

# **Update on Finance Service Actions relating to the KPMG report “Adult Social Care – Financial Grip”**

## **1 Introduction**

2 This report is intended to provide assurance that the issues raised within the KPMG review into “Adult Social Care – Financial Grip” are being appropriately addressed within the finance service.

3 The new interim Assistant Director of Finance for Communities Business Partnering (in post since January 2015) drew up a list of actions linked to the recommendations of the report and designed to link to the ongoing work within finance to address the financial management issues within communities as well as the work within communities itself. This list of actions was shared with the executive directors of Communities and Resources and have formed the basis of work planning within the Communities Finance business partnering team.

4 The Key finance actions identified were as follows:

- a. Improvements to monthly monitoring and reporting
- b. Detailed review of forecasting process
- c. Review of finance business partnering activity across communities
- d. Communications around communities financial performance
- e. Review of financial governance

5 A full list of these actions as well as the finance input into other actions and ongoing work can be found in the appendix. This also provides direct links to the recommendations within the KPMG report.

6 The following sections are intended to give a brief update on the actions to date:

## **7 Improvements to monthly monitoring and reporting**

8 As per the action list, this is very much an iterative process and the following are the key achievements to date:

- a. Commentaries within reports have increasingly focussed on the “why?” as well as the “what?”, providing more understanding of underlying financial performance.
- b. A new tool has been developed to enable more agile interrogation and analysis of financial performance vs. budget and also trended performance over time.
- c. The latest monthly monitoring report included a detailed review of the Learning Disabilities (LD) service as this is a key area of focus. This was well received and the intention is to repeat for other areas as necessary in future months.

- d. The business partnering team are focussing more on the links between actual and forecast outturn positions as well as looking at the Income and Expenditure on a gross basis to provide more insight.
- e. Further review of reporting outputs is ongoing and part of a dialogue between finance and the service

## **9 Detailed Review of the Forecasting Process**

- a. The intended action was to review the purchasing budget forecasting process in detail.
- b. The progress to date has focussed on the year to date actual position as this will need to form a part of the outturn forecast.
- c. The next step is to link the actuals and forecasting process for purchasing budgets to the Communities Data Cube which will provide a much more detailed breakdown of care packages and their associated costs. This work is underway.

## **10 Review of Finance Business Partnering activity across Communities**

- a. This action will link to a wider review of business partnering across all of finance planned for later this year. There has been a change of ca. 30% of the business partnering team due to an internal promotions etc. with further changes planned. This in itself will facilitate a more critical review of activities carried out in the short term.

## **11 Communications around Communities Financial Performance**

- a. Finance team members attend some Service team meetings to talk about financial issues – this work is ongoing.
- b. Work has started to engage more with the Clinical Commissioning Group (CCG) finance teams on many levels. As well as a joint appointment process currently underway to appoint a Senior Finance Manager for the Integrated Commissioning Programme, a joint workshop is planned to explore other ways of joint working. In addition to this, we are working jointly with CCG representatives on developing the mid-term Financial Strategy for the Better Care Fund (BCF).

## **12 Review of Financial Governance**

- a. Work has is underway to develop new Resource Allocation System (RAS) tables to support the setting of personal budgets (a key initial control)
- b. Formal links to e.g. panel reviews have yet to be established,

## **13 Non finance Actions**

There were a number of actions identified which, although not directly for Finance, would need financial input. These are also in the appendix and below is an overview of the key finance work to date:

- a. Finance input to the Business Intelligence work within communities. This has included a wholesale review of the performance of the Reablement service and associated performance KPIs. This work will conclude shortly
- b. Finance are also working with Business Strategy to define links between the Communities data cube and the financial reporting and forecasting processes (per para 9).
- c. Finance have provided a significant amount of support to the LD commissioning programme, including modelling and analysis work and quantification of savings plans
- d. As referred to in para 12 above, new RAS tables are being developed to aid in the management of care and support purchasing budgets.

## **14 Other Actions and Workstreams**

As well as the above mentioned actions, there are a number of other initiatives ongoing or planned which will support and facilitate better financial management within communities (and across the Council as a whole). These are also documented in the appendices and some progress is noted below:

- a. The business planning round for 2015-16 is well underway and has been approached on a corporate wide basis.
- b. The project to replace the finance system has also started with appropriate resource from finance seconded to work on the project.
- c. The finance team have representation on the project group to determine when and how CareFirst should be replaced.

## Appendix – Communities Finance Actions

Action	KPMG ref	Outputs	Benefits	Timings
<b>Improvements to monthly monitoring/reporting</b> - Enhanced commentary - Analysis of trend data - Review of Income and Expenditure (not focussing solely on net position) - Aligning financial performance to non-financial performance - Review process to involve service, managing issues up to PLT as required	R1.a; R1.b; R1.c;	- Suite of management reports incorporating financial and non financial data	- Improved management information - Basis for better shared understanding of performance (financial and non-financial) - Visibility of financial performance issues - Earlier identification of opportunities and risks	Ongoing development from now
<b>Detailed Review of Forecasting Process</b> - Use the Purchasing forecast and contributions to care - Complete redesign of inputs, process and outputs - Develop relevant links to e.g. package reviews, VFM reviews etc. - Covers all sign off and ownership issues - Will inform the debate on Finance Business Partnering	R1.g; R1.d; R1.i; R1.k; R1.l;	- Documented process for completing the forecast - Documented responsibilities for within forecasts sign off (links to governance review)	- More accurate forecasting - Better understanding of sensitivities - Increased ownership of forecasting - Earlier identification of opportunities and risk	Develop during first half of 2015-16

## Appendix – Communities Finance Actions (2)

Action	KPMG ref	Outputs	Benefits	Timings
<p><b>Review of Finance Business Partnering activity across communities</b></p> <ul style="list-style-type: none"> <li>- Look at 'decision support' activities</li> <li>- Specifically ad-hoc work (i.e. non month end or business planning related)</li> <li>- Develop an overview of where finance input is required and adds value</li> <li>- Identify where capability could be enhanced within service</li> <li>- Eliminate non value-adding finance work</li> </ul>	R1.h;	<ul style="list-style-type: none"> <li>- Documented and shared view of what finance support is provided</li> <li>- Proposed framework for prioritisation</li> </ul>	<ul style="list-style-type: none"> <li>- Common understanding of service offering</li> <li>- Better quality, more focussed support</li> <li>- Elimination of waste</li> </ul>	First half of 2015-16
<p><b>Communications around Communities Financial Performance</b></p> <ul style="list-style-type: none"> <li>- Internal and external</li> <li>- Starts with Budget for 2015-16 and challenges</li> <li>- Links to employee engagement</li> <li>- Need for more transparency with CCG</li> <li>- Targeted communications with other external parties (e.g. suppliers)</li> </ul>	R4.d; R4.e;	<ul style="list-style-type: none"> <li>- Communication pack</li> <li>- Communications plan</li> </ul>	<ul style="list-style-type: none"> <li>- Better understanding of financial issues facing the portfolio amongst staff - from PLT down</li> <li>- Increased engagement from staff - leading to behaviour changes</li> <li>- Better understanding of financial landscape for our providers- leading to more innovative solutions</li> </ul>	Q1 2015-16
<p><b>Review of Financial Governance</b></p> <ul style="list-style-type: none"> <li>- Review effectiveness of governance arrangements (e.g. panel reviews and package variations)</li> <li>- Review delegated authorities are driving correct behaviours</li> <li>- Develop reporting around exceptions</li> </ul>	R1.d;	<ul style="list-style-type: none"> <li>- KPIs relating to outputs from panel reviews (these must link to forecasting process)</li> <li>- Documented governance process (and communicated as required)</li> </ul>	<ul style="list-style-type: none"> <li>- Visibility of e.g. changes to packages</li> <li>- Reduced likelihood of future control failures</li> </ul>	Ongoing

Action	KPMG ref	Communities Finance Input
<p><b>Business Strategy</b></p> <ul style="list-style-type: none"> <li>- BI workflow, including: Data management; Data cleansing; Defining ongoing requirements for data capture etc.</li> </ul>	<p>R1.j; R2.a; R2.b; R2.d</p>	<ul style="list-style-type: none"> <li>- High level of input relating to design of KPIs and linkages between financial and non-financial data</li> </ul>
<p><b>Commissioning</b></p> <ul style="list-style-type: none"> <li>- Enhanced Contractual control environment - including prescribing activity returns</li> <li>- Increasing role of Council in Stimulating Market demand for providers</li> </ul>	<p>R1.e; R3.c R.4c; R.4b;</p>	<ul style="list-style-type: none"> <li>- Help with modelling and analysis work</li> <li>- VFM assessments and benchmarking</li> </ul>
<p><b>Care &amp; Support</b></p> <ul style="list-style-type: none"> <li>- Systematic review of care packages (NB this work has already started)</li> <li>- Improvements to data capture and data flows, e.g. to cover in-house service provider detail and improve process effectiveness (already ongoing?)</li> <li>- Restore the application of the RAS system</li> </ul>	<p>R1.f; R2.c; R2.d; R.4a;</p>	<ul style="list-style-type: none"> <li>- Evaluation of outputs</li> <li>- Developing KPIs relating to outputs of the process</li> <li>- Incorporate outputs into forecasting process and MTFS</li> <li>- Helping to define data requirements in accordance with KPIs for BI workflow</li> <li>- Financial evaluation of options</li> <li>- Linking changes into the forecasting process</li> </ul>

**Strategic Finance**

- Corporate Approach to budgeting: Moving away from the %age cuts R1.m; - Detailed analysis of current performance  
- Options Appraisal
- Review of finance business partnering: Using the learnings from the Communities Finance work R1.g; - Forecast process redesign  
R1.h; - Piloting of different approaches  
R1.i;

**Information Systems**

- Finance System Replacement R3.a; - Ensure that sub ledgers meet reporting  
R.3b; needs - including initially on OEO  
- Ensure that interface to care system provides sufficient granularity
- Carefirst replacement R3.a;
- Overall Systems Strategy R3.a;

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