of the Mental Health OBC – benefits realisation








Duncan Smith  
Chair, Finance Committee  
Oxfordshire Clinical Commissioning Group  
7 April 2017









## Appendix A









### Finance Committee Effectiveness and Performance Self-Assessment Checklist

Composition, establishment and general duties			
1	Does the Finance Committee have written terms of reference that adequately define the Committee's role?	Yes, and all Board sub-committee's terms of reference are reviewed by Audit Committee to ensure they are comprehensive and avoid duplication.	
2	Have the terms of reference been adopted by the Board?	Yes. 2015.	
3	Are the terms of reference reviewed annually to take into account governance developments and the remit of other committees within the organisation?	No, the terms of reference have not been reviewed since 2015. However, there was a comprehensive review of the terms of reference carried out by the Director of Governance and Vice Chair as a consequence of taking on primary care full delegation of commissioning. No changes were recommended to this committee as a result of this review. The terms of reference were reviewed at the Committee's March 2017 meeting.	
4	Has the Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes. Executive and lay representatives with an independent lay member chair. The Committee has not had consistent Clinical Director attendance at its meetings but when the Clinical Director for the South West has attended, the clinical perspective made to the discussion has been very important and highlights the value of clinical representation.	
5	Are changes to the Committee's current and future workload discussed and approved at Board level?	Yes, annual report sets out additional areas for review.	
6	Are Committee members independent of the management team?	Not applicable.	
7	Does the Committee report regularly to the Board?	Yes, covering paper with minutes.	
8	Has the Chair of the Committee a prior understanding of, or received training in, finance and internal control or other relevant expertise?	Yes, qualified accountant and ex-Director of Finance.	
9	Are new members provided with appropriate induction?	Yes. 2015 'chairs' induction programme. No new members since.	
10	Does the Board ensure that members have sufficient knowledge of the organisation's business to identify key risk areas and to challenge on critical and sensitive matters?	Finance Committee members also attend Board, Board workshops and lay members also sit on sub-committees of the Board i.e. quality/performance/audit/co-commissioning. 3 executive directors are members of the Finance Committee.	
11	Does the Committee prepare an annual report on its work and performance in	Yes.	

	the preceding year for consideration by the Board?		
12	Does the Committee assess its own effectiveness periodically?	Yes, annual report and using adapted HFMA Audit Committee performance checklist.	
<b>Meetings</b>			
13	Has the Committee established a plan of matters to be dealt with across the year?	Yes, reviewed at each meeting and annually.	
14	Does the Committee meet sufficiently frequently to deal with planned matters and is enough time allowed for questions and discussion?	Yes, bi-monthly based on risk assessment and escalation matrix agreed. Increased frequency of meetings in-year to enable the Committee undertake further scrutiny on the financial position, 2017/18 contracting round and plans to manage the system financial risk.	
15	Does the Committee's calendar meet the Board's requirements and financial and governance calendar?	Yes, minutes signed-off outside the meeting and go to Board at the earliest opportunity with covering paper prepared by Chair.	
16	Are Committee papers distributed in sufficient time for members to give them due consideration?	Yes, in accordance with the Terms of Reference and any delays agreed with the Chair in advance.	
17	Are Committee meetings scheduled prior to important decisions being made?	Yes, workplan and dates agreed 12 months in advance and additional meetings arranged as required.	
18	Is the timing of Committee meetings discussed with all the parties involved?	Yes, agreed at Finance Committee and with other committee chairs, via the CCG Vice Chair.	
19	Is decision-making always in the best interests of the organisation?	Lay members have undertaken 'conflict of interest' training and provided training for the wider Board. Decision making is always in the best interest of patients and the residents of Oxfordshire, within a framework provided by the CCG's aims and objectives.	
<b>Compliance with the law and regulations governing the NHS</b>			
20	Does the Committee review assurance and regulatory compliance reporting processes?	No, Audit Committee.	
21	Has the Committee formally assessed whether there is a need for the support of a 'Trust/Company Secretary' role or its equivalent?	No, Audit Committee. Committee has asked for assurances in relation to PMO and Transformation Programme Director and Team.	
22	Does the Committee have a mechanism to keep it aware of topical, legal and regulatory issues?	Yes, Chair pre-meets with Director of Finance. 3 lay members sit on the Audit Committee and receive the External Auditors briefings. Monthly finance report and Board workshops. Lay members also attend external training opportunities.	
<b>Internal control and risk management</b>			
23	Has the Committee formally considered how it integrates with other committees that are reviewing risk – for example, risk management and clinical	Yes. 3 Finance Committee lay members sit on the Audit Committee. 2 Finance Committee lay members sit on the Primary Care Commissioning Committee and 1 Finance Committee lay member sits on the Quality/Performance	

	governance?	Committee. Full Operational Risk Register and BAF comes to Audit Committee and other sub-committees scrutinise their relevant sections of the Register and BAF. Executive summary to the Board.	
24	Has the Committee formally considered how its work integrates with wider performance management and standards compliance?	Yes. <b>Action: While recognising the significant improvement in system performance reporting, the Committee escalated the need to develop comprehensive integrated performance reporting across the CCG, bringing together finance, activity, quality and outcomes, if it was going to effectively and comprehensively monitor performance of the whole system and commissioning functions.</b>	
25	Has the Committee reviewed the robustness and effectiveness of the content of the organisation's Assurance Framework?	No. Audit Committee.	
26	Has the Committee reviewed the robustness and content of the draft Statement on Internal Control before it is presented to the Board?	No. Audit Committee.	
27	Has the Committee reviewed whether the reports it receives are timely and have the right format and content to enable it to discharge its internal control and risk management responsibilities?	Yes. Annual review of work plan, changes made to the reporting formats, additional briefings required by the Committee (see annual report) and attendance by Head of PMO and Pooled Budget Manager.	
28	Has the Committee reviewed the robustness of the data behind reports and assurances received by itself and the Board?	No. Primary function of the Audit Committee but in 2016-17 the Finance Committee has continued to escalate concerns over Section 75 accuracy of reporting (audit report); requested additional activity data to provide assurance on RBFT and GWH and planning assumptions and required changes to the monthly risk assessment reporting <b>Action: Discuss with the Audit Committee the scope of additional work to obtain assurance on the quality of data on which OCCG take decisions.</b>	
29	Is the Committee satisfied that the Board has been advised that assurance reporting is in place to encompass all the organisation's responsibilities?	Audit Committee has overall responsibility. Finance Committee reviews its work plan and performance against its terms of reference annually as part of the annual report. Finance Committee contributed to part of the 2016 review following proposed changes to the governance arrangements to support integrated commissioning. Escalated requirement for more integrated performance reporting, see above. Requested additional briefings in-year, see annual report.	
<b>Other</b>			
30	Has the Committee considered the costs that it incurs: and are the costs appropriate to the perceived risks and the benefits?	Yes, bi-monthly based on risk assessment and escalation matrix agreed. Increased frequency of meetings in-year agreed to enable the Committee undertake further scrutiny on the financial position, 2017/18 contracting round and plans to manage the system financial risk.	
31	Has the Committee reviewed its	Yes. Annual report.	

	performance in the year for consistency with its: Terms of reference? Programme for the year?		
32	Does the annual report and accounts of the Authority/Trust include a description of the Committee's establishment and activities?	Yes.	
<b>Finance Committee specific duties</b>			
33	Do you understand the organisation's financial position?	Yes, monthly finance report and monthly scrutiny at Committee. Assurance sought from executive directors.	
34	Do you feel you have an equal input into committee business and decision-making?	Yes. Independent lay member chair. All Committee members can challenge each other and hold to account.	
35	To regularly review financial performance against Plan and Budget and to receive a detailed report of the financial position and progress towards meeting the targets within CCG's Financial Plan including value for money.	Yes, material variances from plan explained in the monthly finance report.	
36	To review the draft of the 2-year Financial Plan and Budget and their value for money and to make recommendations thereon to the Board.	No. The Committee has not developed a VFM framework against which it can assess the CCGs plans. <b>Action: The DoF to develop an investment policy to include VFM metrics and assessment criteria. (Action rolled over from prior year)</b>	
37	To review and approve individual business cases for investment and disinvestment within the limits of the Scheme of Delegation.	Partial Investment in primary care eg to support nursing home placements are now the responsibility of the OPCCC. In future, it is still not clear how major decisions on investment or service change will be taken in the light of the System Financial Risk programme and the new governance arrangements put in place by the CEO group. However, the Finance Committee should be central in the process of scrutinising commissioning investment decision, working within clear investment criteria agreed by the Board but working effectively with the appropriate board committees of other key stakeholders to avoid inefficient and duplication of work to provide assurance to the Board. <b>Action: Escalate to the CEO and Audit Committee to agree with key partners how Board Committee's provide assurance under the new arrangements.</b>	
38	To review the QIPP/savings plans produced to manage CCG's identified financial risk within the Financial Plan and make recommendations thereon to the Board. To monitor the implementation of QIPP schemes. Receiving updates on both the financial	Yes. 2016-17 reviewed in detail and recommended to the Board, with risk assessment. Scrutiny within the monthly report and additional sessions at Finance Committee with the Head of the PMO in attendance. Focus on managing risk to delivery and mitigation of the impact of non-delivery. Where the savings programme requires service change, the case for change and reinvestment should be made in	

	and activity performance of each scheme and directing remedial action where required.	accordance with the CCGs scheme of delegation, see action above.	
39	To monitor achievement against CCG incentive schemes. Receive a report of the actual and forecast performance to inform the achievement of incentive schemes.	Yes. Pharmacy and LIS approved by the Finance Committee and outcome reported.	
40	To review business case for investments/transformation and service change schemes and to monitor finances, activity and delivery against key performance indicators for each scheme.	Business cases for investment in primary care eg to support nursing homes will in future be approved at OPCCC. Action: The Committee should receive post implementation reports for significant investments such as DToC.	
41	To review changes to the financial plan and the letting of contracts/orders within the limits set by the Scheme of Delegation.	Yes, tracker included in the finance report.	
42	To identify and allocate resources where appropriate to improve performance.	Yes, as part of the contract round, and also specifically re NEPTS, 111, DToC	
43	In approving any QIPP, investment/disinvestment schemes and business cases the Committee will always have regard to the findings and recommendations of the Quality Committee in respect of the assessed impact on patient and service safety and quality.	Savings schemes have QIA reports completed and business case for investment in primary care to support nursing homes went through Quality Committee approval. Proposal for DToC trial was also reported first at Quality Committee. The CCG has its own clinical reference group, which considers proposals for service change. See recommendations above. Revised governance for the transformation programme have embedded independent quality assurance.	
44	To monitor the CCG co-commissioning and S.75 (of the NHS Act 2000) contracts and performance under such contracts together with the strategic approach to commissioning, procurement and contract development.	There were material changes to the 2016/17 management arrangements and governance. The Committee has escalated the need for performance reporting linking finance and outputs through a dashboard. The first draft will be available at the Committees March meeting. <b>Action: Review and agree an integrated performance dashboard covering all pooled budgets.</b>	
45	To monitor winter resilience processes and performance having regard to the findings and recommendations of the Quality Committee in respect of the assessed impact on patient and service safety and quality.	No additional winter funding investment agreed as part of 2016-17 contract round but slippage on GPAF schemes implementation supporting limited winter pressure initiatives. No further action required by this Committee. Recommend that the terms of reference are amended to remove this requirement.	
46	The Finance Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management, internal control and value for money.	Yes, incorporated into annual review. Monthly finance report includes a financial risk assessment. Additional reports are requested from directors, ie savings, NEPT, elective activity, independent providers, pooled budgets, DToC, nursing home business case benefit realisation, pooled budget. HoIA opinion proving 'adequate' assurance. CCG also places reliance of CSU's Internal Auditors report on internal controls.	

		<b>Action: The DoF is developing an investment policy to include VFM metrics and assessment criteria, see above actions.</b>	
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**Extract from Constitution approved at January 2015 Governing Body:**

**16 Finance & Investment Committee (“the Finance Committee”)**

**16.1 Remit**

- 16.1.1 The Finance Committee shall scrutinise and make recommendations on the Financial Plan and Budget of the CCG and its alignment to strategy.
- 16.1.2 The Finance Committee shall monitor the CCG financial performance, policies, delivery and value for money under the Financial Plan, directing remedial actions and risk management / mitigation activity where required.
- 16.1.3 The Finance Committee shall provide a performance framework which proactively manages the CCG’s Financial, Performance and Quality Innovation, Productivity and Prevention (QIPP) agenda.
- 16.1.4 The Finance Committee shall hold to account the Executive Team of the CCG for their respective areas of responsibility, and require full delivery plans as it deems appropriate.
- 16.1.5 The key duties of the Finance Committee are as follows:

**16.2 Financial**

- 16.2.1 To review the draft of the three-year Financial Plan and Budget and their value for money and to make recommendations thereon to the Board.
- 16.2.2 To review the QIPP/savings plans produced to manage CCG’s identified financial risk within the Financial Plan and make recommendations thereon to the Board.
- 16.2.3 To review and approve individual business cases for investment and disinvestment within the limits of the Scheme of Delegation.
- 16.2.4 To regularly review financial performance against Plan and Budget and to receive a detailed report of the financial position and progress towards meeting the targets within CCG’s Financial Plan including value for money.
- 16.2.5 To review CCG’s arrangements and response to financial risk management.
- 16.2.6 To monitor the implementation of QIPP schemes. Receiving updates on both the financial and activity performance of each scheme and directing remedial action where required.
- 16.2.7 To monitor achievement against CCG incentive schemes. Receive a report of the actual and forecast performance to inform the achievement of incentive schemes.
- 16.2.8 To review business case for investments/transformation and service change schemes and to monitor finances, activity and delivery against key performance indicators for each scheme.

- 16.2.9 To review changes to the financial plan and the letting of contracts/orders within the limits set by the Scheme of Delegation.
- 16.2.10 To identify and allocate resources where appropriate to improve performance.
- 16.2.11 In approving any QIPP, investment/disinvestment schemes and business cases the Committee will always have regard to the findings and recommendations of the Quality Committee in respect of the assessed impact on patient and service safety and quality.
- 16.2.12 To monitor the CCG co-commissioning and S.75 (of the NHS Act 2000) contracts and performance under such contracts together with the strategic approach to commissioning, procurement and contract development.
- 16.2.13 To monitor winter resilience processes and performance having regard to the findings and recommendations of the Quality Committee in respect of the assessed impact on patient and service safety and quality. – *para to be removed as per Finance Committee recommendation.*

### **16.3 Management**

- 16.3.1 The Finance Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management, internal control and value for money.
- 16.3.2 The Finance Committee may also request specific reports from individual functions within CCG as they may be appropriate to the overall arrangements. 16.3.3 The Finance Committee is authorised to approve the following, in line with the CCG Scheme of Delegation:

Changes to the approved financial plan between £250k and £1m;

Authority to let contracts or orders between £500k and £1m;

Business cases for investment/disinvestment between £250m and £1m (following appropriate assurance from the CCG Quality Committee on patient safety and service quality risks).

### **16.4 Membership**

- 16.4.1 The Committee shall comprise at least six Board members: three Lay Board Members (including at least one qualified accountant), one Locality Clinical Director, the Director of Finance and the Director of Delivery & Localities. Members of the Committee shall be formally appointed by the Board. The Directors may each send a designated deputy if they cannot attend in person.

- 16.4.2 The Lay Board Member (Finance) shall be appointed Committee Chair by the Board. In the absence of the Committee Chair the remaining Committee members present shall elect one of themselves to chair the meeting.
- 16.4.3 Only members of the committee have the right to attend committee meetings.
- 16.4.4 Any other member of the CCG management and relevant external advisers may be invited to attend as and when appropriate and necessary, particularly when the Committee is discussing particular areas of risk or operation.
- 16.4.5 The Chief Executive may attend any Committee meeting but shall attend and discuss, at least annually with the Committee, the process for assurance that supports the Financial Plan.
- 16.4.6 The Chair of the Board shall also be invited to attend one meeting each year in order to form a view on, and understanding of, the Committee's operations.

## **16.5 Quorum**

- 16.5.1 A quorum shall be three members of the Committee including at least one Lay Board Member. If the Committee is not quorate the meeting may be postponed at the discretion of the Chair. If the meeting does take place and is not quorate, no decisions shall be made at the meeting and such matters must be deferred until the next quorate meeting.

## **16.6 Frequency and Notice of Meetings**

- 16.6.1 The Committee shall meet not less than four times each year and otherwise as required. Meetings of the Committee shall be called by the CCG Business Manager at the request of the Committee Chair at not less than five working days' notice. One meeting will be held immediately before the Financial Plan (as incorporated in the Operating Plan) is submitted to the Board for approval.

Finance Committee – Workplan 2017/18													
Area	Deliverable	Action Required	27/2/17 Light	23/3/17	20/4/17 Light	23/5/17	22/6/17 Light	25/7/17	26/9/17	23/11/17	23/1/18	22/3/18	
Transformation Plan	Financial Model	Decision – Review and recommend approval to the Board		☑			☑						
	Activity Model			☑									
	IM&T			☑			☑						
	Estates			☑			☑						
Annual Operational Plan & Budget	High level “first cut” and key assumptions 2018-19	For information – review and advise								<b>i</b>			
	Financial plan – including Pooled Budget 2017/18	Decision – Review and recommend approval to the Board		?									
	Financial plan – deliverability of the revised financial plan in the light of the new elective risk	Assurance – provide assurance to the Board					☑						
	Monthly Finance Report	Assurance – Scrutinise and provide assurance to the Board	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	
Financial Risk & Mitigation		Assurance – Risk register		☑		☑		☑	☑	☑	☑	☑	
	Outcome of discussions btw OH & OUH the progress of mitigating £18m system financial risk					☑							
Savings Plan	Governance arrangements	Assurance – Effectiveness of systems and controls (Internal Audit Report)	☑	?									
	Implementation Mobilisation Progress	For information – Review	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	<b>i</b>	
Pooled Budgets	Section 75 performance – Dashboard review	Assurance – Scrutinise and provide assurance to the Board		☑		☑		☑	☑	☑	☑	☑	
Business Cases - approval	Support for Care Home MSK	Decision – Review and recommend approval to the Board or approve within scheme of delegation											
Business Cases – benefits realisation and project close	Support for Care Home MSK	Assurance – Scrutinise and provide assurance to the Board											
Contracting	Commissioning Intentions	Assurance – Review against national and local priorities and impact assessment							☑				
	NHS annual operating plan 2017-18	For information – Review and impact assessment (refresh?)		<b>i</b>									
	NHS annual operating plan 2018-19	For information – draft								<b>i</b>			
	Contract close, progress reports and arbitration issues 2018-19	Assurance – Review								☑			
Learning Disability “Big Plan”	Oxford Health Contract agreement	Assurance – Scrutinise and provide assurance to the Board		☑		?							
	Quarterly progress reports	Assurance – Risk register		☑				☑			☑		
Value for money	Strategic Approach	Decision – Review proposal						?					
	Workplan	For information – Review progress											
	Annual Statement	Assurance – Scrutinise and provide assurance to the Board and External Auditor											
Oxford Health	Contract restructuring/rebasing proposal	Decision – Scrutinise and approve Management Team recommendation		?									
Effectiveness of the FC	Workplan	Decision – Approval	?										
	Review of ToR	Decision – Review, recommend changes and approval to the AC		?									
	Annual Report/Effectiveness Review	Decision – Review and recommend approval to the Board		?									
Outcome Based Contracts	Review of the final contract terms	Assurance – Scrutinise and provide assurance to the Board			☑								



**For Information** – Review and advise



**Decision** – Review and recommend approval to the Board



**Assurance** – Scrutinise and provide assurance to the Board