Governing Body

28 September 2016

Details	Part 1	✓	Part 2		Agenda Item No.	**14a**
Title of Paper:	Governing Body Assurance Framework					
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Presenter:	Margaret O'Dwyer, Director of Commissioning and Business Delivery					
Please indicate:	For Decision		For Information	**X**	For Discussion	

Executive Summary

Summary	More than ever before and in context of a culture of decentralisation, increased local autonomy and accountability, the CCG's Governing Body needs to be confident in the systems, policies and people it has in place to efficiently and effectively drive the delivery of its objectives by focusing on the minimising of risk. This paper is presented to outline the direction of travel for the development of the Governing Body Assurance Framework (GBAF) for 2016-17 and progress made to date.

Risk	**High**		**Medium**	**X**	**Low**	
	Failing to develop an integrated Governing Body Assurance Framework, which includes engagement with the Governing Body, could adversely impact on the Head of Internal Opinion provided as part of the year-end reporting process.					
Recommendations	The Audit Committee is asked to: • note the contents of the paper; and • support the continued development of the GBAF.					

Strategic themes

To deliver improved outcomes and reduce health inequalities for patients through better preventative strategies			
To deliver service re-design in priority areas through innovation			
To develop primary care to become excellent and high performing commissioners			
To develop the CCG leadership to work with the Local Authority to be excellent integrated commissioners			
To develop robust and effective working relationships will all stakeholders and partners to drive integrated commissioning			
To deliver long term financial sustainability through effective commissioning and innovative investment across the wider system			
To develop and influence the provider landscape through development of a Locality Care Organisation (LCO)			
Equality Impact Assessed?		Supports NHS Bury CCG Governance arrangements	**X**

Governing Body Assurance Framework

1. Introduction

1.1. This paper is presented to the Governing Body to provide an overview of the strategic risks which may threaten the achievement of the Clinical Commissioning Group's Strategic Objectives.

1.2. More than ever before and in context of a culture of decentralisation, increased local autonomy and accountability, the CCG Governing Body needs to be confident in the systems, policies and people it has in place to efficiently and effectively drive the delivery of its objectives by focusing on the minimising of risk.

1.3. As part of the signing of the Annual Governance Statement (AGS) by the Accountable Officer and approval of the Annual Accounts and Annual Report, the need for the Governing Body to demonstrate they have been properly informed of the totality of their risks is paramount.

1.4. The Governing Body needs to be able to evidence that it has systematically identified its objectives and managed the principal risks to achieving them over the course of the year.

1.5. The Governing Body Assurance Framework (GBAF) formalises the process of securing assurance and scrutinising risks to the delivery of the CCG's strategic Objectives and is a key piece of evidence to support and demonstrate the effectiveness of the CCG's system of internal control.

2. Background

2.1. All NHS organisations are required to develop and maintain an Assurance Framework in accordance with governance regulations applied to the NHS.

2.2. Developed from and aligned to the 5 year strategy and 2016-17 operational plan, the GBAF should reflect the strategic objectives of the CCG and provide a simple but comprehensive method for ensuring that the CCG's objectives are delivered and that the principal risks to meeting those objectives are effectively managed.

2.3. It also provides a structure for providing the evidence to support the AGS.

2.4. The 2014/15 Assurance Framework Review undertaken by Mersey Internal Audit Agency (MIAA), recognised that the CCG has previously engaged the Governing Body in the management of risk and assurance through its routine governance agenda, including presentation of regular reports and discussions in respect to performance, risk, quality and finance, however made a series of recommendations, including:

- development of an integrated Governing Body Assurance Framework to include controls, assurances, gaps and associated remedial actions;
- alignment between the strategic objectives and the high risks through the reports submitted to committees;
- regular updating of the GBAF;
- capture of mitigating actions, owners and timescales to address identified gaps for all risks included with the GBAF.

2.5. Work has been progressed throughout 2015-16 on developing the GBAF.

3. The Assurance Framework

3.1. Whilst there is no formally prescribed template for presenting the GBAF, there are specific areas that should be included to provide a comprehensive 'snap shot' to tell the story in relation to each risk identified, as detailed in ***italics*** below.

3.2. The risks that threaten the achievement of the organisations strategic objectives are defined as ***principal risks***. The Governing Body should proactively manage potential principal risks, rather than reacting to the consequences of risk exposure.

3.3. This is done by ensuring that ***key controls*** are in place to manage the principal risks. These risks and the controls should be documented and subject to scrutiny by independent reviewers where possible.

3.4. The Governing Body needs to assure itself that the controls identified not only manage the principal risks but are also provided at the right level - where possible, independent assurance sources should be used.

3.5. Where assurance mechanisms show that controls are not sufficient to manage the principal risks, or the assurance is not at a sufficient level, then ***gaps in controls*** and ***gaps in assurance*** should be recorded.

3.6. It is essential that the Governing Body receive an update on the effectiveness of the GBAF on a regular basis so that it has assurance that principal risks are being effectively controlled and managed. This can then be reflected in the AGS at the end of the year.

3.7. The Governing Body has delegated authority to the Audit Committee to advise on the establishment and maintenance of the effective system of integrated governance across the who of the CCGs' activity, which includes receiving, scrutinising, challenging and providing the necessary assurance to the Governing Body on the GBAF.

4. Developing the Assurance Framework

4.1. During the 2015 - 16 reporting period, NHS Bury CCG implemented an Assurance Framework which responded to previous feedback (outlined at 2.4 above) from MIAA.

4.2. The GBAF was presented on a regular basis to the Audit Committee for scrutiny and review to enable assurance to be provided to the Governing Body.

4.3. As part of the annual audit process, MIAA undertook an audit of the Governing Body Assurance Framework, to inform the Director of Internal Audit Opinion, and whilst positively reporting significant assurance, identified two areas where the assessment rating was amber:

- the objectives within the AF align with those in the strategic plan; and
- the minutes of the Governing Body clearly demonstrate discussion, review and update of the AF.

4.4. The Governing Body, through a series of development sessions have agreed the strategic objectives for 16-17 and identified the principal risks to delivery of these. These will form the basis of the GBAF for 2016-17.

4.5. Work is now progressing through SMT, as the request of the Governing Body, on assessing the risks, identifying the sources of control and assurance and associated actions to address any gaps that exist.

4.6. A high level summary GBAF is presented at Appendix 1which reflects the Strategic Objectives and associated principal risks. It should be noted that this remains work-in-progress. The journey of developing the GBAF as a robust and fit-for-purpose report will continue over the remainder of the year as this and the arrangements for Risk Management are embedded further across the CCG.

4.7. Further iterations of the GBAF, which will seek to enhance the assurance provided to the Audit Committee Governing Body through implementation of mitigation plans to manage the risks, increasing the controls and reducing the gaps at an operational level, will be submitted through the governance arrangements of the CCG and onto the Governing Body in a timely manner.

5. A Summary Assessment

5.1. As outlined above, the GBAF presented at Appendix 1 is a draft, work-in-progress document.

5.2. Risks have been identified across the seven (7) strategic objectives, however the majority of risks require formal assessment and further work-up.

5.3. Embedding the GBAF and Corporate Risk Register as dynamic documents across the CCG, to provide assurance to the Governing Body on the overarching system of internal control, is essential.

6. Associated Risks

6.1. The Governing Body Assurance Framework and Corporate Risk Register are key tools in providing assurance to the Governing Body on the totality of risks facing the organisation. It should be noted however that these documents a simply a repository to present the information in a clear and concise way.

6.2. Whilst the GBAF has not formally been presented to date, the Audit Committee is advised that assurance on delivery of strategic objectives and associated risks has been provided on a regular basis through a variety of other reports, including quality and performance reports.

7. Recommendations

7.1. The Governing Body is asked to:

- note the contents of the paper; and
- support the continued development of the GBAF.

Lisa Featherstone
Deputy Director of Business Delivery
September 2016

Appendix 1 : Governing Body Assurance Framework – Principal Risks to Strategic Objectives

Strategic Objective	Principal Risks	Controls
SO1 : To deliver improved outcomes and reduce health inequalities for patients through better preventative strategies	1) Because of differing priorities, drivers and cultures there is a risk that the Local Authority does not buy into our preventative strategies leading to inability to deliver improvements at the pace and scale required 2) Because of a lack of effective engagement with communities there is a risk that the public will not access preventative services or accept responsibility for own healthcare	• Health and Well-Being Board in place attended by CCG Chair and Accountable Officer. • Joint Planning Team in place to confirm single vision, unified commissioning approach and agree common commissioning intentions. • Development of single commissioning organisation. • Single commissioning organisations will facilitate closer working with Public Health to coordinate joint working with and messages to communities. • Public engagement on urgent care re-design proposals will enable promulgation of self-care messages. • Engagement strategy for the Locality Plan initiatives will provide opportunity for coordinating engagement, and this will include maximising working with neighbourhoods. • CCG to participate in PAHT Assurance Board to address quality concerns. • CCG to review its financial strategy to explore a more stable platform for 16/17 with main acute provider in order to focus on re-designing longer term stability.
SO2 : To deliver service re-design in priority areas through innovation	1) Because of national, regional and local drivers there is a risk that we will direct our resources to work areas that may not be high priority 2) Because of a lack of engagement with partners and other key stakeholders at the right time in service re-design processes there is a risk that innovative and new approaches across sector may not be considered 3) Because of out of date and lack of clarity in governance arrangements there is a risk that the CCG does not meet its statutory duties leading to legal challenge to decisions or financial penalities	• Clinical leadership will continue to be at the forefront to ensure local clinical priorities remain pre-eminent. • The CCG's Operational Plan will reflect a balance of national and local priorities. • Public and patient engagement via the Clinical Cabinet and other fora will ensure that the patient voice directs our priorities. • Re-establishment of North East Sector Commissioning Board will ensure common approach across agreed areas of service re-design. • Sector integrated commissioning will provide

	4) Because of lack of maturity in planning processes there is a risk that resource requirements are not fully understood to deliver re-design in all areas 5) Because of a lack of business intelligence and accessibility of information and data there is a risk that we do not capture all relevant data and therefore are unable to evaluate change	coordinated commissioning leverage to support implementation of innovative approaches with key Providers. • Review of CCG Governance will ensure robust decision making. • Constitution to be revised to ensure it continues to be relevant and reflective of new commissioning and provider landscape. • Scheme of Reservation, Delegation and Standing Financial Instructions approved by Audit Committee and Governing Body. • Conflicts of Interest Policy reviewed and implemented in line with national requirements. • Procurement register in place. • All relevant decisions to be published on CCG website. • Delivery of the CCG's Operational Plan will require robust planning process. • CCG to review capacity to deliver re-design. • CCG's OD Strategy to ensure robust project management capacity. • Business intelligence capacity strengthened to provide sufficient support to deliver the CCG's business plan. • Development of coordinated data capture which is accessible to all staff at all times.
SO3 : To develop primary care to become excellent and high performing commissioners	1) Because of limited capacity and skills as commissioners there is a risk that primary care do not play their full part in being able to shape and participate in the new landscape	• Develop CCG primary care commissioning capacity. • Ensure OD Strategy supports primary care commissioning skillsets. • Combine skills of Primary Care Support, Medicine's Optimisation and Referral Booking and Management Teams linking alongside Public Health to deliver a robust, resilient offer to support Primary Care's ability to operate as the bedrock within their neighbourhoods. • Commissioning leaders to ensure that Primary Care via the GP Federation is a key Partner in the Locality Care Organisation.

		• CCG/LA commissioners to influence the new Provider landscape via the reformed NES Commissioning Board. • Commissioners to describe outcomes which will require Primary Care input to ensure successful delivery.
SO4 : To develop the CCG leadership to work with the Local Authority to be excellent integrated commissioners	1) Because of differing cultures between local commissioners there is a risk that Bury will not be at the fore front of delivering regional or local agendas for its population 2) Because of the current position there is a risk that senior leadership teams do not have sufficient trust to take forward the Integrated Commissioning agenda leading to lack of commitment and continued levels of silo working	• CCG representative at Health and Well-Being Board to influence integrated commissioning agenda to support delivery of clinical and financial sustainability. • Development of local LA/CCG Management Team to agree vision, unified commissioning approach and common commissioning intentions. • Organisational Development Strategy to identify differing cultures and establish shared principles and governance. • LA/CCG commissioners to agree future remit of commissioning. • CCG clinicians to determine future role as commissioners or providers within LCO. • LA/CCG to agree "quick wins" which need to be developed together and which will be a basis for developing relationships and trust. • Clarify LCO and ICO arrangements. • Communicate to staff and Partners including Primary Care. • Use GP Engagement events to enable GP to develop and shape LCO.
SO5 : To develop robust and effective working relationships will all stakeholders and partners to drive integrated commissioning	1) Because of a lack of agreed vision and shared goals between the CCG and the Local Authority there is a risk that integrated commissioning will not achieve value for money or improved outcomes 2) Because of the need to work as one commissioner there is a risk that the balance clinical input will be over shadowed leading to dis-engagement from clinicians 3) Because of the continued change across the wider	• Refresh of the Locality Plan will reconfirm joint vision across Health and Social Care, and identify anticipated outcome. • Joint Management Team will enable development of common commissioning intentions. • Proposed fora will need to clarify and agree the role of clinicians in both new ICO and LCO. • Current governance, up to the Governing Body, will have oversight and plans to ensure a balance between

	health economy there is a risk that progress and delivery of local priorities may be de-railed	national and local priorities.
SO6 : To deliver long term financial sustainability through effective commissioning and innovative investment across the wider system	1) Because of organisational barriers the CCG may struggle to implement strategic change, resulting in a failure to achieve optimal commissioning value 2) Because of lack of internal resource the CCG is unable to develop effective and innovative commissioning plans resulting in failure to deliver effective change in healthcare 3) Because of organisational capacity to identify and deliver QIPP programmes there is a risk that we will not achieve the required level of financial balance (finance business rules)	• AO, through NES CB and GM Devolution and with other stakeholders, eg Local Politicians to explain the case for change. • Director level input into Contract Management Boards to operationalise strategic change. • Clinical leads to shape Locality Plan which signals place based strategic change for next 5 years. • Operating Plan 2016 -17. • Commissioning Organisational Re-structure aligned to 16/17 Operating Plan. • Project Management Office supported by clear project methodology. • GM Shared service providing corporate compliance functions. • Identify managerial and clinical lead for QIPP. • Develop 5 year QIPP Programme. • Review PMO to reassess current process and implement recommendations to streamline. • Work with Finance to identify mitigations in good time if full year QIPP cannot be identified. • Assurance and monitoring processes. • Short term mitigations and contingencies. • Risk Sharing. • Development of a pooled budget.
SO7 : To develop and influence the provider landscape through development of a Locality Care Organisation (LCO)	1) Because of a lack of clarity in relation to the new landscape there is a risk that primary care are unable to take a proactive approach to commissioning	• CCG/LA to identify high level objectives for new LCO by September 16. • CCG/LA to confirm key Partners in LCO by September 16. • Confirm proposed contractual arrangements for 17/18 following receipt of National Planning Guidance. • Commissioners to confirm scope of delegated budget

		with LCO.