

EAST AYRSHIRE COMMUNITY HEALTH PARTNERSHIP FORUM

22nd June 2011

Subject: Change Fund – Proposed Governance Structure

Purpose: To seek approval for the governance structure which supports the Reshaping Care for Older People – Change Fund

Recommendation: The CHP Forum is asked to:

- A) Note the draft framework outlined below which is designed to capture the main aspects of governance in a flexible way to allow room for manoeuvre as the Change Fund approach develops over time.
- B) Note that it will also be necessary to keep any national developments in view as outlined in paragraph 1.2.
- C) approves the proposed governance structure to enable this to be used as a basis for developing governance, financial and performance arrangements incorporating an incremental approach during 2011/12

1. Background

- 1.1 The Change Fund guidance issued on 23 December 2010 was geared towards the submission of plans and said very little about governance arrangements for the Fund. Section 10 of the Change Plan template, however, invited partnerships to: “Indicate [their] financial mechanism and governance framework.” The accompanying note to the guidance is at Appendix 1 and relevant extracts from the local plan submitted are at Appendix 2.
- 1.2 The National Overview Report states that: “Over the longer term, we will need to ensure that governance arrangements for the Change Fund meet broader Parliamentary and public accountability requirements on transparency, data collection and quality, both locally and nationally.
- 1.3 The Strategic Alliance considered the issue of governance on the 31 March 2011 (see Paper 4b) and it was supportive of continuing to drive this agenda through the Community Health Partnerships (CHPs) as agreed by the Community

Planning Partnerships (CPPs). In principle, the on-going governance arrangements can similarly be built around CHP structures with reports as appropriate to the CPP.

- 1.4 In East Ayrshire CHP the Officer Locality Group for Adults and Older People (OLG) met with the NHS Joint Improvement Team (JIT) on the 9th May 2011 and governance issues were highlighted as an on-going issue nationally, in particular around third and independent sector involvement.
- 1.5 The OLG has been having on going discussions with the Third Sector Interface and Independent Sector and it has been agreed that both these sectors are fully integrated in to the OLG Adults and Older People sub group to ensure full engagement and governance in the reshaping care agenda as it develops locally.

The Third sector is also represented at the CHP forum and an independent sector representative has also invited to attend this forum.

It should be noted that the Third Sector interface also has a seat at the CPP Board table in East Ayrshire and this is felt to be a helpful check and balance in the governance arrangement.

2. Financial Governance

- 2.1 Change Fund monies are being distributed through NHS Boards. At this stage, it can be assumed that the Boards will require to record income and expenditure within their annual accounts with the Chief Executive as Accountable Officer. In line with normal practice, the Board will designate a Director as the budget holder. As a consequence of governance arrangements centred on CHPs, the designated Director would be the Health Care Director for Integrated Care and Partnership Services.
- 2.2 The Officer Locality Group for Adults and Older People have been working with partnership finance staff to agree a process to establish:
- where the £1.96m will be spent and who will be spending it;
 - the estimated phasing of such expenditure;
 - Arrangements for dealing with recurring and non-recurring monies e.g. resource transfer and change fund monies
 - Arrangements for dealing with any variations and slippages.
 - System and principles for agreement on transfer of resource within Health to devolved budgets; to Local Authorities and third parties taking into account actual commencement dates.
 - Clear links between resource allocation, performance measures and expected outcomes

It is expected that these arrangements will be agreed and in place for the next CHP Forum on the 31st August 2011.

- 2.3 It is reasonable to assume that there may be slippage in year 1. Informal discussions with the Director of Finance in NHS Ayrshire and Arran suggest it may be possible to set up an internal carry forward facility of up to 10% (or £550,000)

from 2011-12 to 2012-13. JIT also highlighted that the issue of slippage has been highlighted by other partnerships. This would be subject to any Scottish Government direction on use of the Change Fund.

- 2.4 According to the outcome of 2.2 above, NHS Ayrshire and Arran Finance Department will provide regular financial reports recording the use of the Change Fund. This will show the application of the Change Fund against each project. The expenditure will consist of :
- costs in devolved Health budgets;
 - payments to Local Authorities reflecting agreed utilisation of the Change Fund;
 - payments to third parties in respect of invoices raised for services delivered in respect of the Change Fund.
- 2.5 Due to the process for reporting on monies where separate Council budgets are in place due to practical issues e.g. housing, but these monies play a role in Reshaping Care for older people; this will result in NHS Ayrshire and Arran Finance Department having to develop a model for partnership financial reporting working with East Ayrshire Council finance staff. The Council will require to account for their use of the Change Fund to the Health Board who may request their internal auditors to check that it has been used for the intended purpose.
- 2.6 Where financial resources additional to the Change Fund have been identified on the submitted plans from partners, but there are no legal barriers, it is suggested that in the future these monies could be subject to similar arrangements and be aligned to Change Fund reports to produce a comprehensive aligned picture prior to the formation of pooled budgets.
- 2.7 A financial levers and protocols mechanism for setting up a pooled budget has already been agreed by the partners through the Integrated Resource Framework programme in Ayrshire. The East Ayrshire OLG supports a move to a pooled change fund budget as quickly as is practicable to allow better use of existing financial resources
- 2.8 The OLG debate continues as to the roll out of the pooled budget approach learning from the Change Fund monies; to the whole of the Reshaping Care monies used by partners to support older people in East Ayrshire totalling £123 million pounds.

3. Governance and Outcomes

- 3.1 An initial analysis of outcomes and a benefits realisation approach based on local plans was prepared by NHS Policy Planning and Performance and is submitted is at Appendix 3. There was considerable discussion at the OLG about this approach and it was felt to be too simplistic and there should be greater focus on outcomes.

There requires to be considerable work to:

- Develop the links between the performance metrics submitted in the plan to outcomes
- agree baseline figures for the proposed metrics against which progress can be monitored;

- Develop regular performance updates
- Implement arrangements for dealing with any variations and slippages in performance
- Implement clear links between performance outcomes and funding allocations

3.2 Thereafter the performance outcomes, financial outcomes and populated metrics can form the basis of progress reports to the CHPs and CPPs as appropriate.

4. Tracking Implementation

4.1 The financial and performance outcomes approaches detailed above can be combined to ensure that implementation is being tracked appropriately. A scorecard can be constructed by NHS Planning and Performance Department which would provide an “at a glance” summary of progress.

5. Communications Framework

5.1 The arrangements above will provide the basis for communicating progress. The OLG has agreed that the CHP Public Partnership Forums as the main vehicle for communication governance.

5.2 The Third Sector interface has agreed to act as the communication mechanism for engagement with the third sector.

6. Conclusion

6.1 The CHP Forum is asked to:

- Note the draft framework outlined above which is designed to capture the main aspects of governance in a flexible way to allow room for manoeuvre as the Change Fund approach develops over time.
- Note that it will also be necessary to keep any national developments in view as outlined in paragraph 1.2.
- approves the proposed governance structure to enable this to be used as a basis for developing governance, financial and performance arrangements incorporating an incremental approach during 2011/12

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25/05/11

Appendix 1**Reshaping Care for Older People : Change Fund Guidance**

Note 10: This should describe the decision making arrangements the Partners will introduce to provide governance and management oversight for the Partnership budget.

This may be the existing partnership framework for all health and social care or a modified and strengthened adaptation or new arrangements designed for the purpose. The Governance arrangements should sit within the wider Community Planning Partnership framework to ensure connections with the SOAs. The governance and management framework should be 'fit for purpose' in so far as they:

- i. provide a Partnership focus
- ii. are equitable for all Partners
- iii. reduce rather than increase bureaucracy
- iv. provide for efficient, effective and transparent decision making.

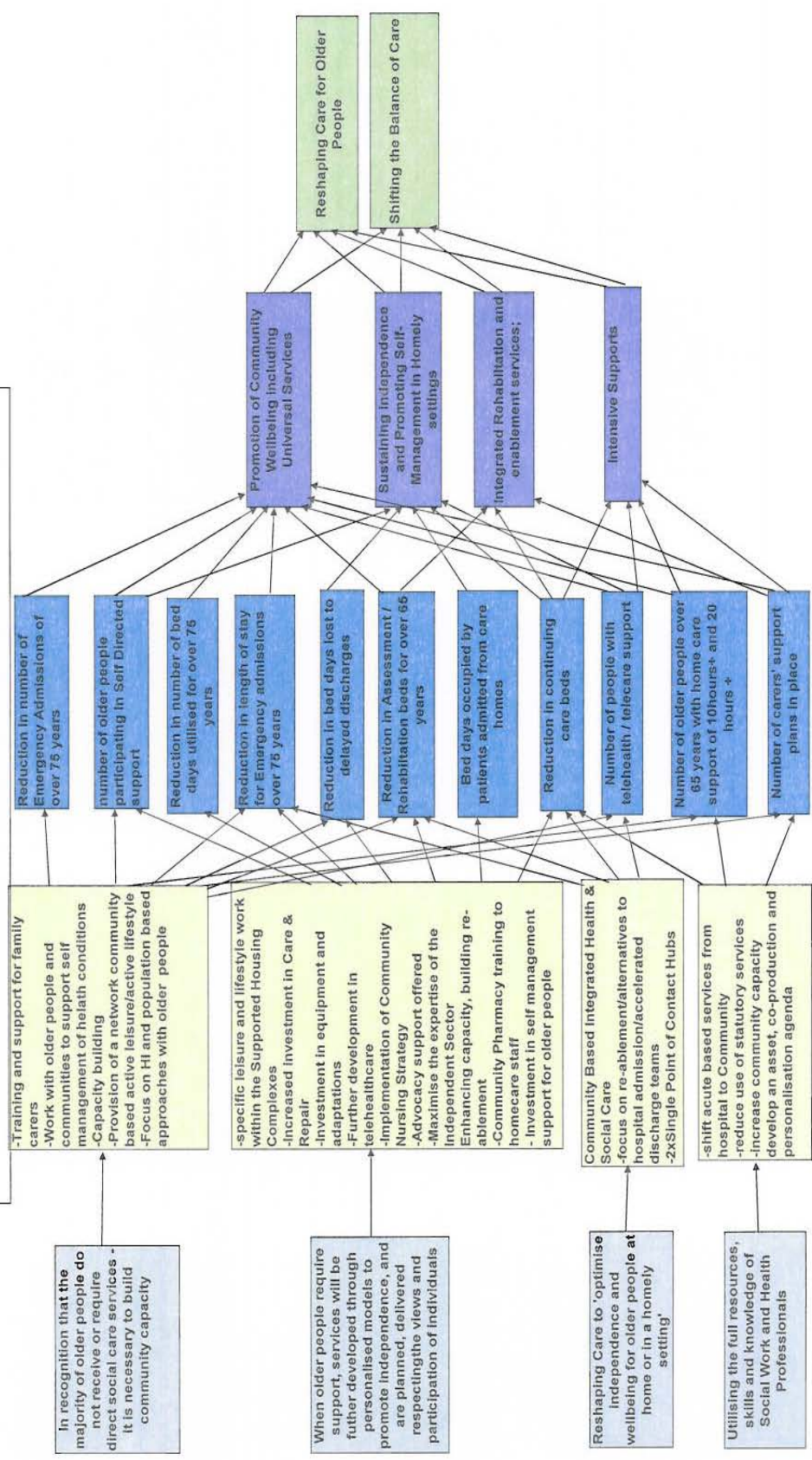
**Financial Mechanism and Governance Framework
Excerpt from Section 10 of Local Plans**

East Ayrshire:

The Change Fund plan will be approved by the community health partnership, East Ayrshire Council, Third Sector, Independent Sector and the Community Planning Partnership.

The change fund monies will be held by the Health Board and hosted in the Community Health Partnership budget. The monies will held as a pooled budget for partners use using the Integrated Resource Framework 'financial driver' models which support the implementation of joint budgets and commissioning

East Ayrshire CHP-Change Fund Benefits Realisation Plan



Strategic objective

End benefit

Intermediate benefit

Business change

Project outputs or enablers