

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

1 Introduction

2 This report is intended to provide the Audit Committee with 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 has formed the basis of work planning within the Communities’ Finance Business Partnering team.

4 The key financial 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 The following sections are intended to give a brief update on the actions to date. Updates have been provided at July 2015 and Jan 2016.

6 Improvements to monthly monitoring and reporting

7 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 identified areas for further work and action. The intention is to repeat this review 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

Update January 2016

- f. Detailed review of Older People now completed. In addition as part of the Better Care Fund financial review work, the spend in Ongoing Care and Keeping People Well themes was reviewed in detail and presented to the Executive Management Group (EMG).
- g. Improvements to accuracy of accruals in YTD actuals have facilitated a more robust review of forecasting (especially the correlation between actuals and full year forecast). However further development is still needed in YTD and budget profiling.
- h. Finance Business Partners have received formal training in the use of the analysis tool (2 sessions covered all of the team)
- i. Finance Business Partners are currently working with service to develop a 'reporting dashboard' for monthly review at the Care and Support Leadership Team meeting.

8 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 Business Intelligence Platform which will provide a much more detailed breakdown of care packages and their associated costs. This work is underway.

Update January 2016

- d. The forecasting of purchasing costs for Older People and those with Learning Disabilities is now based on output from the Platform. Further work is underway to store forecasts by month to allow a detailed breakdown of movements between forecasts. Further work is also required on developing trend analysis.

9 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.

Update January 2016

- b. Initial feedback from service re the changes in the business partnering team has been positive. Further developments of the business partnering offer are underway.

10 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 Medium Term Financial Strategy for the Better Care Fund (BCF).

Update January 2016

- c. Work with the CCG on the Medium Term Financial Strategy continues with detailed review of themes 2 and 4 presented to EMG.
- d. Business planning processes are also now more aligned with progress shared between the 2 organisations at regular intervals. There have been improvements in the sharing of information, and further integration of business planning processes will be developed over time.
- e. Monthly Budget Monitoring is now presented regularly to EMG.
- f. The BCF Senior Finance Manager now in post since November 1st.

11 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.

Update January 2016

- c. Whilst the new RAS tables have been developed, they have not been implemented, pending an assessment of the full financial impact. This will now be addressed as a matter of priority.

12 Non finance Actions

There were a number of actions identified which, although not directly for Finance, would need financial input. These actions 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 Business Intelligence Platform 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.

e. Update January 2016

- f. The review of the performance of reablement service is now being worked into budget savings with support from finance
- g. The finance support to the LD commissioning programme has resulted in validation of savings which are included in the business planning process.
- h. Finance are also supporting the workstream to develop further savings in line with proposals to balance the budget for 2016-17.

13 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.

Update January 2016

- d. The Business Planning round for 2016-17 is nearing completion with proposals in place for balancing the Communities budget. Finance Business Partners continue to work with service to develop these proposals (including savings in LD and Adult Provider Services).
- e. The Business Partnering Team are working closely with the Integra Project Team to realign the chart of accounts in order to better enable the improvement of management information direct from the ledger where possible.