



Department of
**Health, Social Services
and Public Safety**

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AN ROINN

**Sláinte, Seirbhísí Sóisialta
agus Sábháilteachta Poiblí**

MÄNNYSTRIE O

**Poustie, Resydënter Heisin
an Fowk Siccar**

HEALTH AND SOCIAL CARE REFORM

DHSSPS

**Modernisation and Improvement
Programme Board (MIPB)**

**PUBLIC HEALTH AGENCY
FINANCE FUNCTION SUPPORT PROPOSALS**

MARCH 2009

MIPB 54/09

Introduction

The successful establishment of the Public Health Agency (PHA) will require it to have access to financial systems, reports and expertise to support its management to make financial decisions and meet its statutory financial obligations.

A number of options were considered on how the Agency could best be supported in relation to these functions and the recommendation has been approved by the Modernisation and Improvement Programme Board.

This paper describes the finance functions that will need to be provided by or for the new Public Health Agency along with a number of options as to how this can best be delivered.

Further information on this document may be obtained from Julie Thompson at Julie.thompson@dhsspsni.gov.uk (tel 02890 522446)

Modernisation and Improvement Programme Board

1.0 BACKGROUND

As a separate organisation the PHA management board and its Chief Executive will have ultimate accountability for its own finances. It will also be required to have the financial skills and information available to its Board and staff to participate in the preparation of joint commissioning plans with the HSCB and to be able to offering meaningful inputs to the application of the £3.7Billion HSC resources. It is envisaged that the primary financial functions required for the four new post RPA organisations will be provided jointly from the HSCB and the BSO.

The recommended option in this paper, ie option B, has been slightly modified to reflect up to 3 Board staff being located on Agency premises. The final decision should be derived as a result of discussions between the Director of Operations (Agency) and the Director of Finance (Board).

A key challenge with these arrangements is to avoid duplication of finance functions whilst meeting the needs of the PHA for financial advice, information and support.

Such arrangements will require:

- Specification by Agency of which financial functions are required including detailed reporting requirements and timescales;
- Agreement between the Agency and Board and BSO of the functions to be provided; and
- Clear and documented communication processes between the Director of Operations and other staff in the Agency, HSCB and BSO.

2.0 FINANCE FUNCTIONS NEEDED FOR THE AGENCY

Finance function requirements fall into three distinct areas:

- a) Financial management and planning for agency resources and core functions;

- b) Financial information and support in respect of the £3.7Billion general commissioning resources; and
- c) General financial services and statutory financial functions.

Details of each of these areas are set out in the appendices.

2.1 FINANCIAL MANAGEMENT AND PLANNING – AGENCY RESOURCES AND CORE FUNCTIONS

Under current proposals the Agency will have its own separate budget. This will cover both management budget and commissioning resources. The management budget will require regular management information monitoring of variances and advice to the Director of Operations. The areas to be covered in the commissioning budget will require ongoing advice and separate monthly reports for each of the main budget holders, including:

- Health Promotion;
- Investing for Health;
- Health Protection;
- Screening;
- Health Action Zones; and
- Grants and Partnerships.

It is anticipated in respect of the Agency core functions such as Partnerships and Service Frameworks that significant financial advice, support and information will be required to develop the necessary processes and establish the systems and reporting requirements. It is also anticipated that dedicated financial advice will be required where there are Directorate specific reviews requiring financial modelling, option appraisals and planning information.

These functions will require a wide range of skills and competencies. This will require nominated/dedicated finance staff both in respect of the Agencies own resources and in specifying and accessing the full range of financial functions necessary. A number of options for delivering the functions have been identified and assessed in section 4.0 below.

3.2 FINANCIAL INFORMATION AND SUPPORT IN RESPECT OF THE £3.7BILLION GENERAL COMMISSIONING RESOURCES

The Agency will require access to regular financial information and advice to allow it to fully participate in the general commissioning, in particular to support it in its role in the Joint Commissioning Plan.

In order to ensure an integrated approach to commissioning it is envisaged that the Agency and its staff will require access to a wide range of high level financial commissioning information throughout the commissioning cycle. This will include executive financial management information on Programmes of Care, Trusts, key service areas and Local Commissioning Groups. Periodic information will also be required to support service reviews led by Agency staff. This will require both financial information training and advice from specialist finance staff from the Board.

In order not to duplicate these functions which are central to the Board, it is proposed that these functions are provided by Board staff through a Service Level Agreement approach specifying detailed requirements of the Agency. This will allow a joined up and integrated approach to the financial aspects of commissioning.

3.3 GENERAL FINANCIAL SERVICES AND STATUTORY FINANCIAL FUNCTIONS

As a separate organisation a statutory requirement of the Agency will be to produce an annual set of financial accounts. It will also require its own general ledger and separate bank account.

The general ledger, budgetary control system and annual account preparation will be provided from the Board.

The feeder systems to the general ledger for payments (LAPS), payroll (HRMS) stock ordering (SIS) will be provided by the BSO along with the processing of payments functions, Internal Audit and compliance.

In order not to duplicate these functions which are central to the HSCB and the BSO, it is proposed that these functions are provided through separate Service Level Agreements with each organisation specifying the detailed requirements of the Agency.

3.0 MODELS TO DELIVER FINANCIAL MANAGEMENT AND PLANNING – AGENCY RESOURCES AND CORE FUNCTIONS

The following models have been identified to deliver only the core financial functions of the Agency identified in section 3.1. The other financial functions contained in 3.2 and 3.3 will still need to be provided by the HSCB:

- a) Provide functions by HSCB staff located within the Board premises separate from the Agency;
- b) Provide functions by a dedicated HSCB team of up to 3 staff (Band 8b, Band 7, Band 4 - £140k) based in the Agency but with professional links and close working with Board finance colleagues employed by the Board;
- c) Provide a **limited** number of functions by one dedicated member of HSCB staff (Band 8b - £67k plus a hidden cost of the additional functions specified in 3.1 and not able to be provided by this one person) based in the Agency but with professional links and close working with Board finance colleagues; and
- d) Agency employs own dedicated finance staff (Band 8c, Band 8a, Band 7 and Band 4 - £210k).

*This is the gross operational cost of the staff e.g. travel, employers costs included

The following key criteria have been identified to assess each of the options with scoring in table 1 below:

- 1) Direct presence/proximity and access to Agency staff bringing into the Agency financial expertise and understanding;
- 2) Avoidance of duplication/maximise efficiency;
- 3) Insight and participation in wider commissioning of £3.7 billion to facilitate integrated approach including joint commissioning plan and sign off; and

- 4) Access to appropriate timely financial information to facilitate good decision making.
- 5) Cost effectiveness (a lower score represents the least efficient approach).

Table 1

SCORING OF OPTIONS						
(Max score 10)						
OPTION	CRITERIA 1	CRITERIA 2	CRITERIA 3	CRITERIA 4	CRITERIA 5	TOTAL
a)	4	7	8	7	8	34
b)	8	8	7	8	6	37
c)	5	7	3	7	4	26
d)	8	5	3	8	2	26

Based on the above scores only options a and b are considered viable.

It is recommended based on the scoring above that there are up to 3 dedicated staff working on Agency core functions, based substantively within the Agency but employed by the Board (Option B).

The reason why option a is not the preferred choice is because option b offers improved communication, improved speed of access and mutual understanding of key finance and care issues. A dedicated finance team embedded within the Agency will be able to directly influence and deliver the Agency's vision, as well as establishing a credibility on financial matters close to where decisions are being made.

4.0 IMPLEMENTATION ISSUES

It is paramount that the relationships between the HSCB and BSO are underpinned by the following considerations:

- Service Level Agreements establishing clear processes, roles and responsibilities with detailed monitoring and quality standards;
- Identified accountable officers working across the organisations;

- Regular reviews between the Director of Finance of the HSCB and BSO with the Director of Operations in the Agency;
- Agency staff having ongoing access to required financial expertise; and
- Attendance at Agency board meetings by an identified senior finance officer from the Board.

Clarification will be required as to the nominated officer who has statutory responsibility for the final accounts, annual report and monthly reporting to the Agency Board.

APPENDIX 1 FINANCIAL MANAGEMENT AND PLANNING – AGENCY RESOURCES AND CORE FUNCTIONS

RESOURCE MANAGEMENT AGENCY FUNDS (TRAFFACS)	Allocation letter Commissioning allocation reports -Key service area(dependant on budget areas agreed) -slippage reports -variation letters -reconciliation -Payment profiles	Annual and ongoing Monthly	HSCB	Who needs access to system in Agency	Awaiting Ministerial approval for budget areas. Query requirements IFH HAZ Health Promotion Voluntaries Screening etc depends on scope of budget
FINANCIAL PLANNING AGENCY FUNDS	CSR Proposals Plan For HWIP Financial Strategy and review Efficiency savings monitoring	Annual Annual and in year Ongoing As required	HSCB		As above.

	Financial input re service reviews strategies etc lead by Agency				
COMMISSIONING BUSINESS AGENCY FUNDS	SBA contract negotiation and monitoring Pressures meeting and reviews Service developments Investment appraisals	Ongoing as required	HSCB		As above.
OTHER AGENCY CORE FUNCTIONS	Partnerships Service Frameworks Service Reviews	As required	HSCB		
GENERAL COMMISSIONING	Core commissioning reports as required Capitation formula advice Equity reviews SRF RMSCG Voluntaries				Query requirements Poc Lcg Key service areas Sbas Grants

	Benchmarking Business Planning SBA Contract negotiation and monitoring ABF Efficiency Reviews Cash release FPS	Processes, policies			
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APPENDIX 2 FINANCIAL INFORMATION AND SUPPORT IN RESPECT OF THE £3.7BILLION GENERAL COMMISSIONING RESOURCES

RESOURCE MANAGEMENT TOTAL COMMISSIONING FUNDS (£3.7Billion) (TRAFFACS)	Allocation letter Commissioning allocation reports -Key service area(dependant on budget areas agreed) -slippage reports -variation letters -reconciliation -Payment profiles	Annual and ongoing Monthly	HSCB	Who needs access to system in Agency	
FINANCIAL PLANNING CORE COMMISSIONING FUNDS	CSR Proposals Plan For HWIP Joint Commissioning Plan Financial Strategy and review Efficiency savings monitoring Financial input re service reviews	Annual Annual and in year Ongoing As required	HSCB		

	strategies				
COMMISSIONING BUSINESS (£3.7Billion)	SBA contract negotiation and monitoring Pressures meeting and reviews Service developments Investment appraisals	Ongoing as required	HSCB		
OTHER AGENCY CORE FUNCTIONS	Partnerships Service Frameworks Service Reviews	As required	HSCB		
GENERAL COMMISSIONING	Core commissioning reports as required Capitation formula advice Equity reviews SRF RMSCG Voluntaries Benchmarking Business Planning	Processes, policies			Examples of requirements: Poc Lcg Key service areas

	SBA Contract negotiation and monitoring ABF Efficiency Reviews Cash release FPS				
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APPENDIX 3 GENERAL FINANCIAL SERVICES AND STATUTORY FINANCIAL FUNCTIONS

	REPORTS/ INFO REQUIRED FOR AGENCY	FREQUENCY	PROVIDED BY	OTHER INFO REQUIRED	COMMENTS
PAYROLL/ HUMAN RESOURCES (HRMS)	Salaries Payslips P60's, P45's etc	Monthly Monthly As required	BSO	Headcount/check on numbers. notification of change book new starts held by Agency Procedures for links b/w Agency/BSO	Clarity/assurance required Interface to Agency GL provided by HSCB
PAYMENTS OF INVOICES (LAPS)	Bacs run	Weekly	BSO	Ongoing payment requests from Agency SFIs and financial procedures Agreed authorised signatories	Clarity/assurance required Interface to Agency GL provided by HSCB
PROCUREMENT	List of signatories for approval of requisitions/scheme of delegation	Ongoing as required	BSO	Regional supplies requisition book Link to regional supplies system	All tendering through BSO Advice to DOO re tendering as required
TRAVEL(TX)	Travel payments for Agency staff Travel remittance slips	Month after claim Month after claim	BSO	Procedures for authorisation in Agency Standardised approach to terms& conditions. Classification as regularised of regular/	Interface to Agency GL and any associated reports HSCB

				standard user Nb Each Board different	
BANK	Local Bank Account Local cheque book Transfers from central bank account		HSCB Agency (DOO)	Procedures for authorisation in Agency. Procedures for drawing down money and cash flow arrangements in respect of iro local bank account.	
PETTY CASH	At least one float		Agency (DOO)		
GENERAL LEDGER	Separate GL for Agency. coding	Ongoing	HSCB	Communication link HSCB, BSO Agency Coding structure.	Nb all feeder systems need to link to general ledger.
FINANCIAL ACCOUNTS	Separate financial accounts for Agency.	Annually in line with Dept timetable	HSCB		
ANNUAL REPORT	Separate	Annually in line with Department timetable	HSCB		
SFI	Separate based on model SFIs/financial procedures				
INTERNAL CONTROL FUNCTIONS	Bank reconciliation of control accounts	Monthly	HSCB		

INCOME/RAISING INVOICES			HSCB?		
INTERNAL AUDIT	Covered mainly by RHCB/RBSO				
ASSET REGISTER(WIMS	Separate register for all assets of Agency	Regular update and review. Annual report to DOO	HCSB	Procurement and replacement policies	Interface to Agency GL and any associated reports HSCB
BUDGETARY CONTROL	Separate detailed budgetary reports -Salaries -Goods and services Board budget report Departmental reports	monthly monthly monthly	HSCB		Financial and budgetary advice and training required ongoing and adhoc for Agency budget holders

Note: Losses, Risk Register, opening balances

Document History:

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Title	Name	Date of Approval	Version
Modernisation and Improvement Programme Senior Responsible Owner (SRO) and Modernisation and Improvement Programme Board (MIPB) members	Dr Andrew McCormick, Permanent Secretary Linda Devlin Julie Thompson Sean Donaghy Michael McBride, David Bingham Hugh Mullen Linda Brown Sean Holland Colm Donaghy Karen Meehan Tom Creighton, Philip Robinson Ken Jarrold, Bernard Mitchell George O'Neill Maeve Hully John Keane Alex Coleman Ian Clements John Compton Eddie Rooney Mary McMahon	19 th March 2009	1.0

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