

Key issues for clinical commissioning groups

Issues facing CCGs based on our experience of working with over 80 CCGs

Issue 5 – April 2015

Our fifth briefing paper summarises the current key issues facing the sector and the solutions being adopted across the country, drawing on sector insight as the external auditor to around 40% of clinical commissioning groups (CCGs).

Top ten issues

Many of the issues from our February bulletin not surprisingly remain. The main change is that strategic change has risen in importance in light of the 'NHS five year forward view'.

- 1 Financial pressures and underlying deficits in future years.** 19 CCGs (9%) reported an overspend against allocation in 2013/14 and a greater number are reporting potential overspends in 2014/15, some of which are emerging as very significant. Not surprisingly, we are observing that this is translating into relationship difficulties in some areas. It is therefore especially important for CCGs to engage early with their providers on the year-end position. However, the large majority of CCGs are reporting a balanced picture. Proposed tariff changes are having a detrimental impact on future financial plans at most CCGs. We set out in our [second bulletin](#) more detail on good practice financial reporting.
- 2 Ensuring commissioning support services are high quality and deliver value for money.** CCGs report differing experiences with their commissioning support units (CSUs). A number of CCGs are questioning whether their CSU is providing the services they require at the right price, particularly those relating to continuing healthcare and business intelligence. Some CCGs are bringing services in-house, with others re-negotiating contracts or reporting concerns on the viability of CSUs once other CCGs have removed services. NHS England has developed a new Lead Provider Framework agreement for commissioning support services to enable CCGs to source some or all of their commissioning support needs, including transactional back office support services. The framework went live from February 2015 and our [fourth bulletin](#) sets out details on what CCGs should be doing and how we can help.
- 3 Strategic planning.** Commissioners have to balance many competing requirements, one of which is the need to fulfil the vision of the 'Five year forward view'. This is a core requirement in the 2015/16 planning guidance. NHS England has recently announced 29 'vanguard' pilots for developing and co-designing new models of care. The different organisations involved

will need to work more closely, share patient information and remove the need for repeated health assessments. The pilots involve three prototype models:

- Integrated primary and acute care systems (PACs) will bring together GP, hospital, community and mental health services. Money will be directed from a joint budget to wherever patients are judged to need it most. This is the largest pilot area and includes Vitality in Birmingham and Dudley CCG.
- Multispecialty community providers (MCPs) will bring specialist services, such as chemotherapy and dialysis, out of the hospital and closer to people's homes in parts of the country where this is considered useful for patients. This includes the Wirral Health and Social Care economy.
- Models of enhanced health in care homes will enable the NHS and councils to work together to provide more healthcare in care homes provide better preventive services in the home. This includes Sutton CCG.

We have the experience to help in many aspects of this process, including the development of a vision, plan and financial modelling

- 4 Better Care Fund.** CCGs have submitted revised plans for the Better Care Fund. The challenge remains to make the plans work by building positive working relationships between CCGs and local government at a local level. We have run workshops in a number of areas to share our insights from our unique position of working with both CCGs and local government. These have facilitated local discussions to assist the process of building relationships and reviewing plans to manage the transition from existing arrangements to more integrated relationships. Accounting for the Better Care Fund could create some fairly complex accounting and governance issues and we are happy to assist you in working through these. The Greater Manchester announcement to join up health and social care budgets has created a lot of interest and a future bulletin will reflect on the implications of this.
- 5 Capacity of CCGs.** The agenda CCGs are managing means that their overall capacity is being stretched. CCGs are therefore investigating options to address this capacity gap by considering using the legislative reform order to create 'mergers' or 'joint committees'.

- 6 **Provider trusts.** Concerns continue to be raised on provider trusts' financial stability, performance against contracts and quality of care, such as difficulties achieving the four hour waiting time target for accident and emergency. Many CCGs have also raised concerns over the quality of data they receive from the trusts they commission. CCGs are increasingly considering their role in addressing these issues.
- 7 **Co-commissioning of primary healthcare.** Primary care co-commissioning is one of a series of changes set out in the 'NHS five year forward view' and is potentially a key enabler in developing integrated out-of-hospital services based around the needs of local populations. It will also potentially drive the development of new models of care such as multispecialty community providers and primary and acute care systems. The document 'Next steps towards primary care co-commissioning' provided three models CCGs could take forward:
- 1 greater involvement in primary care decision-making
 - 2 joint commissioning arrangements
 - 3 delegated commissioning arrangements.

Sixty-four CCGs have been given full approval on their applications for delegation, while a further 87 have been approved for joint commissioning subject to constitutional amendments and the signing of terms of reference by the 31 March 2015. Draft governance arrangements have already been developed for joint and delegated arrangements. Conflicts of interest will need to be very carefully managed and a national framework for conflicts in this area was published as statutory guidance in December 2014. Our conflict of interest workshops are a very useful way of preparing to deal with this risk.

- 8 **Delivery of QIPP schemes.** Many CCGs continue to struggle to deliver planned QIPP schemes, although there is some desire to see good practice examples of identifying and managing them more successfully. More detail on managing QIPP schemes and ways in which we can assist are available in our [first bulletin](#).
- 9 **Strategic review and redesign of health and social care services.** These are major issues in many areas across the country, as the need for service transformation has become widely acknowledged. While the spotlight is on Greater Manchester after recent announcements, service transformation is having to take place in many areas of the country to meet demands at a time when finances are stretched.
- 10 **Governance reviews.** Most CCGs have either carried out, or are considering carrying out, a review of their governance arrangements. Some are completing their reviews in-house, while others have considered the benefits of an external view. Our governance review process offers objectivity, insight and best practice. Several audit committees have challenged their effectiveness in fulfilling their governance role and are taking action to address this, such as the appointment of lay members with a financial background. We have just published our fourth annual NHS governance report which summarises our conclusions on the current state of NHS governance and includes good

practice from our large CCG client base. Appendix 3 contains a summary of the key messages. An accompanying benchmarking report is also available to our clients and others who we are in regular contact with.

Financial accounts in 2014/15

The first year of preparing financial accounts was an important issue at all CCGs in 2013/14. In anticipation of this, we issued a [joint publication](#) with the HFMA to help non accountants understand CCG financial statements and [Bulletin 3](#) set out a summary of our experience and the learning points.

In 2014/15, the deadline for submission of audited accounts has been brought forward to 29 May 2015. Appendix 1 details some of the key issues to be addressed for the 2014/15 accounts preparation and approval. We will also continue to support our clients in achieving this earlier deadline by, among other things, the early discussion of issues.

Exploring issues further

The following issues are explored in this bulletin in more detail:

- Appendix 1 – Final accounts key issues
- Appendix 2 – Personalisation of healthcare
- Appendix 3 – NHS governance report 2015

Please contact us in the meantime if you wish to discuss any of the issues raised in this bulletin, or talk through any emerging issues at your CCG.

Who should I contact?

If you would like to find out more about how we can support CCGs, please contact one of the following:

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Final accounts key issues

Helping your final accounts audits go smoothly

Introduction

The production of a statement of accounts is one of the main ways CCGs demonstrate their accountability to stakeholders. It is also fair to say that the submission of accounts on time, with an unqualified opinion, reflects well on the financial managements arrangements of a CCG.

2013/14 picture

Even though FY2013/14 was the first year that CCGs produced accounts, all were submitted on time and received an unqualified 'true and fair' audit opinion. Furthermore, CCGs made net adjustments of less than 1% between their draft and audited accounts. Where there were issues that required reporting these tended to be in relation to:

- disclosures within the remuneration report relating to pensions benefits of GP senior managers
- breaches of revenue resource limits
- control issues at the CCG.

For 2014/15 it will be important for CCGs to build on this strong performance. There are no major changes to requirements for this year's accounts.

2014/15 key issues

Remuneration report

The remuneration report is part of the CCG's annual report and sets out the remuneration of senior management within the organisation. Senior managers are defined as "those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body". It therefore includes GPs on the governing body of the CCG.

In our audits last year a number of CCGs had not received some of the information necessary to allow them to include all the required pension-related benefits in their remuneration report. As these CCGs failed to comply with the annual report requirements, auditors had to report this as an 'other matter'. It is important therefore that CCGs:

- request all relevant information from the NHS Business Services Authority Pensions Division
- understand the payment arrangements for their GPs on the governing body and the respective reporting implications as set out in detail in the March FAQ2.

Auditors asked a large number of CCGs to amend to the pay multiple calculation. In making this calculation CCGs need to determine:

- the mid-point band of the highest paid director, ensuring that this includes the total remuneration of the director

- the median of all staff, ensuring this is for full time equivalent.

Certain off-payroll payments also need to be disclosed within the annual report, so CCGs should have the processes in place to be able to produce the required disclosures to report these for senior managers, and people paid over £220 per day who had reached six months in duration in the financial year.

Adjustment window and approval

If an error is found during the audit which needs adjusting, then the CCG has to amend both its accounts and also make the amendment through the Integrated Single Financial Environment (ISFE). NHS England has set an adjustment window from 8am on Thursday 21 May to 5pm Tuesday 26 May. Any amendments required after this date can still be made in the financial statements but not in the ledger. It is therefore important that CCGs agree with their auditors a timetable to ensure that all amendments are made to meet the deadline.

Agreement of balances

The agreement of balances exercise could prove challenging this year. It is important that CCGs follow the timetable and processes set out on the FINMAN website to ensure that the exercise runs as smoothly as possible.

A specific issue this year relates to property services balances, where a number of issues have arisen in relation to properties managed by NHS Property Services or Community Health Partnerships Limited due to:

- a lack of formal agreements
- CCGs paying for properties they do not use
- a move from payment based on allocation to being made on actual costs.

Such issues have made disputes more likely and CCGs will need to consider the disclosure required to explain their position, particularly where problems remain.

CSU service auditor reports

The final service auditor report relating to the controls in place at the CSU are not expected to be issued until 19 May 2015. CCGs will need to consider the impact from the service auditor report, particularly in relation to the governance statement. CCGs will need to ensure that within the accounts timetable there is sufficient time to consider the report and then appropriately reflect it in the final annual governance statement.

Personal health budgets

Making personal health budgets a reality

What are personal health budgets?

A personal health budget is the amount of money needed to support a person's identified health needs. It aims to give people greater choice, flexibility and control over the health care and support they receive. A key feature is the presence of a care and support plan which is planned and agreed between the patient and their local clinical commissioning group (CCG).

Personal health budgets are not new. Adults and children receiving NHS continuing care have been able to request personal budgets since April 2014. From April 2015 personal health budgets can be extended to people with long term physical and mental health conditions.

The 'Five year forward view' planning guidance sets out the expectation that in 2015/16, CCGs will lead a major expansion in the offer and delivery of personal health budgets to people where evidence indicates they could benefit. The expectation is that by April 2016 personal health budgets or integrated personal budgets across health and social care will be an option for people with learning difficulties.

CCGs have flexibility in the rate at which they implement personal health budgets. This has the potential to create a significant change in the way services are commissioned and CCGs need to plan for this. NHS England is currently undertaking pilots for integrated personal commissioning where there is person-centred planning across health and social care with capitated (individual level) budgets for their health and social need.

CCGs should also consider whether their arrangements will meet the proposed integrated personal commissioning across both health and social need.

How are personal health budgets delivered?

Once the notional budget for the identified healthcare needs has been identified, there are three mechanisms for delivering personal health budgets:

- **notional budget** – the notional budget is identified and the individual agrees for the CCG to arrange the agreed care and support
- **real budget held on an individual's behalf** – a third party holds the money for the patient and buys and manages the agreed care and support
- **direct payment of cash** – the individual receives the money directly to buy their care and support. The individual buys and manages the services themselves and has to show where the money has been spent

The budget must cover all the identified health need. Experience from the pilot sites shows that each mechanism suits different patients and that the conversation to discuss

the personal healthcare needs is the part most valued by patients.

What are the challenges?

Implementing personal health budgets has a number of challenges including:

- **Identifying an indicative budget** – the process should begin by identifying the indicative budget the patient currently receives. This can be challenging as some aspects of care will be within existing block contracts or will require unbundling tariffs to identify the cost
- **Support planning** – this requires engagement from front line clinicians as the focus should be on identifying health outcomes and then thinking about how to meet those outcomes
- **Unmet need** – undertaking personal planning may identify existing unmet needs. Meeting the unmet needs may create additional pressure on resources, but it may also reduce emergency admissions
- **Double running costs** – this may occur where the cost is covered by a block contract but is now being paid to the patient. Resolving double running costs may involve a period of transition
- **Impact on providers** – CCGs will need to work with their providers to avoid destabilisation and fragmentation as personal budgets become more widely available. Patient choice may not align to the currently commissioned care pathway and if more patients choose to access a service in a different way – for example appointments at home rather than at the hospital – there will be an impact on the provider's service. There is a need to engage providers early and signpost a phased introduction of service changes. Any changes a CCG is planning to make should be supported by a provider impact assessment
- **Infrastructure** – CCGs will need to ensure that they have processes to be able to assess need and calculate the associated budgets so that support plans can be developed and approved. CCGs will also need processes to review and monitor the support plans and to manage the financial impact

Overall the challenges can make financial planning more complicated. However a planned approach can help to mitigate the impact. Financial planning issues include:

- where aspects of identified care is covered by existing arrangements with the local authority and how to liaise with the local authority to maximise the outcome for the patient
- demand modelling becoming more challenging
- how to manage the impact on the overall budget. Pilots sites have shown some personal health budgets cost more while others cost less
- an impact on the administration cost as personal health budgets require more commissioning support.

How can we help?

To assist CCGs with managing personal health budgets we can:

- review arrangements to manage personal health budgets
- support your financial planning, in particular through assistance in modelling the impact of the implementation of personal health budgets
- run tailored, facilitated workshops. This is a very practical way of working through what is to be achieved and the support needed to implement personal health budgets

Appendix 3

NHS governance review 2015: Uncharted waters

March 2015

Introduction

Our fourth annual review into NHS governance aims to help CCG governing bodies assess their arrangements, in the context of the governance and leadership challenges and opportunities set down in the 'Five year forward view', published in October 2014.

'Uncharted waters' draws on a desk-top analysis of over 200 NHS bodies' 2013/14 annual reports and websites, supplemented by the thoughts of over 110 NHS leaders who participated in our survey and regional workshops on quality governance and integrated reporting.

Headline findings

Many NHS organisations are making good progress on governance under very difficult circumstances, and the report highlights examples of good practice on innovation, integration and stakeholder empowerment. However, there is also scope to improve integration arrangements to help respond successfully to the challenges affecting the public health and social care system.

Our report tells a story of a sector that recognises the need for sea change, which presents a number of key challenges and opportunities around the:

- **governance of leadership, culture and workforce** – including the need to deliver high quality, innovative and integrated services under a risk-aware patient-led culture, which is challenging in the current financial and workforce context. The NHS has responded positively to the quality governance issues raised in the three 2013 independent reports and reviews but many Foundation Trusts do not feel well prepared to implement the new well-led Framework.
- **governance in working with others** – including accountability issues around collaboration with integrated health and social care stakeholders, difficulties in balancing financial and quality governance with providers, and the transparent management of conflicts of interest in the context of co-commissioning. There continues to be lack of confidence over the comprehensiveness of clinically-led quality impact assessments of main providers' cost improvement programmes.
- **governance of stakeholder relationships** – increasing regulatory requirements continuing to drive the length, content and compliance focus of annual reports, diminishing their usefulness as key stakeholder communication vehicles.

Engagement is improving, but empowerment is far from embedded and there is scope to improve the transparency of disclosures on collective and individual governing body evaluations.

The length of annual reports continues to grow, with engaging reports giving way to mere compliance documents. CCG annual reports in 2013/14 averaged 123 pages, ranging from 62 to 213.

Useful questions

The report concludes with a number of questions to help CCGs assess and challenge themselves on the strength of their current governance arrangements.

Read the report

To read the report, [NHS governance review 2015: Uncharted Waters](#), please visit our website at www.grant-thornton.co.uk/publicsector. Alternatively, please ask your Grant Thornton contact for a hard copy to be sent to you.

Benchmarking your CCG

Grant Thornton has produced individual benchmarked reports based on our review of these annual reports. These are available from either your auditor or contacts in this bulletin.

Workshops: How far will you integrate?

We are running a series of joint workshops with the David Goldberg and the Good Governance Institute in late April across the country. For further information or to book your place, please contact Lesley Percy lesley.j.percy@uk.gt.com

- 21 April – Leeds
- 22 April – Manchester
- 23 April – Birmingham
- 28 April – Bristol
- 29 April – London