

Agenda Item 14e

Meeting: Buckinghamshire, Oxfordshire, and Berkshire West CCGs (BOB) Governing Bodies Meetings in Common (in public)

Date of Meeting	9 June 2022
Title of Paper	Finance Committees Annual Report 2021/22
Lead Director	Gareth Kenworth, Director of Finance (OCCG) Kate Holmes (Interim) Chief Finance Officer Edward Haxton (Interim) Chief Finance Officer
Author(s)	Duncan Smith, Chair Finance Committee (OCCG) Edward Haxton (Interim) Chief Finance Officer
Paper Type	Discussion/Information/Assurance
Action Required	The Governing Body members are asked to: Note the work carried out by the Finance Committees during 2021/22

Executive Summary

As formal sub-committees of the Governing Bodies and in accordance with best practice, the Finance Committees should assess their performance and effectiveness annually.

The Annual Report sets out a summary of the work carried out by the Finance Committees during 2021/22 and provides assurance that the Finance Committees are operating effectively and in accordance with the terms of reference.

This report was considered at the Finance Committees in common meetings on 5 May 2022 and is now submitted to the Governing Bodies to provide assurance that the Committees have been operating effectively and in accordance with its terms of reference.

Annual Report from the Finance Committees 1 April 2021 to 31 March 2022

Introduction

As formal sub-committees of the Governing Bodies and in accordance with best practice, the Finance Committees present its Annual Report. The report covers the twelve-month period from 1 April 2022 until 31 March 2022.

This report was considered at the Finance Committees meetings on 5 May 2022 and is now submitted to the Governing Bodies to provide assurance that the Committees have been operating effectively and in accordance with its terms of reference.

Overview of Committee

The Finance Committees are formal committees of its Governing Body with defined Terms of Reference. The Committee ToR were last reviewed on 1st June 2021 and the Board accepted three changes to the ToR as recommended by this Committee. The ToR are available on the OCCG public website in the Constitution section.

During 2021-22, the Finance Committee for Oxfordshire has operated as part of the Finance Committee's in Common for the three CCGs in Buckinghamshire, Oxfordshire, and Berkshire West (BOB). The chair of the Oxfordshire Finance Committee has operated as the convenor of the Committees in Common.

Unlike the Audit Committee, it is not the Committee's role to hold management to account for financial stewardship and performance, as its membership is a mix of executive officers and lay members. Therefore, it provides an effective forum to scrutinise strategy and financial performance in more detail and provide assurance to the Board in relation to financial management and achievement of NHS business rules.

The Committee is very conscious that it must get the balance right between allowing the 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.

Membership and meetings

The Finance Committee meetings are bi-monthly. There were nine at Place Finance Committee meetings in the period covered by this report of which nine were inquorate.

The Finance Committees met in Common three times during this period.

The membership of the Committees has been as follows:

Buckinghamshire CCG

Member	Title	Attendance
James Kent	Accountable Officer	3/9
Tony Dixon	Lay Member / Chair of Finance Committee	9/9
Kate Holmes	Interim Chief Finance Officer	9/9
Robert Majilton	Deputy Chief Officer	6/9
Robert Parkes	Lay Vice Chair / Chair of Audit Committee	7/9
Graham Smith	Lay member / chair of Primary Care Committee	3/9
Alan Cadman	Deputy Chief Finance Officer	9/9

Oxfordshire CCG

Member	Title	Attendance
Duncan Smith	Lay member, Committee Chair	9/9
Roger Dickinson	Lay Vice Chair (left 24th June 2021)	3/3
Gareth Kenworthy	Director of Finance	9/9
Diane Hedges	Chief Operating Officer & Deputy Chief Executive	9/9
Ed Capo-Blanco	Clinical Director	7/9

Berkshire West CCG

Member	Title	Attendance
Geoffrey Braham	Lay Member, Governance	7/9
Rebecca Clegg	Chief Finance Officer	3/9
Edward Haxton	(Acting) Chief Financial Officer	9/9
Abid Irfan	CCG Chair and GP Clinical Lead (N&W)	5/9
Dr Raju Reddy	Secondary Care Consultant	9/9

The following officers of the CCG attended the Committee meetings during the year:

Name	Title
Jenny Simpson	Deputy Director of Finance
Dr Abid Irfan	CCG Chair and GP Clinical Lead (Newbury & District)
Dr Kajal Patel	GP Locality Lead (Reading)
Noreen Kanyangarara	(Deputy) Chief Finance Officer
Saby Chetcuti	Lay member, Governance

Duties within Terms of Reference

The purpose of the Finance Committees is:

- to 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.
- to provide a performance framework which proactively manages the CCG's Financial, Performance and Quality Innovation, Productivity and Prevention (QIPP) agenda.
- to 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 work of the Committees in discharging its duties were as follows:

Key duties of the Committee	Review
<p>To review the draft of the Financial Plan and Budget and their value for money and to make recommendations thereon to the Board.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> • reviewed the detailed guidance issued to support the ongoing interim financial regime during the response to the Covid pandemic. • continued to monitor the CCGs spend on the Covid response. • reviewed the financial plans for H1 and H2 and submitted to NHSE including BOB ICS underlying run rate, comparisons to other systems and CCGs position as well as risks to the plan • considered the ICS/CCG position under the funding formula • suspended work in-year on developing a framework of key VFM metrics due to pressures of the new and evolving financial regime and ICB transition work.
<p>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.</p>	<ul style="list-style-type: none"> • it was not possible to prioritise savings plans during the temporary financial regimes, covid response and transition from CCGs to ICB. The Committee did however seek assurances on the ICS programme of work to deliver financial sustainability and escalated concerns on the timing and pace of this work.

Key duties of the Committee	Review
<p>To review and approve individual business cases for investment and disinvestment within the limits of the Scheme of Delegation.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> • Approved the Ageing Well business case with caveats around staffing, recruitment, measurement of impact and the need for outcome measures. • reviewed and supported Hospital Discharge Programme proposals • reviewed and supported development of the S75 agreement with Oxfordshire County Council subject to approval of a risk sharing agreement. • reviewed the Endoscopy procurement proposals • reviewed the Contract Award recommendation for the provision of TOPS (Termination of Pregnancy) services <p>the Committee reviewed and highlighted governance issues relating to Digital First Funding Review which were referred to the Audit Committee.</p>
<p>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.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> • members received monthly finance reports and at Committee meetings, scrutinised all material variances to plan and action to be taken by management to address variation – contract performance, balance sheet movements, pooled budgets, CCG savings schemes. • received regular reports on changes to the interim financial regime and monitored impact of the changes. • tracked changes to allocations and plans through the monthly finance report. • reviewed the outturn position for 20-21 and the underlying financial position and ongoing risks and mitigations to the financial position as the year has progressed. • kept the material risks to delivery of the H1 and H2 financial plan under review – CHC financial pressures escalated to the Governing Body and a CHC action plan reviewed; seniority/locum costs in Delegated Co-commissioning budget reviewed and impact of new ophthalmology independent sector providers monitored • provided assurance to the board at each meeting on the management of the financial position.

Key duties of the Committee	Review
<p>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.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> reviewed the financial elements of the Board Assurance Framework (BAF) and all financial operational risks at each meeting, to ensure that all relevant risks had been identified and were being mitigated appropriately by management. was active in scrutinising the BAF and operational risk registers, making constructive observations on the controls, gaps in assurance and action plans. monitored the indicative OUH activity plan, despite the block nature of the contract. received updates on the underlying financial position of the CCG. Reviewed the financial due diligence exercise for the POD (Pharmacy, Dental and, Ophthalmic) services delegation from NHS E
<p>To monitor achievement against CCG incentive schemes. Receive a report of the actual and forecast performance to inform the achievement of incentive schemes.</p>	<ul style="list-style-type: none"> the incentive schemes were suspended and therefore, reports were not received this year.
<p>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.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> reviewed and approved the Ageing Well business case reviewed and supported Hospital Discharge Programme proposals reviewed and supported development of the S75 agreement with Oxfordshire County Council subject to approval of a risk sharing agreement. reviewed and highlighted governance issues relating to Digital First Funding Review
<p>To review changes to the financial plan and the letting of contracts/orders within the limits set by the Scheme of Delegation.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> reviewed the new financial regime guidance, which maintained block contracts and set out the basis for payments for H1 and H2, in 2021-22. reviewed all iterations of the financial plan submissions to NHSE. tracked changes to allocations and budgets through its monthly Finance Report. monitored Covid cost reimbursement. received assurances in relation to adverse material movements in actuals against plan e.g., CHC action plan

Key duties of the Committee	Review
<p>To identify and allocate resources where appropriate to improve performance.</p> <p>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.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> the Committee sought assurances on the ICS programme of work to deliver financial sustainability and escalated concerns on the timing and pace of this work.
<p>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.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> continued to review the financial reporting and financial risk of the pooled budgets and significant improvement has been observed. approved a revised risk sharing agreement. Scrutinised the new 2022-23 draft agreement and sought further assurances in relation to risk sharing.

Review of effectiveness

The Committee adapted the HFMA Audit Committee Self-Assessment Checklist to undertake a review of its performance in 2020-21. In 2021-22, the Committee deferred this work due to capacity constraints on the Management Team caused by the response to the Covid pandemic and work being undertaken to transition to the ICB. However, the Committee still assesses that it is fully compliant with best practice in that it was properly constituted, reporting regularly to the Board, members had sufficient experience and knowledge, and it prepared an annual report. Further, the Committee has a work plan and works to an escalation matrix in the event of a material risk to the CCG's financial position crystallising between meetings. It found its reports were timely and when scrutinising information, there were examples where assurance has been sought in relation to data. The Committee had considered the costs that it incurs and, in the past, has varied the frequency of meetings based on a risk assessment to ensure appropriate focus on the key risks.

The previous year (2020-21) performance review identified areas for improvement and where these actions have not been closed in 2021-22, they will be taken forward into 2022-23:

Action		Update	Open/ Closed
1	Review its terms of reference to consider Oxfordshire system wide working.	As part of the ICB transition, there is a workstream developing the BOB finance committee terms of reference. The governance arrangements at 'place' and the interface with the ICB will be developed further in 2022-23.	Open
2	Seek assurance that risk registers are kept up to date and effectively used to manage the risks to delivery of the CCGs operational plan priorities and escalate the need to develop a 'system' risk framework.	The Committee reviews all risks rated 'high' relating to financial stewardship and performance at each meeting. There is work in progress to harmonise risk management policy and formats for the registers across the three CCGs ready for the ICB. The risks on the current registers are under review and this work is due to be completed by the end of March 2022. The Committee feels that the registers are not fully imbedded into operational management.	Open
3	Pursue the opportunity for system partners to develop comprehensive integrated quality and performance reporting across the health and care system.	The Committee has seen in its papers an increase in the reporting of financial and contract performance across the main NHS providers in Oxfordshire and broader performance in the Board's Integrated Performance Report. However, it is the intention to develop an ICP Performance Delivery Report as part of the ICP governance framework. The BOB CCGs have started to harmonise reporting over 2021-22 but will not fully integrate reporting until the CCGs cease to be statutory bodies and services are passed to the ICB.	Open

Action		Update	Open/ Closed
4	Receive post implementation reports for all significant investments made by CCG's.	No post investment reports have been received by the Committee. The Committee would expect to see, for example, a report covering the CALM Clinics and other investments in primary care in 2021-22. It has not been possible to undertake these reviews due to capacity constraints during 2021-22 but the action will be passed on to the ICB.	Open
5	Additional assurance is required that the system has robust and embedded savings plans in place that enable organisations to deliver financial control targets for 2020-21 and beyond.	The financial regime and QIPP work were suspended during 2020-21 and this work has not gained sufficient 'grip' in 2021-22. The ICB has a financial sustainability programme in place, but the Committee has not received adequate assurance that the programme will deliver the level of savings required to enable the CCGs-ICB to meet its financial duties.	Open
6	The Committee will work closely with the Quality Committee to seek assurance that Quality and Safety Impact Assessments are available for all material QIPP schemes	The financial regime and QIPP work were suspended during 2020-21 and this work is now being picked up for the second half of 2021-22 by the BOB CCG DoFs. This work needs to be addressed by the ICB going forward.	Open
7	The Committee seeks assurance that OCCG has reached agreement with Oxford Health as to the overall sustainable value of the activity and services being delivered and the new investment levels.	Further investment was made in 2021-22 to enable transformation for MH services. Work needs to continue to align finance, activity, and deliverable outcomes as the system returns to a post covid financial regime. The ICB needs to continue to address MH investment issues.	Open

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 meetings 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.

Conclusion

The Annual Report provides a summary of the Committees' work in year. The Committees have complied with its Terms of Reference and Business Cycle. It is the opinion of the Chairs/Convenors and the Members that the Finance Committees have effectively discharged their responsibilities for 2021/22.

Looking Forward

The Committee considers that it is compliant with best practice. It will pass on the open actions and issues identified to the ICB Finance Committee from 1 July 2022.

The Committee is **not** making any recommendations to change its ToR ahead of the ICB review.

The 2022-23 Committee workplan was reviewed and agreed at its meeting on the 7th of April 2022.

Tony Dixon
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Buckinghamshire CCG

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Oxfordshire CCG

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