

# Auditor's Annual Report on NHS Calderdale Clinical Commissioning Group

2020-21

20 September 2021



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the CCG has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the CCG's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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# 1. Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the CCG has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the CCG's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the CCG's arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the CCG's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any areas of significant risk as part of our planning.

Our commentary in this report covers:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness
- Covid-19 arrangements.



### Financial sustainability

We did not identify any risks of significant weakness relating to financial sustainability arrangements at NHS Calderdale CCG.

Further detail can be found on pages 7 to 9.



### Governance

We did not identify any risks of significant weakness relating to governance arrangements at NHS Calderdale CCG.

Further detail can be found on pages 10 to 13.



### Improving economy, efficiency and effectiveness

We did not identify any risks of significant weakness relating to improving economy, efficiency and effectiveness arrangements at NHS Calderdale CCG.

Further detail can be found on pages 14 and 15.



### Covid-19 arrangements

We did not identify any risks of significant weakness around the CCG's arrangements in responding to the COVID 19 pandemic.

Further detail can be found on page 16.

### The way forward

Following our work on the CCG's VFM arrangements, we have identified a small number of improvement recommendations. These recommendations are included on pages 9 and 13 together with management responses.

# Executive summary



## Opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 15 June 2021, following the Audit Committee meeting on 10 June 2021.



## Opinion on regularity

We issued an unqualified regularity opinion on 15 June 2021 that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



## Audit Certificate

We have now completed our 2020-21 external audit programme of work and expect to issue our audit certificate on 20 September 2021 in accordance with the national deadline. This formally concludes our 2020-21 audit.



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## 2. Use of formal auditor's powers

We bring the following matters to your attention:

### **Statutory recommendations**

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body.

We did not issue any statutory recommendations.

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### **Section 30 referral**

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of an NHS body has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State, and/or relevant NHS regulatory body as appropriate.

We did not issue a section 30 referral.

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### **Public Interest Report**

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

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We did not issue a Public Interest Report.

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# 3. Commentary on the CCG's arrangements to secure economy, efficiency and effectiveness in its use of resources

All CCGs are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

CCGs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether NHS Calderdale CCG has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 3, requires us to assess arrangements under three areas:



## Financial Sustainability

Arrangements for ensuring the CCG can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



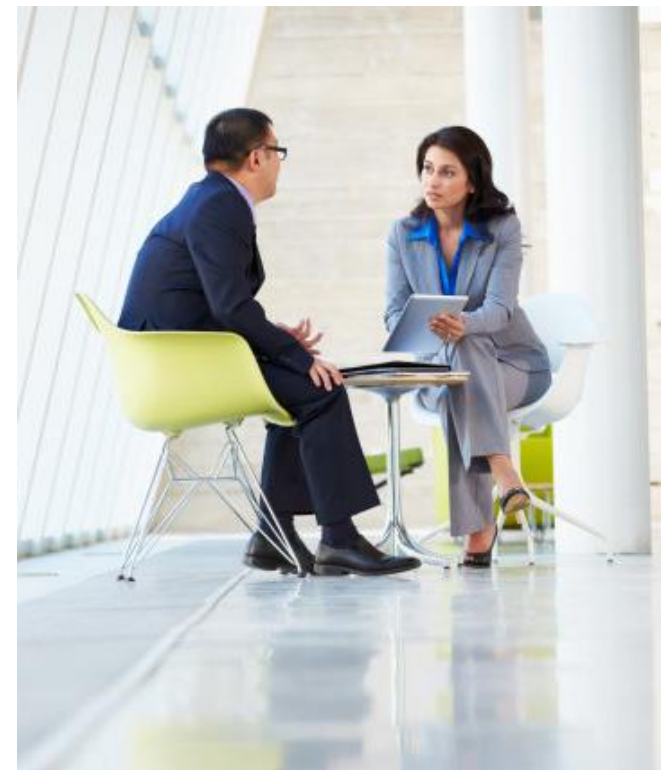
## Governance

Arrangements for ensuring that the CCG makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the CCG makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the CCG delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19 on them, is set out on pages 7 to 16. Further detail on how we approached our work is included at Appendix B.

# 4. Financial sustainability



## We considered how the CCG:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## FY 2020-21 Outturn

For 2020-21, the CCG did not formally finalise its budget with NHSE/I given the impact of Covid-19 and the suspension of the planning process for all NHS bodies. The CCG's draft budget for 2020-21 showed a break even position. The impact of Covid-19 and the suspension of the planning process for 2020-21 coupled with the introduction of the central financial funding arrangements meant that the CCG, as other NHS bodies, was not required to deliver its planned savings programme given the focus on addressing the impact of Covid-19. The CCG ended 2020-21 delivering a small outturn surplus of £47k.

Due to the Covid-19 pandemic, the funding regime for 2020-21 was simplified with the suspension of the original NHS Planning and Contracting Guidance and a new financial regime introduced consisting of two halves of the financial year. From April to September 2020, the CCG was funded to a breakeven financial position. This recognised the need for the NHS to be able to respond to the expected large numbers of Covid-19 patients by, amongst other things, freeing up inpatient and critical care capacity and to reduce the administrative burden on staff for the period of the pandemic. The finance regime from October to March 2021 required all organisations to operate within an ICS system and allocated some resources at a system level for months 7 – 12. These additional resources were agreed across the West Yorkshire and Harrogate ICS (WY&H ICS) system.

The finance regime included NHSE/I calculated block contract payments for all NHS trusts and foundation trusts and the suspension of inter NHS non-contract activity processes as well as the requirement to deliver savings schemes. In effect, the national funding arrangements put in place as a result of the pandemic de-risked the CCG's financial position (and other NHS bodies) in 2020-21 and the first half of 2021-22.

## FY 2021-22

Due to Covid-19, planning for 2021-22 has only been conducted so far for the first six months of 2021-22. The WY&H ICS has received a system envelope and is required to submit a balanced plan. The CCG submitted a breakeven financial plan with an efficiency requirement of £2.0m for the first six months (H1) of 2021-22. The plan reflects a continuation of the financial framework in place for H2 of 2020-21 (October 20 – March 21) with allocations received at the West Yorkshire and Harrogate system level for H1 plus additional national allocations for Mental Health Spending Review and System Development Funding. The CCG's separate annual financial plan for mental health includes the commitment to meet the Mental Health Investment Standard target and prioritise investment in local transformational schemes.

Discussions with senior management, indicate that the CCG currently remains on track to deliver a breakeven position but this remains dependant on continuing to achieve the efficiencies required and the potential use of contingencies. We understand from the Director of Finance that at month 5, the CCG had delivered £1.25m of the £2.0m H1 savings required, and the CCG considers with existing plans and contingency arrangements in place, it will deliver the full £2.0m for H1 2021-22. The delivery of the 2021-22 operational budget (H1) is routinely monitored by the Quality, Finance and Performance Committee as well as the Governing Body. The main areas of focus for efficiencies are reduced prescribing costs, reductions in anticipated CHC programme costs and savings in key service areas through budget realignment.

The national guidance on H2 for 2021-22 is emerging at the time of finalising this report. We understand informal discussions have started to take place at the West Yorkshire and Harrogate ICS Forum with some assumptions regarding reductions to H2 2021-22 allocations, which the CCG has started to model. We will be focusing on the CCG's planning and delivery of its H2 performance as part of our 2021-22 audit work.

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# Financial sustainability

## West Yorkshire and Harrogate ICS and Long-Term financial Planning

The WY&H ICS has a breakeven plan for the first half of 2021-22 (H1) at both a system and organisational level. There are currently 15 NHS provider and commissioner organisations in the WY&H ICS. The achievement of this overall breakeven position involves management of number of financial risks on a system-wide basis, primarily through the delivery of cost-efficiencies, the re-profiling / re-prioritisation of planned expenditure and the accrual of additional financial income through non-recurrent streams such as the Elective Recovery Fund. At the date of this report, the 2021-22 H2 finance regime had just been announced, however, the underlying detail and guidance is not yet confirmed.

The key assumptions underpinning this half-year plan are as follows:

- All acute providers funded to deliver activity at least equal to the staged elective recovery thresholds in the planning guidance
- Finance plans have been broadly triangulated with those of Workforce and Activity/Performance, particularly in relation to the elective backlog
- Providers have been advised not to limit the level of activity that they have the capacity to deliver and finance plans should reflect the cost of delivering the maximum levels of activity possible to facilitate backlog clearance
- Organisations are committed to working collaboratively, including as a whole-system or on a sub-system basis, to identify opportunities for risk mitigation which do not compromise the achievement of ICS objectives.

Additionally, this breakeven financial planning is based on the current block contract payment mechanism, made up of baseline plans and additional top up funding to cover Covid costs. These plans were derived to enable NHS organisations to achieve breakeven and continue to provide key healthcare during a national health pandemic. It is acknowledged that this financial framework is likely to change going forward. More stringent and challenging financial envelopes may be required for the CCG and the wider WY&H ICS. The WY&H ICS formally becomes a statutory body from 1 April 2022 and achieving financial balance across the system will be key to providing sustainable healthcare services to c2.5 million people living across a large and diverse geographical footprint.

The WY&H ICS system is now moving from immediate response into system recovery and wider collaboration across the health and social care system. The CCG's efficiency plans were put on hold during 2020-21 to address the pandemic. It will be essential to work with partner organisations on effective plans across the wider system to establish financial balance across the ICS.



# Improvement recommendation



## Financial sustainability

<b>Recommendation</b>	We recommend that the CCG continues to monitor planned expenditure and the deliverability of savings schemes.
<b>Why/impact</b>	Without the introduction of robust recovery plans, the CCG will not be able to deliver a balanced financial position and support the transformation of healthcare across Calderdale. It will be essential to work on recovery plans across Calderdale and within the wider WY&H ICS to ensure it can deliver a balanced financial position.
<b>Auditor judgement</b>	<p>The Covid-19 pandemic has meant the CCG had to pause its Wellbeing Strategy: Living a Larger Life during 2020-21 aimed at driving system change and new ways of working across Health and Social Care.</p> <p>The CCG's efficiency plans were put on hold during 2020-21 to address the pandemic. It will be essential to work with partner organisations on effective efficiency plans across the wider system to establish financial balance across the ICS.</p>
<b>Summary findings</b>	<p>The CCG reported a small surplus of £47k in its financial statements for the year ended 31 March 2021. We note that for 2020-21 additional funding was made available to NHS bodies to support patient care during the Covid 19 pandemic.</p> <p>The Department of Health and Social Care has introduced special funding arrangements for 2021-22 (including the continuation of the H2 2020-21 arrangements). It is possible that these arrangements to some extent will be extended into the second part of 2021-22 although underlying detailed guidance is awaited. The CCG is also working with its system partners to ensure that the system achieves financial balance. In the interim, once the special funding arrangements are withdrawn, it is possible that the CCG will face additional financial pressures.</p>
<b>Management comment</b>	In line with established governance, systems and processes the CCG has continued throughout the current financial regime to routinely monitor and report its ongoing financial position and will continue to do so. During H1 2021/22 we have developed an efficiency programme which is projected to meet the requirement of the £2.0m efficiencies required along with contingency arrangements. We recognise the need to work across the wider West Yorkshire and Harrogate ICS to deliver a balanced financial position and will continue to work with the ICS system.



The range of recommendations that external auditors can make is explained at Appendix C.

# 5. Governance



## We considered how the CCG:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.
- monitors and ensures appropriate standards.

## Leadership and committee effectiveness

Appropriate leadership is in place. The CCG is led by its Governing Body, which is supported by an appropriate committee structure. Senior officers attend the Governing Body and committees to present reports and provide opportunities for questions during meetings. The Governing Body contains a number of clinical members who regularly attend meetings. The Audit Committee demonstrates appropriate challenge of financial and non-financial items. The Committee contains members with financial knowledge to provide appropriate challenge on these items.

Major decisions are made at the Governing Body level, with issues arising from the Quality, Finance and Performance Committee, the Commissioning Primary Medical Services Committee or the Audit Committee reported to the Governing Body for final approval. The Governing Body meets quarterly and the details of the decisions made are recorded in the approved Governing Body minutes.

There have been no recent external regulator reports of any concern into the CCG, with a good historical performance across all its main providers, with all achieving a rating of “good” or better in the most recent CQC reports. The CQC also offers insights to the CCG via the Joint Quality Improvement Framework, which has established an information sharing service between the CCG, the Council, CQC, and Healthwatch Calderdale. This monitors the 24-hr care market, helping the CCG identify service provider matters, which require improvement.

## Risk management

This Risk Management Framework (RMF) sets out the CCG’s approach for understanding and managing risks, and for ensuring that effective risk management is integral in everything that the CCG does. The RMF coupled with the Corporate Risk Register and Governing Body Assurance Framework demonstrates that risk management is integrated into business decision making, planning, performance reporting and delivery processes, to support rigorous and innovative decision making within the CCG. The Corporate Risk Register and Governing Body Assurance Framework demonstrates that, there is a review and management process for considering risks at the CCG. From our review, we are satisfied that risks identified are presented appropriately to the Governing Body and that there is sufficient challenge and monitoring of risk owners.

## Policies, Procedures and Controls

The CCG has a constitution in place which is reviewed and updated and is openly available on the CCG’s website. The CCG’s constitution allows GP practice representatives to represent practice views. All 21 GP practices across Calderdale have signed up to the Constitution. The CCG also complies with all the values of the NHS Constitution.

Policies and procedures are in place to ensure these values and statutory standards are maintained.

The CCG’s Internal Auditor delivers a wide programme of work and reports its findings on a regular basis. It supports the Audit Committee and provides assurance that systems, processes and controls are operating effectively. No significant weaknesses have been identified by Internal Audit in 2020-21. Similarly, the Counter Fraud Specialists undertake a programme of work to support the Audit Committee, including a mix of proactive and investigatory work. Findings are reported appropriately and no significant issues were noted in 2020-21.

# Governance

## Budget setting

The CCG has an appropriate annual budget setting process in place. Key stakeholders are involved with the process, including timely approvals and budget reviews. Service activity against planning is presented and integrated into reports to the Governing Body. The financial budget plan is supported with comprehensive medium term financial plans from 2019-24, with budget setting principles informed by their medium term strategy and engagement with external stakeholders.

## Financial management and reporting

Financial management processes are considered appropriate. Calderdale's constitution specifies requirements for the Director of Finance (DoF) and finance function to monitor financial performance against forecasts, and these forecasts should correspond with the annual commissioning plan. Budget reviews are undertaken with budget holders sent monthly breakdowns of expenditure in their areas with a clear variance analysis included between actuals and forecasts. These are reported to the Governing Body. Variances against budgets are investigated to identify reasons for variances and the remedial actions required.

Where there is a significant underspend, discussions are undertaken to identify whether the service is being delivered to the expected level. For a significant overspend, mitigating actions for future months are identified and a plan is put in place to bridge budget gaps. If this is due to new factors, the budget adjustment process can be initiated to take this into account. Any change is subject to Governing Body approval. Financial monitoring reports are sent to each Governing Body meeting. Reporting is sufficiently detailed with budget reports outlining the headlines for the period.

Financial performance is a key objective for senior managers in terms of the reporting, identification of risks and responses to these risks. There has been some capacity issues within the finance department due to staff turnover, however, the CCG has recently made one appointment and a further post is expected to be filled shortly. Budget monitoring and submissions are made on time and to a good standard.

There is no evidence of serious/pervasive weaknesses in the final accounts processes at the CCG. The current and prior year audits did not identify any material errors. The standard of draft accounts production has been satisfactory and there is no history of failure to meet statutory reporting deadlines. Unmodified audit opinions have been issued on the 2020-21 and 2019-20 financial statements.

## Partnership working, including YH&H ICS

Calderdale Cares (CC) was formed in 2018 and is the partnership between the CCG and Calderdale Metropolitan Borough Council with a partnership agreement in place. The partnership also includes Calderdale and Huddersfield NHS Foundation Trust and the community and voluntary sectors. It brings together the planning and commissioning of health and adult social care services to provide and deliver more effective healthcare services for the people of Calderdale.

The Calderdale Wellbeing Strategy: *Living a Larger Life* was refreshed in late 2019. This Strategy sets out an ambitious programme to ensure that people of Calderdale enjoy more years of healthy life; the gaps in healthy life expectancy between different communities are reduced; and that everyone whatever their health or disability is supported and enabled. Calderdale Cares and Calderdale's Wellbeing Strategy are helping to deliver Vision 2024, Calderdale's vision for a place where you can realise your potential whoever you are. This partnership working continues to bring partner organisations closer together to deliver shared values.

The CCG is an active member and participant of the West Yorkshire and Harrogate Health and Care Partnership Board. This organisation will formally become the West Yorkshire ICS from April 2022. The ICS holds regular partnership Board meetings to discuss system working. The CCG's Chair and Accountable Officer attend meetings of the ICS and report back to the Governing Body as part of the Accountable Officer and Chair update. This ensures the Governing Body is kept informed of significant issues across the local healthcare sector and enables them to make informed decisions. This partnership working bodes well for the future when the ICS is put on a formal statutory footing (in April 2022) and geographical healthcare systems are held to account for financial and operational delivery.

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# Governance

## Integrated Care System (ICS) (cont'd)

The West Yorkshire and Harrogate Health and Care Partnership Board brings together the local NHS including Calderdale CCG, councils and communities to strengthen joint working arrangements between all organisations, and to further improve health and care for the c2.5 million people living across the area. It is also the forerunner to the WY&H ICS, which expects to commence on a formal statutory footing in April 2022. The CCG continues to work with other health economy commissioners and providers across the West Yorkshire and Harrogate area. It is through this that the CCG will be able to implement and help drive system change and new ways of working across the health and social care system.

In Calderdale, the CCG has worked with the West Yorkshire and Harrogate Health and Care Partnership Board through Calderdale Cares, to make improvements across a range of areas, including health and social care. Within this, the CCG has worked closely with the Council to develop its Wellbeing Strategy to reform the health and social care system within Calderdale. The West Yorkshire and Harrogate Health and Care Partnership Board provides a forum for the co-ordinated leadership of health and social care in Calderdale.

In February 2021, the Government produced its white paper, 'Integration and Innovation: working together to improve health and social care for all'. The paper sets out legislative proposals for a Health and Care Bill with a focus on removing barriers to integration, with NHS and local authorities having a duty to collaborate. Calderdale CCG has continued to do this since 2018 through Calderdale Cares and its partnership working with Calderdale Council.

The White Paper also sets out major structural reform, which will see the demise of CCGs and the formation of Integrated Care Systems, which will change the relationship between the NHS and its key partners, including local authorities. The ICS will take on responsibility for commissioning services and this may either be through a centralised approach or at locality level.

## ICS - Looking ahead

The CCG continues to be an active player in the developing West Yorkshire ICS. Despite all the collaborative health and social care joint working to date, the move to a formal West Yorkshire ICS presents several significant challenges and opportunities for Calderdale, including at both the ICS and locality level:

- continuing to contribute to the appropriate governance structures, culture, behaviour, trust and stakeholder empowerment arrangements to enable effective use of resources
- agreeing a decision-making framework to collectively agree on what services are best commissioned at an ICS wide and a Calderdale local level
- to ensure any future new or enhanced s75 agreements have the appropriate governance arrangements in place
- to develop workforce and people strategies to support the transition period through to the new ways of operating
- to work within the financial capital and revenue envelopes.

Due to the work that has already taken place by organisations within West Yorkshire, including the active role taken by the CCG within Calderdale Cares and the wider WY&H ICS, the locality appears well-placed to meet current and future structural challenges. The move to a formal West Yorkshire ICS presents significant challenges and opportunities for Calderdale, both at a local and ICS level. The CCG needs to ensure it is best placed to fully engage with this transformational agenda. The CCG needs to continue its engagement with the ICS system to ensure there are robust decision-making arrangements in place so that health and social care services are commissioned at the appropriate system or local level, and to actively contribute to the development of ICS and local level workforce and financial plans, while ensuring robust governance arrangements are in place.

# Improvement recommendation



## Governance

<b>Recommendation</b>	<p>We recommend that the CCG continues to:</p> <ul style="list-style-type: none"><li>• Engage with the ICS system to ensure there are robust decision-making arrangements in place so that health and social care services are commissioned at the appropriate system or local level</li><li>• Contribute to the development of ICS and local level workforce, financial plans and ensure appropriate governance arrangements are in place.</li></ul>
<b>Why/impact</b>	<p>Without the development of strong decision-making and governance arrangements at both a local and ICS level there is the risk that the West Yorkshire ICS will not be best placed to deliver the required reform for efficient, effective and economic commissioning, as well achieving better health and social care outcomes.</p>
<b>Auditor judgement</b>	<p>Due to the work that has already taken place by organisations within West Yorkshire, including the active role taken by the CCG within Calderdale Cares and the wider work with the forerunner WY&amp;H ICS, the locality appears appropriately placed to meet current and future structural challenges.</p>
<b>Summary findings</b>	<p>The move to a formal West Yorkshire ICS presents significant challenges and opportunities for Calderdale, both at a local and ICS level. The CCG needs to ensure it is best placed to fully engage with this transformational agenda.</p>
<b>Management comment</b>	<p>Members of the CCG senior leadership team continue to be involved in Calderdale Cares and the Partnership Board as well as in the evolution of the West Yorkshire ICS. We are working with West Yorkshire colleagues to implement a robust governance system, appropriate local level workforce and financial plans.</p>



The range of recommendations that external auditors can make is explained at Appendix C.



# 6. Improving economy, efficiency and effectiveness



## We considered how the CCG:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the CCG assesses whether it is realising the expected benefits.

## Performance and performance monitoring

The CCG Governing Body receives a Finance, Contracting and Performance Report to allow monitoring and scrutiny of the CCG's performance and areas for improvement. A scorecard is provided for each area which is RAG rated, however given the Covid-19 pandemic, the scorecards have not been as relevant in 2020-21 given the suspension of NHS Constitution Indicators. The CCG does however include the targets for information to allow the Governing Body to see how far away performance is from delivery.

The January 2021 Finance, Contracting and Performance Report highlighted issues with regard to:

- Accident and Emergency waiting times
- Elective Care waiting times (Referral to Treatment)
- Diagnostic waiting times
- Cancer screening within 62 days
- Mental Health – Dementia diagnosis rates
- Children and Young People - Eating Disorder Waiting Times.

Covid-19 has had a significant effect on performance delivery, however the CCG has sound arrangements in place for the assessment of performance. The CCG closely monitors progress and sets out performance and quality risks with clear actions to deliver the improvements required. No updated provider CQC ratings have been given for 2020-21. The last NHSE/I rating for Calderdale CCG was Good.

## Performance management

The main providers and locations across Calderdale CCG's commissioning area are: Calderdale and Huddersfield NHS Foundation Trust (Good), South and West Yorkshire Partnership NHS Foundation Trust (Good), Huddersfield Royal Infirmary (Good), Calderdale Royal Hospital (Good), Leeds Teaching Hospitals NHS Trust (Good), Bradford Teaching Hospitals NHS Trust (Good). As none of the main providers are rated as inadequate by the CQC, the scope of our work has not required any further investigation into the performance monitoring arrangements in place across its main providers.

We took assurance that the CCG uses key performance indicators (KPIs) to monitor performance, regularly assesses organisational risks via a review of the risk register, and compares its performance to constitutional standards or other targets. Despite the CCG not being required to monitor its performance against constitutional standards (as a result of suspension due to Covid-19), the CCG has continued to monitor its performance against them.

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# Improving economy, efficiency and effectiveness

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## Procurement

The procurement of new services to promote efficiencies and savings has been limited over the past 18 months due to the pandemic, with a block contract finance regime in place between commissioners and providers. This followed emergency government policy and legislation throughout the pandemic. As such, the scope of our work was limited in assessing procurement procedures in place as there were no changes to service providers during the year.

## Benchmarking

Our benchmarking of the CCG's performance in a range of areas, including financial, operational and clinical with the performance of other NHS bodies identified a few areas where Calderdale CCG's performance was in the lowest 25% of other NHS organisations including:

- Percentage of people with severe mental illness receiving physical health checks
- Injuries from falls in people aged 65 and over.

The CCG is already aware of each of these areas which are actively being considered and action taken to improve performance, including for example, increasing the numbers of physical health checks undertaken, and ensuring where appropriate, discharge of people over 65 from hospital on a non-weight bearing pathway when they cannot return home.

## Summary

We have undertaken detailed work to document the arrangements that the CCG has in place in respect of securing economy, efficiency and effectiveness in its use of resources and we have made an assessment of those arrangements. We did not identify any risks of significant weakness around improving economy, efficiency and effectiveness arrangements at the CCG.

We acknowledge that the impact of Covid-19 has fundamentally changed the way CCGs recoup costs for services via a new mandated finance regime, and that these funding arrangements will remain in place for the first six months of FY 2021-22. This ensures the CCG is able to continue accessing an appropriate level of funding. We note that Calderdale CCG is set to move into formal ICS arrangements by April 2022 and will therefore not exist as a separate statutory body. As such, our assessment also focused on the working arrangements Calderdale CCG has in place with partnership organisations to prepare for this, and we are satisfied that there is sufficient preparation in place to ensure economy, efficiency, and effectiveness is maintained as it transitions into the new ICS arrangements. The CCG has also demonstrated a clear financial planning process with a link to its key strategic priorities, which engages with key stakeholders, operates effectively across the wider local health economy and is reported to the Governing Body on a timely basis.

# 7. COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how NHS services are delivered.

We have considered how the CCG's arrangements have adapted to respond to the new COVID-19 related risks they are facing.

The CCG has adapted well to the challenges presented by the Covid-19 pandemic.

## Financial context

The funding regime for 2020-21 was significantly altered due to the Covid-19 pandemic, moving to an expenditure based system. As a commissioner, the majority of additional costs are incurred directly by providers and passed on to the CCG for funding. CCG expenditure with providers was based on the funding allocations set nationally by NHSE/I to remove the need for contract negotiations. Following on from this, funding for the second half of 2021-22 and beyond is highly uncertain. The CCG has only received notification of amounts for H1 (months 1-6), which has led to the CCG needing to set more flexible budgets and to re-visit these in year once detailed funding arrangements for H2 (months 7-12) are known.

## Arrangements in place

We have undertaken detailed work to document the arrangements that the CCG has in place in response to the Covid-19 pandemic and we have made an assessment of those arrangements. Despite Covid-19 uncertainty, we found that internal controls continue to be robust and operate effectively and the CCG has complied with NHSE/I guidance on Covid-19 related expenditure, including the payments to providers. All meetings of Governing Body and other Committees have been held remotely since the start of the pandemic and continue to be at this time. Governance and oversight arrangements have continued to be in place.

Patient case activity and performance against statutory targets has not yet returned to pre-pandemic levels. However, this is to be expected as resources continue to be focussed on responding to Covid 19. Overall, we consider that the CCG has responded well to the Covid-19 pandemic. Updates are provided to the Governing Body and sub committees, taking into account the quality and safety performance at the time. Any impacting circumstances, including Covid-19, are taken into account when detailing reasons for performance levels. There are also effective arrangements in place for managing risks associated with Covid-19 via the Risk Management Framework, which allows the CCG to prioritise issues facing the CCG effectively when responding to the pandemic.

It is also noted that, moving forward, Calderdale CCG has a clear focus on enhancing integration across services to deliver a system-wide response to the pandemic, in-line with national policy.

Our review has also identified there are sufficient and effective processes in place to ensure value for money in the commissioning of services, with a continued effort to make savings in unrestricted budget areas across the organisation. The CCG has also demonstrated a clear financial planning process with a link to its key strategic priorities, which engages with key stakeholders, operates effectively across the wider local health economy and is reported to the Governing Body on a timely basis.

Overall, the CCG has responded well to the pandemic and we have not identified any significant weaknesses in this area.

# 8. Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.

## Audit opinion on the financial statements

The CCG provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

We gave an unqualified opinion the financial statements on 15 June 2021.

## Issues arising from the accounts:

We did not identify any errors in the financial statements, only minor corrections for misclassifications and other amendments to disclosures.

More detailed findings can be found in our ISA 260 Audit Findings Report, which was published and reported to the CCG's Audit Committee on 10 June 2021.

## Whole of Government Accounts

To support the audit of the Department of Health and Social Care group accounts and the Whole of Government Accounts, we are required to examine and report on the consistency of the CCG's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work found no issues and reported our findings to the NAO on 15 June 2021.



# Appendices



# Appendix A - Responsibilities of the CCG



## Role of the Accountable Officer:

- Preparation of the statement of accounts
- Ensuring that income and expenditure is in line with relevant laws and regulations
- Assessing the CCG's ability to continue to operate as a going concern.

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Accountable Officer is also responsible for ensuring the regularity of expenditure and income.

The Accountable Officer is required to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the CCG is informed of the intention for dissolution without transfer of services or function to another entity. An organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to function for the foreseeable future, usually regarded as at least the next 12 months.

The CCG is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



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# Appendix B - Risks of significant weaknesses - our procedures and conclusions

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the CCG's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on.

Conclusion: We did not identify any risks of significant weakness relating to arrangements at NHS Calderdale CCG.

# Appendix C – An explanatory note on recommendations

A range of different recommendations can be raised by the CCG’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the CCG under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the CCG. We have defined these recommendations as ‘key recommendations’.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the CCG, but are not a result of identifying significant weaknesses in the CCG’s arrangements.	Yes	9 and 13

