

**X Health and Social Care Partners
Community equipment Service**

Finance Review August 2014

1. Introduction

X Council and NHS X Partners have been working together over the last 12 months to review all aspects of the Community equipment service with the aim of systematically developing and applying service improvements.

As part of that work, a separate Finance Group has been convened to review the financial model, reporting and monitoring arrangements.

This report provides a summary of the work to date and the recommendations the Group has made to improve the transparency and partnership accountability for funding an effective community equipment service.

2. Review process and key tasks

Representatives from each of the Partners identified a number of areas for improvement in relation to the Service model, and reporting and monitoring of the Community equipment service budgets.

The sub-group work has focused on distinct but connected aspects of the financial arrangements:

- Reviewing all aspects of the Store service running costs and agreeing a new format for annual Budget setting and ongoing Budget monitoring;
- Reviewing the recharging model and expenditure against partners' equipment budgets, to recommend improved model.
- Reviewing and identifying new reporting & monitoring arrangements for all relevant stakeholders, to improve accountability and ownership of budget spend, and supporting standardisation of assessment practice.

3. Key principles for future governance

The Group has agreed that it is essential that key principles are established for future governance arrangements:

- It is the responsibility of all Partners to ensure that the service is effectively monitored and managed across all aspects of service provision, and governance arrangements must reflect this.
- Decision making on all aspects of the service costs, including Store service Running costs, must be agreed by all Partners and proactively managed in terms of achieving ongoing efficiencies. It will also be essential to consider the impact of any service changes/improvements as part of the wider strategic and policy context e.g. Reshaping Care, Integration agenda etc...and decision making should evidence this.
- There requires to be proactive management of the Store service running costs including:
 - annual Budget setting commencing each Aug/Sept for the following financial year, with a report submitted to the Joint Equipment Service Board for approval;

- 2 monthly meetings of the Finance Group which will meet in advance of each Board meeting, and will prepare a short report for the Board which summaries reasons for variances and trends, and the projected outturn position;
- ongoing review of budget pressures including opportunities for efficiencies where possible;
- Partnership ownership of all associated costs required to deliver the service in order to ensure that funding meets the agreed levels of need;
- Acknowledgement of the activity driven aspect of costs and the impact these have around fluctuations in service demand;
- Budget setting to be based on actual costs of delivering the agreed service levels;
- Financial information to be used to monitor and deliver efficiencies in terms of wider practice and policy in the provision of equipment.

4. Store service running costs

The attached Appendix 1 provides a template for the annual Budget report which details all aspects of the Store service running costs and the Budget for 2014/15. This will be used to set the Budget for 2015/16. Appendix 2 provides a Monitoring template which provides information on the Actual spend against Budget phasing and anticipates projected surplus or deficit for year end.

**Financial information removed from Appendices*

Utilising these reporting templates will provide Partners with far greater transparency around the range of costs associated with delivering the service, and ensure wider ownership and accountability for the decisions made in terms of service funding.

5. Equipment expenditure

Equipment costs are estimated based on the actual activity of Partners. These will be based on previous activity for budget setting purposes and then monitored on an ongoing basis within the reports, to reflect the actual purchasing activity. Each Partner will be expected to agree estimated equipment budgets as part of the overall annual Budget setting process.

6. Recharging model

A new Recharge model has been agreed and implemented for 2014/15. The recharge model is based on the principles of fairness and accountability with the aim that costs charged to Partners will reflect the actual level of service they individually require.

The amount each Partner is charged is calculated from a range of variables, which include the value of the items delivered, the delivery costs, the wider overhead costs of running the Store service, any reductions to the equipment cost based on the % of the recycling rate for that type of item.

It has been agreed that improved reporting formats will assist in the understanding of the model and how costs to partners are calculated.

7. Adaptations costs

All adaptations and the costs of minor adaptations are shown separately on the monitoring report. These are funded solely by Social Work and are not part of the Joint Equipment Service partnership arrangements. These are however provided via the Store service and therefore Social Work services pay for the respective share of the running costs to support the delivery of those separate services.

8. Summary

In summary, the Group has recommended the following improvements to the financial arrangements:

- An annual budget setting process that involves all Partners in agreeing the funding for the following financial year including all aspects of the Store service running costs as well as the equipment budgets. This will be developed by the Finance Group, and will be formally submitted for the approval of the Joint Equipment Service Board.
- New Budget templates to support the budget setting and ongoing monitoring and reporting mechanisms.
- 2 monthly meetings of the Finance Group to review activity and budget pressures and report to the Joint Equipment Service Board.
- Any proposed in-year Budget changes for the Store service or equipment budgets must be agreed and signed off by all Partners via the Finance Group and Joint Equipment Service Board, prior to implementation.

