

## Financial Principles and Risk Sharing

### 1. PRINCIPLES

The partnership needs to work together and build trust working in the best interests of our communities. Principles should provide a high-level framework, guiding the work we do together to manage financial risk.

- **Place Led** in our collaborative working and approach to delegated funds and decision making. We will centre on the needs of our population, focusing on improving health & care outcomes and reducing health & care inequalities whilst ensuring best value for the funding we receive.
- **Subsidiarity.** The division of roles and responsibilities between York place and the ICB will be based on the principle of subsidiarity so that the ICB only takes on responsibility for things where there is a need and benefit to working at a greater scale. Place will become the engine room for achieving improvement and change, working locally to implement change, and then leveraging that improvement to place based populations.
- **Place Accountability.** We will drive collaborative working for the services we have delegated to the Place Board on the basis we succeed or fail together as a place partnership rather than as individual organisations.
- **Achievement of Financial Plan.** It is expected the delegated budget has to be achieved. We will drive innovation and seek efficiencies through our collaborative working, ensuring we focus on delivering our services within the delegated funds available. We will adopt a risk management framework to manage and mitigate risks but will work on the principle that we need to deliver the plan we are set.
- **Open Book.** We will adopt an Open Book approach to our working. Financial information will be shared in a transparent and timely manner to ensure our decisions are evidenced based and in line with our place priorities.
- **Build Consensus.** Where there are disagreements, these will be worked through between organisations, and then the Health and Care Partnership. If required, this will then be escalated to the Place Board. No organisation will revert to an external body or the ICB for a decision without fully exploring the Place Board as an escalation route.
- **Fairness** for our patients and partner organisations across the partnership – we will not look default allocation fair share except where investment is targeted.
- **Transparency of decision making.** No organisation can commit another organisation to capital or revenue expenditure without the agreement from that organisation.

In line with our agreed principles, we will work collectively to deliver our delegated services within the funding available.

### 2. FINANCIAL RISK MANAGEMENT

#### 2.1 Aligned Budgets.

Accountability remains with the constituent organisation, NHS would be Place Director/exec/ICB Board in line with the ICB Scheme of Delegation.

Partners will take on responsibility for planning, budgeting, reporting and financial decision making within the funding available. Planning and in year pressures resulting in adverse

year to date/forecast variances will be managed by the accountable organisation with the intention of managing spend, delivering efficiencies or deferring expenditure to manage within budget. The partner may need to look for efficiencies across the wider delegated budget to utilise to mitigate these pressures, If this is the case then any savings in other non-aligned budgets would be based on agreement between partners and subject to the risk share arrangements in place for those services.

## **2.2 Pooled Budgets**

Accountability for outcomes including the money is through the joint committee and in line with the ICB and Local Authority Schemes of Delegation.

If a pooled budget service area is unable to achieve its plan position it should communicate this immediately to the Director of Finance of the Place and Local Authority, This communication should identify the issue and any mitigation that have been taken or proposed to be taken.

Partners should look at opportunities to quickly mitigate any potential movement initially within the service itself. If no mitigations are identified and there remains a movement in the reported position, then a more formal recovery plan would need to be sought and brought to the Health Joint Commissioning Forum. The budget holder will need to document the reason for the adverse movement from forecast plan and actions being taken to minimise the underperformance and what actions can be taken to manage spend within funding.

If this ultimately was not achievable it would fall on the partners to identify an action plan / stretched targets from other areas of the delegated budget. This would be through increased efficiency, cost containment, cost avoidance or deferral of spend initiatives.

It would be acknowledged that either party offering non recurrent support or deferring spend elsewhere to manage the delegated overspend would receive the funding back the following year. Historic debts would need to be covered before any new spend was sanctioned.

In some cases, the movement may be of such a level that formal escalation by the ICB or Local Authority could be triggered irrespective of mitigation plans proposed for the delegated budget. This would initially be through the Health Joint Commissioning Forum and Place Board.

## **2.3 Lead Commissioning / Integrated Provision**

Accountability for outcomes including the money is through the joint committee and in line with the ICB and Local Authority Schemes of Delegation.

If a service is delegated to a lead organisation the lead commissioner would need to agree through planning a fair but challenging budget to deliver the service. Once agreed, it would be expected that the service would be managed within the funding available.

It would be expected that the lead commissioner would be accountable for delivery of the service within the available resource. Any pressures would be managed by the lead organisation who would be expected to inform partners of the pressures and the proposed mitigations. Where this will result in an impact on service delivery this would need to be approved at the Health and Joint Commissioning Forum and Place Board.