



HFMA briefing
October 2018



How do you align resource plans across the system?

System finance and governance series



Introduction

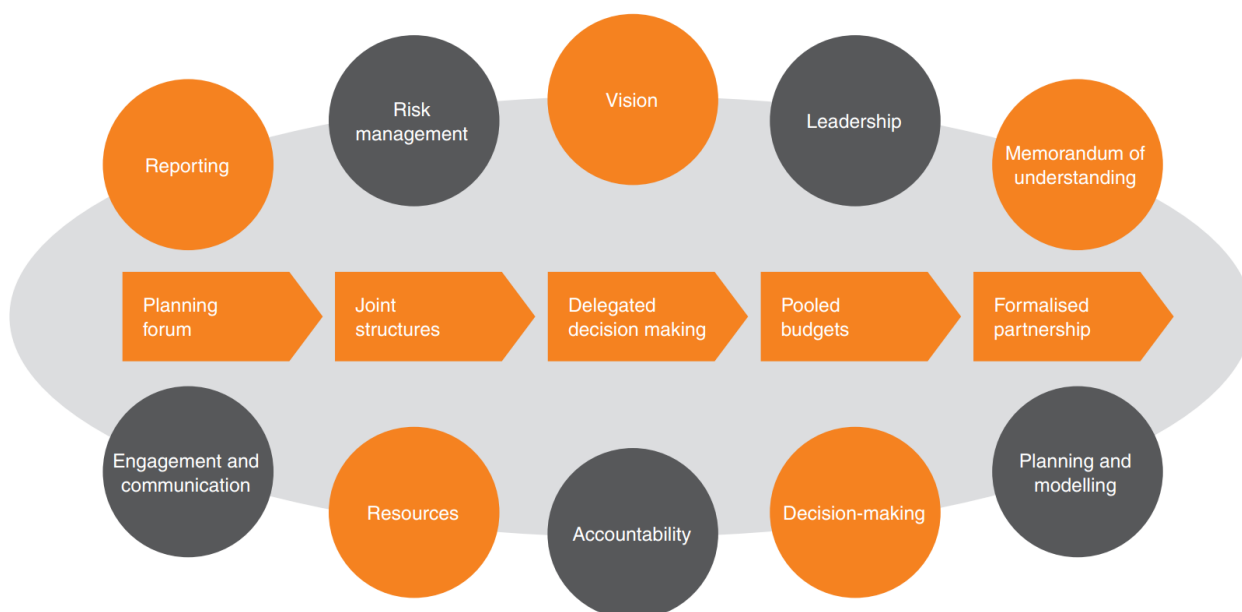
This first briefing in our mini-series on system governance issues - the titles of which are set around a priority question for system leaders – explores how to ensure strong strategic system planning.

As health and care systems work more closely together, often moving towards a shared control total, an agreed understanding of activity and finance is vital to develop a single health and care system plan. Recognising that the appropriate approach to aligning resources will be different for each health and care system, the aim of this research is to provide support to members at different stages in developing their resource plans, by considering the key challenges, sharing experiences and drawing out top tips. It is based on a desktop review of national guidance, interviews with NHS finance leads and examples presented at HFMA events. The briefing is intended to be particularly helpful for health and care system leaders, finance officers, non-executive directors and lay members.

Background

The HFMA's sustainability and transformation plan (STP) governance survey¹ explored the views of system finance leads on ten key governance elements of their system arrangements (**Exhibit 1**). The findings highlight a mixed picture of developing arrangements. Although a number of comments reflect a picture of improving collaboration and positive relationships, some concerns remain. Particularly a lack of clarity around the vision, the need for greater transparency in decision-making processes, the absence of agreed STP wide resources and a lack of accountability to and from individual organisations.

Exhibit 1: Governance elements



Source: *Emerging approaches: developing STP governance arrangements*²

When asked to rank their governance concerns, 40% of survey respondents ranked 'having an agreed shared control total within the STP footprint' as a top three concern. Recognising STPs are not statutory bodies, respondents commented that having a foundation of effective relationships and a will to work together across the footprint were essential factors.

With the expected publication of the ten year plan this autumn – underpinned by £20bn additional funding to 2023/24 (a 3.4% annual increase) – there is some uncertainty about the future financial framework. However, what is clear is that the direction of travel towards collaborative working across health and care systems will not be changing. The updated NHS planning guidance for 2018/19³ reinforces this, setting a clear expectation that all STPs will have an increasingly prominent role in planning and managing system-wide efforts to improve services. A recent example is the capital bidding routed through STPs. NHS Improvement has also built a system tool that is linked to the new long-term financial model which can be used to support system planning.⁴

¹ HFMA, *Sustainability and transformation partnership governance survey*, March 2018

² HFMA, *Emerging approaches: developing sustainability and transformation plan governance arrangements*, March 2017

³ NHS England and NHS Improvement, *Refreshing NHS plans for 2018/19*, February 2018

⁴ NHS Improvement, *Long-term financial model and system modelling tools*, October 2018

In the *Government's response to the Health and Social Care Committee's report on integrated care*, it states that 'one of the defining features of integrated care systems is the commitment on the part of local NHS organisations to manage their resources collectively... there are 14 systems in the ICS development programme and eight of these agreed to link their provider sustainability funding to the system financial performance in 2018/19.'⁵

For all STPs, the system position is included in the system dashboard monitored by NHS England⁶. The metric is the aggregate CCG and provider over/under performance against control total divided by aggregate CCG resource limits. As well as working towards a system-wide control total, aligning resources across the system involves a clear understanding and plan for a range of areas including the position for cash, capital, activity and workforce.

Challenges

In the current difficult financial climate, the agreement of an organisation's individual resource plan is a huge challenge and to then ensure these are aligned across a system requires significant focus and effort and is essential for the delivery of transformation. Key challenges are set out below.

Geography

Every footprint really is different and has unique challenges. They are often based on its geography, the historical partnership working across the area and the relationships within it. Footprints range from a small number of coterminous organisations to large and complex organisations, often crossing provider and local authority geographical borders. Alignment of plans needs to take into account assumptions for arrangements outside the area boundary, such as neighbouring providers, specialised commissioning, out of area costs and ambulance trusts.

Accountability

Within the current architecture, individual organisations remain accountable and system working is largely based on voluntary partnership working. With short-term pressures and incentives as well as organisational regulation, system-wide plans are particularly tested when there is a perceived risk of losing organisational control, incurring stranded costs or when plans begin to slip. System control totals are a high-risk proposition as those organisations on track to achieve their individual control total may end up with no provider sustainability funding if the system total is not met.

Funding flows

Funding flows within a system are complex and time-consuming to manage. To align resources, a system needs a clear understanding of how money moves around the system, as well as resource allocations and patient level costing information. Cash requirements can differ significantly between organisations in a system and the cash pressures of one organisation may have negative implications for others within the system. Funding mechanisms and their implications for organisations across a system differ too - one example is the Estates and Technology Transformation Fund (ETTF) which attracts a cost of capital when distributed to trusts but not to CCGs. With some requests to organisations and some to STPs, arrangements can be confusing and potentially create a governance gap.

Collaborative culture

Historically, organisations have worked competitively rather than collaboratively. The change to open book working and a focus on system-wide efficiency requires significant cultural change. Much time and energy is still taken up with contract disputes or savings plans built around maximising provider income or limiting commissioner expenditure, with no overall effect on the health and care system pound. For effective collaboration organisations now need to develop trust that shared information will not be used as a tool against them.

⁵ Department of Health and Social Care, *Government's response to the Health and Social Care Committee's report on integrated care*, September 2018

⁶ NHS England, *Sustainability and transformation partnerships progress dashboard*, May 2018

Shared understanding

The health and care system is made up of a number of different organisations including providers, commissioners, local authorities and the third sector. The language used by them, as well as by finance and clinical staff, is different. Time is required to ensure that a shared, simple and clear understanding of resource plans is developed and easily linked to a common vision. An understanding of the different pressures each party faces is important too. For example, the politics, statutory requirements and extreme financial challenge of local authorities is hard to navigate. Practical challenges such as the use of different IT systems, reporting mechanisms and reporting timetables add to the complexity. A shared plan for revenue, capital and activity needs to be in place. There needs to be honest communications with the public about what can be done with the resources available and a clear aligned plan that the public understand.

Changing working practices

The move to system working reflects a major change in the way individuals are being asked to work, which takes significant time and capacity. Alignment of resource plans takes time, both in terms of providing and interpreting the information required of each organisation and in developing the vital trust and relationships. Successful alignment requires a system-based mindset of all staff. But in many areas work on these plans can be seen as an addition to their organisational responsibilities, stretching capacity and relying on the good will of staff to focus on system-wide working. Commissioning and provider staff need to work more closely, and potentially within a joint team, to facilitate system-based plans and consolidated system financial reporting. Simply understanding the differences in the monthly reporting requirements and formats of commissioners and providers can be a challenge. Mixed accountabilities can also lead to professional isolation experienced by those finance directors who have taken on a full-time STP role, creating difficulties in maintaining links to both the service and regulators.

System stories

We asked members how they are aligning resource plans across their system and their stories are shared below. These are not exhaustive and are not intended to provide complete solutions. However, recognising that one size does not fit all, illustrations from others' journeys provide helpful prompts when thinking about how best to develop appropriate governance arrangements.

Financial frameworks

Devon STP

The Devon system spent a lot of time, first as part of the success regime and then within the STP, to develop a system-wide set of financial principles and a financial framework that all parties signed up to. They clearly set out the trajectory of how the overall health and care system deficit would move into balance over the medium term, making clear the level of savings and efficiencies required (over £100m per annum) and flows of funds between the providers and commissioners. Getting this framework in place provides a clarity and simplifies financial flows, allowing maximum focus on transforming the system.

Clear leadership, setting out the mandate and a series of set piece meetings, underpinned by trust, have been key. The chief executive group and director of finance group are drawn from all organisations, including their three local authorities. System alignment only exists through voluntary participation, but having two instrumental senior groups has led to an agreed financial framework with a clear expectation that all members of the partnership will comply with it. A good level of engagement in agreeing the framework is useful for enforcement at a later stage, as this enforcement has to be based on influence and persuasion as it is a voluntary arrangement. Next steps are considering how the principles should evolve beyond the financial recovery phase to ensure they have stabilised their provider sector and to better support investment in key strategic priorities such as mental health and prevention.

Frimley Health and Care ICS

At the 2018 HFMA Convergence conference, Frimley Health and Care ICS presented their plan, which included the key investment principles as set out in **Exhibit 2**.

In explaining their system story, Nigel Foster, finance director of Frimley Health NHS Foundation Trust and Berkshire East Clinical Commissioning Group, said 'the time you spend with your colleagues in the system and building those relationships – the time our board has spent away from thinking about the formal agenda and in that development phase – that is time well spent...I'd do more of this.'

During 2018/19, as the financial challenges across the ICS have increased, the strong relationships have enabled the local CCGs and providers to work collaboratively on tricky issues such as the financial impact of contracts with 'out of area' CCGs and providers. Looking ahead to 2019/20, the ICS is looking to produce a single unified CIP/QIPP programme.

Cornwall & Isles of Scilly STP

In Cornwall and Isles of Scilly there has also been a collective agreement by the chief executives and directors of finance that the health and care system will work together to support and achieve system financial sustainability. As a result, they have developed a system-wide financial framework based on collaboration and the collective view of the financial position and plan. The financial framework is four to five pages and intentionally simple and short, aiming to capture the improvement story. It sets out what needs to be done as a system by 2020/21 to achieve financial balance and includes milestones and key targets. The framework, which includes the 2018/19 control totals across the system, has been agreed at individual boards.

Echoing the views of a number of interviewees, the STP's recent wave 4 capital bid submission was an example of good system-based planning. The prioritisation process used tangible evidence and a centrally coordinated task and finish group approach to focus on agreeing the system capital priorities. Although resource plans are now aligned for the NHS organisations within the health and care system, the next step is better alignment with the Council's social care financial plans for 2019/20.

Berkshire West ICS

In 2016, as part of the process of developing the financial framework, Berkshire West set out a clear intention to design a system that takes the CCG's allocation along with other externally commissioned activity and consider it as a whole system budget. This was then applied to the right pathways, services and interventions to achieve several key goals.

A memorandum of understanding was agreed and discussions included considering the risk to the system NHS control total and questions such as:

- 'what happens when a provider is providing services to multiple systems?'
- 'how are business plans aligned to objectives?'
- 'how can stranded costs be recovered?'

Exhibit 2: Frimley Health and Care Investment principles

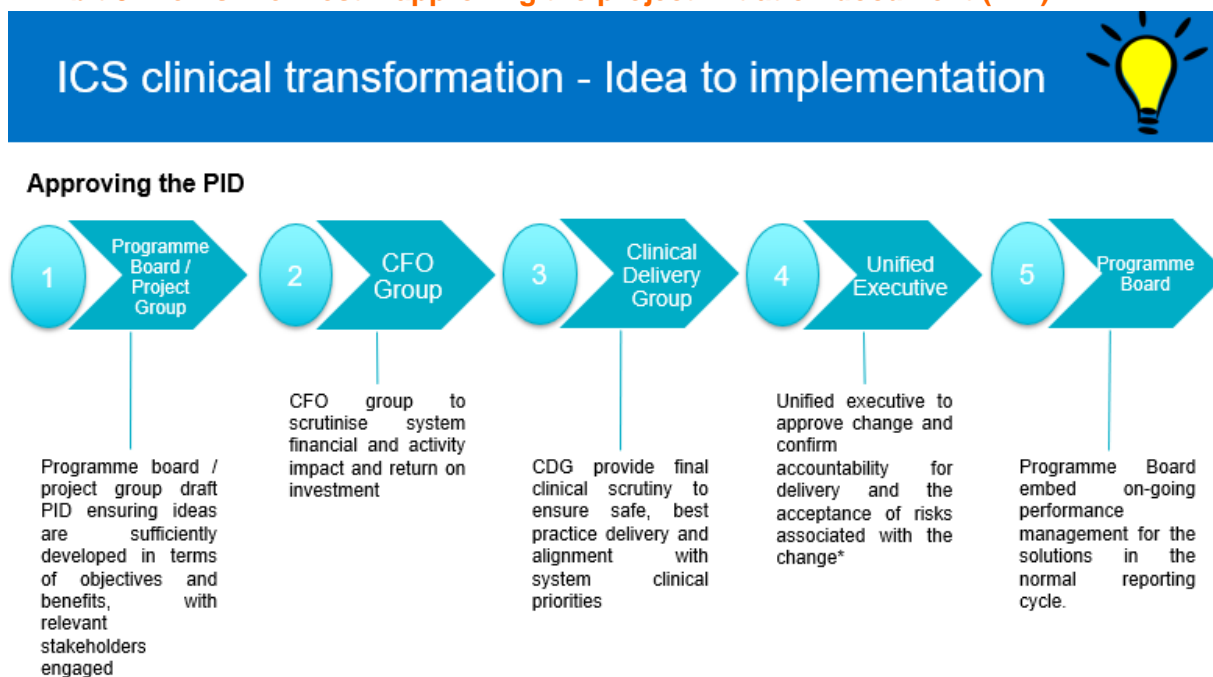
Investment Principles:

1. Moves towards our agreed vision (follows clinical evidence)
2. Provides maximum health gain (reduces inequalities)
3. Impacts demand – the drivers of system costs
4. Optimises future system capacity within fixed resource – swallows forward demand
5. Maintains contingent external investment (e.g. optimises the Provider Sustainability Fund)
6. Produces genuine cost reduction
7. Fair: keeps individual partners out of special measures

The ICS executive provide oversight and to support their role in holding organisations to account, they have set down some protocols which all parties have signed up to. Recognising there is a balance between having a detailed protocol and having the ability to move at pace, they have developed one which has broad principles, but is not too prescriptive to enable agility and innovation. Internal audit has also reviewed the robustness and transparency of ICS system governance and reporting arrangements. This enabled all stakeholders to share views candidly and, as a result, further enhancements to trust and transparency across the system have been made. The next steps are to have the more granular discussions of ‘what happens if...’.

Trust, transparency of message and diversity of experience have been key to the journey for Berkshire West. A successful example is the approach to project initiations. There is a clear system process (see **Exhibit 3**) and the culture in place to ensure all projects follow the same approach.

Exhibit 3: Berkshire West – approving the project initiation document (PID)



Towards a system plan

Nottinghamshire ICS

Thinking about what a joint plan for NHS organisations within a health and social care system might look like at the beginning of the year, officers at Nottingham ICS realised that 2018/19 plans would be a step on a journey towards a fully integrated system plan. The approach was to develop this over time by considering the following questions:

- Where are we currently?
It was recognised that there were a lot of single organisational plans, but further thought was required about what this meant for the system as a whole.
- What do we think we can get aligned before March 2018?
It would be possible to get to a place where a number of organisational plans are well understood and look at producing aligned activity and finance across the system.
- Where do we want to get to by March 2019?
The aim is to have a set of plans covering activity, finance, workforce, demand and capacity and transformation.

To deliver a sustainable system and meet the objectives of the system, the system plan needed to include a number of key components, as set out in **Exhibit 4**.

In the Nottinghamshire ICS governance groups are used to review plans and participation from the board has been key. This is seen as a long-term journey with alignment of plans an ongoing exercise throughout the year and the ambition to include wider local government partners too. The STP is also developing a robust accountability and governance framework which will include details of who is responsible for what and what happens if things go off plan. Marcus Pratt, programme director at Nottinghamshire ICS, recognises the importance of agreeing up front how the system will respond when performance is off plan, commenting that ‘by agreeing a collective plan in advance we can be proactive in how we respond rather than reverting to organisation focused behaviours’.

Exhibit 4: Nottinghamshire sustainable system plan

SUSTAINABLE SYSTEM PLAN	
Finance & Activity Plan - System Operational Plan	Transformation Plan - Clinical Services Strategy - Workstreams & Efficiency Programme - Capital & Estates DDP - Communication and Engagement - Local Digital Roadmap
Workforce & OD Plan	Capacity Plan

Dorset ICS

Mark Orchard, director of finance at Poole Hospital NHS Foundation Trust, explored the journey of Dorset ICS at the 2018 HFMA convergence conference. He emphasised the importance of robust open book monthly meetings, having one version of the truth for both activity and finances, a

Exhibit 5: Dorset collaboration agreement extract

System Control Total 2018/19

The Dorset NHS Group is jointly accountable for delivering our aggregate financial ‘control total’ commitment.

In year offsets of financial over-performance in one organisation against financial under-performance in another are permissible where the net impact is overall net neutral.

In the event of the aggregate of organisational control totals not being delivered across the year, the sharing of financial risk will be determined by the Dorset SLT and individual board of directors.

collaboration agreement and developed relationships. An extract from the collaboration agreement shows how simple yet clear arrangements have been agreed and documented (**Exhibit 5**).

Dorset STP has also replaced the tariff arrangement locally with block arrangements. Flat cash settlements for providers in 2017/18 followed by a 1% increase for 2018/19 were agreed based on flat activity. A series of planned financial offsets have been agreed for the current year so that all providers face the same cost improvement challenge in order to deliver the set overall NHS system control total. This was only achieved with the shift to a system mindset.

North Cumbria STP

The key lessons for North Cumbria STP in their journey towards a system plan have been the importance of a shared vision and trust. As Charles Welbourn, chief finance officer at North Cumbria CCG, comments ‘If there is not the collective will and you are doing it for sake of it, then there is the danger of failure’. With a clear sense of purpose about what is trying to be achieved, agreed changes to resources can be made. Conversations about what needs investment and the costs this incurs can be reflected in contracts.

At close down of the accounts in 2016/17, the system went through a trial run that worked well and the STP has carried this principle forward. In the 2018/19 contracting round they have seen benefit in knowing what was planned for and having the collective responsibility to manage the impacts.

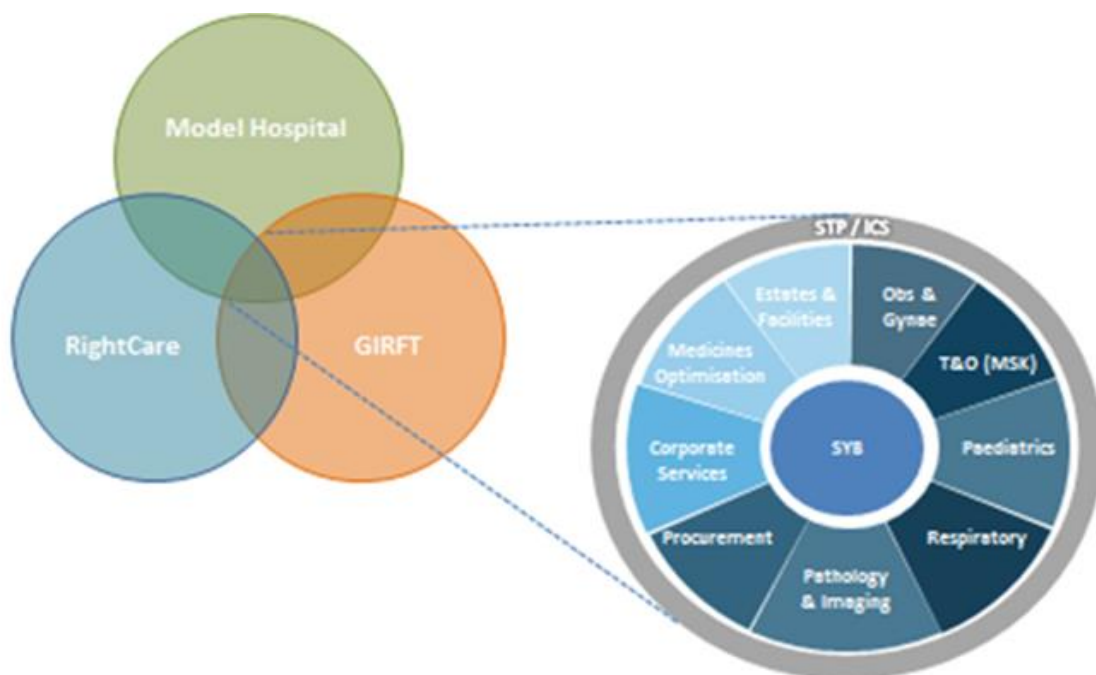
South Yorkshire and Bassetlaw ICS

The South Yorkshire and Bassetlaw ICS has recognised the importance of aligning system plans and were pleased to be able to agree a system control total for 2018/19. Following the initial alignment exercise this year, the ICS learnt that *how* you have the alignment conversation and *who* it is with is key. This is particularly in the context of organisations retaining sovereignty and the need to balance organisational needs with system needs. This needs to be done in partnership, understanding the different assumptions made and allowing time for the journey towards agreed alignment.

The ICS also recognise that once an agreed system control total was in place, ongoing assurance was essential. Its finance and activity committee provide a formal governance mechanism to assure the system control total and ensure that system, locality and organisational risk is given visibility to stakeholders. The ICS restructured its financial reporting arrangements to provide this information on a routine basis, linking with NHS England and NHS Improvement to ensure consistency of reporting. A key role of the finance and activity committee is to look at the overall financial performance of the system which feeds into strategic planning, acting as a gateway process to ensure savings plans deliver at a system-level.

The ICS has also set up a system-wide efficiency board which will identify and prioritise efficiency schemes which can be delivered better at scale across the ICS, presenting the opportunity of further efficiencies to add to individual organisational efficiencies. This exciting development has received a high level of engagement from stakeholders and brings together the rich intelligence from across the system such as GIRFT, Model Hospital and RightCare as well as other national and regional intelligence from other systems. **Exhibit 6** reflects how the ICS sees the benefit of bringing this together.

Exhibit 6: System diagnostic



Payment mechanisms

Suffolk and North Essex STP

Suffolk and North East Essex STP has found its focus on changing the payment mechanism has created a collaborative culture, focused on NHS system activity and making the most of the system pound. Starting at a locality level they have taken a phased approach. Their journey began a few years ago with one locality having one part of the contract (urgent care as it was the most volatile) moving to block contract and then in subsequent years progressing to a guaranteed income contract for all acute services. In another locality, a full block contract was agreed but with a cap and collar to deal with fluctuations in activity before moving to a full guaranteed income contract. Although payment by results is no longer used for contracting, it is used to monitor activity and pricing. If anything is now put in or out of the contract it is done so on the basis of cost, ensuring that the overall cost to the system is not inadvertently increased.

The key ingredients required in order to agree and progress the guaranteed income approach have been: having grown up conversations; trusted relationships; and full transparency on financial positions and affordability. Also having a system to escalate and unblock issues with access to the appropriate clinical leads has been important. The changes have encouraged the right system behaviours and allowed time to be focused on activity, demand management and system efficiency.

System reporting

Lancashire and South Cumbria ICS

The ICS view the key to financial reports as getting partners from integrated care partnerships (ICPs) – the five local areas within the ICS – talking about their respective financial positions, including risks. This is then all fed into a one-page summary for the ICS Board.

The ICS has also been working closely with the CSU to develop a system report covering performance and contracting. This is built up from population data and therefore can be aggregated at practice, neighbourhood, organisation, ICP and ICS levels. The online reporting system enables drill down to the lowest level of analysis to enable boards to interrogate information and compare performance across different entities if required. A predictive analytics module is also being developed to complement the performance and contracting modules. Although boards and governing bodies have not yet adopted the system, they will have the ability to tailor reports to meet their own needs.

Berkshire West ICS

The Berkshire West finance dashboard reports provide a clear monthly STP position by sector, split by providers, CCGs and local authorities. The dashboard includes:

- commissioning
- budgets (including adult social care)
- progress and forecast against system plan
- progress and forecast against savings plans
- cash position
- risks

It commissioning budgets (including adult social care); progress and forecast against system plan; progress and forecast against savings plans; cash position; and risks.

Kent and Medway STP

The regular report to the programme board shows the position by NHS organisation, including the year to date and forecast financial position on a single page, which is mapped against do nothing and do something options. The governance structure supports this via the finance group and its working group.

System reporting includes a focus on driving efficiency across the system with some savings identified in shared contracts for supplies and services. Overall cost improvement plans are viewed and the element required to be delivered by each organisation is clear, making it part of both the organisation and system agenda. Getting chief executive buy-in, clarity over how plans fit into both the system's and organisations' agenda and wide-spread engagement have been key.

Tameside and Glossop

Tameside and Glossop, part of the Greater Manchester Health and Social Care Partnership, have developed their system reporting as part of integrating commissioning responsibilities between the metropolitan borough council and the CCG. An integrated commissioning fund was established in April 2016, underpinned by a robust financial framework. It initially included adult, children and public health council services and CCG resources, expanding to all council and CCG resources in 2018/19. Funds fall into one of three pots as set out in **Exhibit 7**.

In developing shared system reporting and understanding, officers realised the need to tackle different reporting formats and overcome a difference in language - such as what is reported gross and net and what brackets mean for each. Briefings have been streamlined and now the CCG/Council s75 strategic commissioning Board meets immediately before the Council's Executive Cabinet.

Exhibit 7: Tameside and Glossop integrated commissioning fund

Budget Allocation Sections	Detail	Governance implications
Section 75 (Pot A)	This related to legislation that allows the establishment of pooled funds between NHS bodies and local authorities at a local level.	The Single Commissioning Board will make decisions on this funding which are binding upon the two statutory partner organisations.
Aligned Services (Pot B)	Funding contributions for services that cannot be delegated for formal joint provision.	The Single Commissioning Board will make recommendations on the spending of this funding. These recommendations will require ratification by the relevant statutory authority.
In Collaboration Services (Pot C)	Funding for services which cannot be included within Section 75 arrangements without a change in legislation. These specialised services are jointly commissioned with NHS England.	The Single Commissioning Board will make recommendations on the spending of this funding. These recommendations will require ratification by NHS England and the relevant statutory organisation.

Further stories of what each integrated care system is doing across a range of topics can be found on the NHS England website⁷.

⁷ NHS England, *Integrated care systems web page*, ongoing

Lessons learnt

Each health and care system is different, but the stories above show that there are some common ingredients essential to developing good system-wide governance arrangements and aligning resource plans across the health and care system. The top ten tips below are intended to help readers as they think about how to ensure effective alignment of their own plans.

1. Build trust and relationships

Without trust – regardless of what structures and documents you have in place – aligning system plans will be almost impossible. The way people do things and the development of relationships are essential to building trust and time and effort must be invested in enabling this. As one interviewee said, ‘have the pizza and cake, have the conversations to get to know each other and find that common ground’. In the examples above leaders meet regularly. This can be both formally and allowing time before or after for an informal catch up while people are together.

2. Ensure transparency and clarity

Transparency and clarity will help maintain trust – both internally and externally – by avoiding incorrect assumptions being made about intentions or resources. In some cases, the STP can be incorrectly perceived as a separate group at which resource decisions are made. Transparency and clarity will help to ensure all are aware of the links between organisational resources, how overall resources are allocated and how these are managed across the system. There are a number of difficult decisions to be made in aligning resources across a system, such as what is included in the system control total and what happens to stranded costs. Clear agreed arrangements will help support continued alignment.

3. Agree financial principles

Both the discussions required to agree a set of financial principles for a system and a written document setting them out, bring a number of benefits to aligning system plans. Board sign up is key. Agreeing financial principles facilitates early engagement and agreed processes before difficult decisions arise such as what to do if an organisation is falling behind plan, how to deal with dispute resolution and how shared savings will be used. It allows for appropriate arrangements to be developed without the heat of an issue and supports enforcement of agreed arrangements.

4. Focus on the benefits of system working for the patient

In many of the examples above, it is the vision to improve the patient experience and the recognition that working across a system is the best way to achieve this, that has driven effective system working and engagement in aligning resources. Resources are finite and systems need to focus on maximising value from collective resources. As Sam Simpson, director of finance at Tameside and Glossop comments in discussing the work to address the wider determinants of health in the local population, ‘if you’re doing it right as a finance director, you will not just focus on your organisation, you will also be proactively engaged with the wider system’⁸.

5. Get the pace right

Complete alignment of plans across a system will take time. In a number of examples above, there is an incremental approach to doing so with year one as a starting point for minimising variances and a longer-term aspiration to incorporate more challenging areas such as local authority budgets and specialised commissioning. This allows time for issues to be resolved and appropriate controls to be established. By having clear milestones, there is recognition that things will take time, while ensuring momentum is maintained. If there is a lack of momentum or progress, individuals may become frustrated and lose interest. Trying to agree everything up front can halt progress. Each system will need to find the right balance for them.

⁸ Healthcare Finance, *Simpson takes on the Tameside challenge*, September 2018

6. Enable effective engagement

Good engagement with both internal and external stakeholders will help ensure that alignment of resource plans becomes a reality rather than remaining on the page only. Interviewees commented that engagement throughout the process, to bring people on the journey, and with all staff, not just a few senior officers, are key to making things happen. A series of set piece meetings and a clear mandate to do this will help. The political dimension, particularly at election time, must also be recognised and it is important for the system to understand the implications, engage throughout and manage a clear message.

7. Ensure appropriate information

A good understanding of costs across the system is essential to alignment, avoiding duplication or missing system elements. This requires easy to understand, and easy to access, good quality information. The information requirements and sources should be agreed up front to support alignment and monitoring. There is a wealth of data available, particularly in areas that are easy to measure but the system needs to ensure they are meaningful. In many cases, the local authority may already measure things that matter to the population and support resource plans aimed at improving overall population health.

8. Be one voice

With the current system of regulation, there can be a raft of guidance and requests - sometimes conflicting - going through individual organisations or the system. As one interviewee commented, a key role and challenge for the director of finance is to make sure all such guidance is incorporated into aligned system plans and a consistent message is provided to regulators. Ongoing involvement with regulators will help this. A single version of the truth is needed, based on shared objectives, an understanding of the role of each organisation in achieving them and aligned reporting.

9. Consider payment mechanisms

Different payment mechanisms will suit each system and the existing and future arrangements will form part of aligning resource plans. For some, the move to block contracts has crystallised where the risk lies, taking the heat out of discussions and saving resources previously used to defend or challenge contract values. However, for others the benefits of a centrally-led exercise saves time on calculating local prices. In reality, most interviewees recognise that any change will need to be phased and a greater focus on payment mechanisms that support collaboration, and are based on outcomes, would support the culture required for effective system working.

10. Develop a clear assurance mechanism

Clear and simple reporting and monitoring assurance mechanisms are required for aligned system resource plans that avoid the need for time-consuming and lengthy processes. Getting the agreed governance structure right for this, with clarity over the role of individual groups in the assurance process is essential. Measurable short, medium and long term goals need to be agreed that incentivise the required behaviours. Internal audit can be a key source of assurance across a system. In some cases, interviewees found that short updates with deep dives into areas such as mental health resources or children's services have worked well.

Previous HFMA publications have included a diagnostic checklist of key questions that can be asked in developing robust governance arrangements⁹. It is intended that by using this, along with the top tips and stories above, each system can focus on improving the alignment of resources across their system.

⁹ HFMA, *Sustainability and transformation partnerships: developing robust governance arrangements*, October 2017

Conclusion

With resources available to the health and care system finite, expenditure needs to be managed in the best possible way to maximise value to patients and taxpayers. It is increasingly recognised that the transformation required to drive value will be based on a collaborative system approach – both across NHS organisations and with wider partners within the health and care system. However, with the current organisational architecture and regulation, aligning resource plans across a system is complex. There is no one approach that can easily be applied to all and it will take time. Nonetheless the shared stories show there are some clear common ingredients for success – trust, transparency and teamwork.

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