

Auditor's Annual Report on NHS Telford & Wrekin Clinical Commissioning Group

2020-21

July 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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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 have set out our findings below.

Financial sustainability

NHS Telford & Wrekin CCG reported a deficit of £1.3 million in its financial statements for the year ended 31 March 2021. This followed a deficit of £13.1 million for 2019/20.

Due to the Covid-19 pandemic, the normal regime of financial planning used in 2019/20 was paused in April 2020 and a temporary financial framework was put into place. Under this regime the CCG received additional funding that enabled it to breakeven in 2020/21. In the prior year it had incurred a significant financial deficit (£13.1 million 2019/20).

The CCG merged with NHS Shropshire CCG from 1 April 2021 with a combined CCG underlying deficit of £71m.. For the 2021/22 financial year the combined CCG has forecast (at May 2021) expenditure of £853.8m in comparison to an overall system income allocation of £804.1m. This leave a total underlying CCG deficit of £49.7m if all of the system growth allocation remains with the CCG. The system have agreed to operate under the Intelligent Fixed Payment system and therefore all income will be allocated across the system on a percentage basis based on underlying cost. As part of the work to set a realistic 5 year sustainability plan each organisation will have set expenditure control totals and planned I&E deficit positions for each year, these figures will be presented to governing bodies in October/November 2021 but it is likely that the CCG planned deficit for the first year will be significantly higher than £49.7m.

The Shropshire, Telford and Wrekin Healthcare system has an underlying deficit position of £135m. To deliver break-even over the next 4 years the system will need to make savings of £30m per annum. Six themes have been identified to deliver this. While we note the progress and joint working being undertaken we consider, once the special funding arrangements are withdrawn, that it is likely that the CCG will return to a deficit position.

Governance

Appropriate leadership is in place. The CCG is led by its Governing Body which is supported by an appropriate committee structure. A risk management strategy is in place and the Board Assurance Framework is reported regularly to the Governing Body. Policies and procedures are in place and were refreshed as part of the recent merger

The CCG has an appropriate annual budget setting process in place and financial management processes are appropriate. Budget monitoring and reporting is appropriate and the Governing Body received regular financial updates during 2020/21. While processes are appropriate we note that the CCG moved into deficit in 2019/20 and following its merger with NHS Shropshire CCG now faces significant combined deficit. Given the recent merger the combined CCG will need to work with its health economy partners to manage the underlying service delivery issues that have led to this continuing overspend.

The proposed merger between NHS Shropshire CCG and NHS Telford & Wrekin CCG took place on 1st April 2021. This was in line with the timetable agreed with NHSE/I. Appropriate processes were put in place to support the merger and the merger did not cause disruption to services.

The CCG is working with other health economy commissioners and providers, as part of the STP, to deliver an integrated care system. A shadow Integrated Care System (ICS) Board was established in January 2020 to facilitate a greater degree of co-dependency and shared responsibility across the health system. This is crucial to the financial health of the system and patient care. Further action is needed to deliver tangible progress on integration and transformation.

Executive summary



Value for money arrangements and key recommendation(s)

Improving economy, efficiency and effectiveness

Performance and performance monitoring is appropriate. Quality and Performance reports are presented to the Governing Body at each meeting. The reports identify areas which are currently a challenge to the CCG and the wider healthcare system.

We note that the March 2021 highlighted a number of challenges to the CCG. In particular, the CCG's main provider Trust, SaTH has been rated inadequate at the two latest CQC inspections (most recently April 2020).

As part of our work we considered the CCGs arrangements for monitoring SaTHs performance and for supporting its improvement. We found that the CCG can demonstrate a full understanding of the performance issues at SaTH and that engagement with the Trust has improved over the last year. More detail is provided later in our report.

We note that despite these actions that SaTH's patient care performance still needs to improve further. This remains a matter of concern for both ourselves and the CCG. Continued action is needed in this area by the CCG and its partners.



Opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 14 June 2021, following the Audit Committee meeting on 9 June 2021.



Opinion on regularity

We are required to give a regularity opinion on whether 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 (the regularity opinion).

We issue a qualified regularity opinion, as the CCG breached its revenue resource and revenue administration resource limit for the year.

On 14 June 2021 we also referred a matter to the Secretary of State under section 30 (b) of the Local Audit and Accountability Act 2014 in relation to the CCG's breach of its revenue resource limit and administration resource limit.

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.

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.

On 14 June 2021 we referred a matter to the Secretary of State under section 30 (b) of the Local Audit and Accountability Act 2014 in relation to the CCG's expenditure exceeding its income and the CCG's breach of its revenue resource limit and administration resource limit.

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.

We did not issue a Public Interest Report.

Key recommendation



Improving economy, efficiency and effectiveness

01 Recommendation	We recommend that the CCG reconsider its planned expenditure and the deliverability of its savings schemes and amends its financial plan as necessary to deliver a balanced financial position.
Why/impact	The CCG has a significant underlying deficit. Without the introduction of revised expenditure and savings plans the CCG will not be able to deliver a balanced financial position and support the transformation of healthcare in Shropshire, Telford and Wrekin.
Auditor judgement	The CCG has not been able to develop plans during 2020/21 to address NHS Shropshire, Telford & Wrekin CCG's predicted deficit for 2021/22 and to achieve the efficiency target set for it by NHS England.
Summary findings	<p>The CCG reported a deficit of £1.3 million 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. In our view this additional funding has enabled the CCG to deliver a surplus where in previous years it has incurred a significant financial deficit (£13.1 million 2019/20).</p> <p>The Department of Health have introduced special funding arrangements for 2021/22 which will ensure that the CCG does not incur a deficit in the first 6 months of the year. It is possible that these arrangements will be extended into the second part of 2021/22. The CCG is also working with its system partners to ensure that the system gets back into financial balance by 2025/26. In the interim, once the special funding arrangements are withdrawn, it is likely that the CCG will return to a deficit position. More detail is provided on page 8 and 9.</p>
Management comment	The CCG is working with all system partners (with input from NHSEI) to develop a 5 year realistic sustainability plan which takes the overall system towards a breakeven position by year 5. This requires all partners to work together on significant system healthcare transformation schemes as well as internal organisational efficiencies. The first draft of the plan will be presented to system organisation governing body meetings in October/November 2021.



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

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 the 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 8 to 16. Further detail on how we approached our work is included in Appendix B.



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.

FY20/21 Outturn

NHS Telford & Wrekin CCG reported a deficit of £1.3 million in its financial statements for the year ended 31 March 2021. This followed a deficit of £13.1 million for 2019/20.

Due to the Covid-19 pandemic, the normal regime of financial planning used in 2019/20 was paused in April 2020 and a temporary financial framework was put into place. During the first six months of 2020/21, the CCG was given a budget to operate within. This was based on the 2019/20 spend with a small uplift. Any expenditure variances from this budget (Covid on non-Covid related) were then funded retrospectively to ensure that for the first six months of 2020/21 to September 2020 the CCG had sufficient resources to respond to the pandemic. This regime was later extended to the full year. This enabled the CCG to report a reduced deficit of £1.3 million (in comparison to 2019/20).

FY21/22 and Cost Improvement Plans (CIP)

The CCG merged with NHS Shropshire CCG from 1 April 2021. For the 2021/22 financial year the combined CCG has forecast (at May 2021) expenditure of £853.8m in comparison to an income allocation of £804.1m. This leaves a total underlying deficit of £49.7m. This position is dependent on the CCG delivering a 3% efficiency target (£13.5 million). Management consider it unlikely that the CCG can deliver this level of savings and as at May 2021 approximately £6 million of savings has been identified. We note that even if £13.5 million of savings were delivered that this would not be sufficient to address the underlying deficit of the CCG.

The CCG has also forecast a total of £6.8 million QIPP savings for 2021/22 and is currently on track to deliver this. In previous years, the CCGs have not met their target levels for QIPP savings, despite savings being consistent year on year. Therefore the CCG has adjusted its savings target to be more realistic and in line with the savings that are being regularly achieved.

In order to develop a sustainability plan going forwards, a number of key assumptions were agreed that relate to CCG 2021/22 expenditure, including zero growth of underlying costs, 1% inflation and a 3% efficiency target for each organisation within the system. We consider these assumptions to be optimistic for the CCG. We note that the funding plans for 2021/22 have only been set up to month 6 at this time, the CCG will need to revisit its plans once there is greater clarity on future funding from NHSE/1.

Financial sustainability

Underlying Deficit and Long-Term Plan

The Shropshire, Telford and Wrekin Healthcare system has an underlying deficit position of £135m. The CCG and its partners have begun to set out a clear plan to recover this deficit over the next 5 years. In particular, we note:

- a system Investment Task and Finish Group is now meeting on a regular basis to review any system investment decisions
- all system partners are working collaboratively to model the financial position and develop transformational plans.

A two-stage approach is being taken by the system. For 2020/21 the focus is to stabilize the system and to not exceed a systems wide deficit of £115m. For the CCG this means that it will need to deliver a savings plan of £13.5 million (3% efficiency). The efficiency plans currently identified for the CCG equate to approx. £6m. A CCG sustainability working group chaired by the Director of Transformation is now in place to develop further schemes.

To deliver break-even over the next 4 years the system will need to make savings of £30m per annum. Six themes have been identified to deliver this: Accelerating aspects of Hospital Transformation Programme, Musculoskeletal, Avoiding Hospital Stays, Out-Patients, Integrated Procurement/Joint Commissioning and Workforce. These programmes are to be delivered on a system level and the system plan has been compiled in conversation with commissioners, providers and local government bodies within the system. At present they are underdevelopment.

While we note the progress and joint working being undertaken we consider, once the special funding arrangements are withdrawn, that it is likely that the CCG will return to a deficit position.

Significant weakness

We consider that these matters are evidence of weaknesses in the CCGs arrangements for planning and managing its resources to ensure it can continue to deliver its services. We recommended that the CCG reconsider its planned expenditure and the deliverability of its savings schemes and amends its financial plan as necessary to deliver a balanced financial position. See page 5 for details.



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 are open to questions during Committee 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 officers with financial knowledge to provide appropriate challenge on these items.

Major decisions are made at the Governing Body. These are discussed at an Executive level prior to the presentation to Board/Committee. The CCG requires minuted approval of the Governing Body decisions. For example, for the Hospital Transformation Programme, a business case was provided to support the Governing Body in their decision on the reconfiguration of acute hospital services. Clinicians, patients and members of the public actively participated in decision making on the HTP.

There has been a significant change in the leadership team following the merger of the two CCGs. This is to be expected. At present the Accountable Officer is filled on an interim basis but the CCG is interviewing for this position

Risk management

The risk management strategy 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 Board Assurance Framework demonstrates that there is a review and management process for 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 regularly reviewed and updated. The constitution is shared with all staff members on joining the CCG and is openly available on the website. The CCG aim that the constitution will allow GP practices to influence the local healthcare services available to their patients. All 13 GP practices across Telford and Wrekin have signed up to the Constitution. The CCG also complies with all the values of the NHS Constitution.

Policies and procedures are in place and were refreshed as part of the recent merger

The CCGs internal auditor delivers a wide programme of work and reports support the Audit Committee in assuring itself that systems, processes and controls are operating effectively. No significant weaknesses have been identified by internal audit. 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.

Governance

Budget setting

The CCG has demonstrated that they have an appropriate annual budget setting process in place. Key stakeholders are involved with the process, including in approvals, and budget reviews occur in a timely manner. Service activity against plan is presented and integrated into reports to the Finance Committee. The system financial budget plan highlights the inherent risks within the plan and this has been reported to the Finance Committee.

Financial management and reporting

Financial management processes are appropriate. Budget reviews are undertaken monthly and are reported to the Finance Committee. Variances against budgets are investigated to identify reasons for variances and the 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 the future months are identified where applicable and a plan is put in place to bring closer to budget. If this is due to new factors, the budget adjustment process can be initiated to take this into account. Where there are significant changes to the environment which warrant a change in budget, this can be initiated by the Director of Finance. Any change is subject to Board and Finance Committee approval. Financial monitoring reports are sent to each Board meeting. Reporting is sufficiently detailed with budget reports outlining the headlines for the period. This is accompanied by appendices which give further detail on certain elements.

Financial performance is a key objective for senior managers in terms of the reporting, identification of risks and responses to these risks. We note that there has been a higher than normal change of staff during 2019/20 and 2020/21 due to the merger, with staff leaving the CCG and a number of staff members being moved to other departments. There has also been a streamlining in senior roles to bring together personnel across both CCGs. This is in line with our expectations. There is no evidence of a lack of capacity in finance department - budget monitoring and submissions are made on time and to an overall high standard.

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

Impact of budget setting, management and reporting

We note that the appropriate policies and procedures are in place with regard to budget setting, financial management, and reporting. Despite this the CCG had a significant financial deficit in 2019/20 and a reduced deficit in 2020/21 (under the revised Covid funding arrangements). As commented on under the financial sustainability section of this report, the CCG needs to work with its health economy partners to manage the underlying service delivery issues that have led to this continuing overspend.

Merger with NHS Telford and Wrekin CCG

The proposed merger between NHS Shropshire CCG and NHS Telford & Wrekin CCG took place on 1st April 2021. This was in line with the timetable agreed with NHSE/I. The merged CCG aims to provide a more responsive and integrated commissioning service, and we note that changes in the management and governance of the CCG following merger has resulted in closer working across the health system. For example, financial and long-term plans are being drawn up for the health economy as a whole.

Appropriate processes were put in place to support the merger. This included a joint committee structure from August 2020 in anticipation of the merger. The CCG also prepared revised policies for the new merged body. These updated policies were presented to and approved by Audit Committee on 19th May 2021. The CCGs undertook a complex monitoring process throughout 2020/21, prior to the merger, on the actions needed to ensure a successful merger. The results of this monitoring process were presented to each Audit Committee in common meeting.

Governance

Partnership working

The CCG is working with other health economy commissioners and providers, as part of the STP, to deliver an integrated care system including Shropshire Integrated Place Partnership and Hospital Transformation Program. The program is critical to both patient care and financial sustainability. The Hospital Transformation Program has attracted significant media and public interest, as well as criticism for the escalating forecast costs. The Secretary of State is now taking a personal interest in the project.

Hospital Transformation Program (HTP) and Shropshire Integrated Place Partnership (SHIPP)

The final version of the Future Fit proposal was approved following the intervention of the Health Secretary. The project has been transferred to the HTP which is now in progress. The cost of the planned programme has increased from £312 million to around £500 million, mainly due to the delay in the approval of the project.

The volume of transformation work being undertaken by the CCG in preparation for HTP is significant. Previous governance arrangements were updated at the end of 2020/21 to better integrate the HTP into the overall system governance. The HTP Board is now a subcommittee of the Integrated Care System (ICS) Board and includes ICS partners and an NHSE/I representative. The CCG now take their assurances on the progress of the programme from the HTP Board.

From our review, we have found that the HTP is now more integrated into the system, including into the medium term systemwide financial recovery plan. However, the CCG have acknowledged that there are improvements to be made around ensuring stakeholder engagement and that all interested parties are sighted on progress throughout the program. Shrewsbury and Telford Hospital NHS Trust have refreshed the project timeline and the Strategic Outline Case (SOC) is expected to be drafted for July 2021. The SOC will be based on the systemwide financial recovery plan.

Better Care Fund

The CCG and Local Authority are working well together on the Better Care Fund. Detailed reports are prepared and presented at each Health and Well being committee meeting and close monitoring by the CCG is taking place. During 2019/20, a more robust Section 75 agreement was brought in, with clearer output metrics and a dedicated Better Care Fund co-Ordinator was appointed. Through 2020/21, this led to a closer monitoring of outputs by the CCG as well as increased joint working with NHS Telford & Wrekin CCG on the monitoring of Better Care Fund outputs.

Integrated Care System (ICS)

A shadow ICS Board was established in January 2020 to facilitate a greater degree of co-dependency and shared responsibility across the health system. A draft agreement for system collaboration and financial management was prepared for 2020/21 onwards. The implementation of this was delayed due to the Covid-19 pandemic, but the system has begun to resume normality and the plan is now being implemented.

Part of the plan included the formation of a single commissioning body from the merger of NHS Shropshire CCG and NHS Telford & Wrekin CCG. This took place on 1 April 2021, in line with the timetable agreed with NHSE/I. This is aiming to provide a more responsive and integrated commissioning system. Update Reports for the Single Strategic Commissioner for Shropshire and Telford and Wrekin are provided to the Governance Board.

Better working relationships have been established with Shropshire and Telford and Wrekin councils. Joint commissioning meetings now take place. More relationship building in this area is required.

Without transformation, the health system deficit was originally forecast to be £155 million by 2024. Although the integrated financial plan does not address this deficit in full, it does reduce it to around £56 million by the same date. We note that there is significant work going on and that these figures have yet to be agreed by NHSE/I and the CCG Governing Body.

There are plans in place to use resources differently going forwards, with a new ICS Director of Finance and ICS finance team focussed on integrated commissioning. The 2021/22 financial plan demonstrates that the ICS are developing a plan collectively, whereas past plans were an amalgamation of individual body plans.

While it is true that the ICS has not moved at the pace that was originally expected when they were set up or shown significant effectiveness to date, this is in line with other healthcare systems findings, especially given Covid-19 delays. Further action is needed to deliver tangible progress on integration and transformation.

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

Quality and Performance reports are presented to the Governing Body at each meeting. This identifies areas which are currently a challenge for the system. The March 2021 report highlighted issues with regard to:

- the overall performance of SaTH (see below)
- cancer targets
- ambulance handover delays
- patients admitted, transferred or discharged from A&E within 4 hours.
- mental health out of area placements.

We note that in the 2019/20 CCG annual assessment that the CCG was rated as inadequate. No rating has been given for 2020/21. The rating relates to the financial position (as outlined earlier) and the on-going performance issues in the system. These are detailed below.

Performance management - Shrewsbury and Telford Hospital NHS Trust

We note that the main provider Trust, SaTH has been rated inadequate at the two latest CQC inspections (most recently April 2020). The CCG can demonstrate a full understanding of the performance issues that SaTH is experiencing, and these have been well articulated and documented at Governing Board meetings where there has been significant challenge as to the progress the Trust is making.

Engagement with the Trust has improved over the last year. Sharing of information has clearly improved from last year. There is an increased presence from the CCG at key meetings such as SaTH Quality Committees; Serious Incident panels; Board meetings. It is also evident that the CCG have requested and been given access to new policies and procedures that the Trust has put in place.

In particular the quality visits that the CCG has undertaken have been performed well. Additional documentation is requested following the visits to triangulate findings, e.g. policy and procedure documents in place to support staff. The Trust have been responsive to information requests.

The CCG has been appropriately engaged in the Trust's improvement plans to address CQC findings in maternity services. The CCG receives copies of the Trust's weekly conditions report to CQC detailing their status against its improvement plan. Governing Board meetings have been kept apprised of progress. The CQC noted in April 2020 that improvements are evident.

CQC conditions monitoring is clearly documented and provides areas for the CCG to base their visits schedule on. The CCG has previously commented negatively on the progress the Trust had made with the CQC condition notices issued. We note that the Trust has responded positively to the CCG's concerns and has taken a more proactive approach to implement and sustain improvement actions. CCG visits to clinical areas demonstrate proactive management of a mixture of scheduled and unannounced visits with clear outcomes.

Improving economy, efficiency and effectiveness

Performance management - Shrewsbury and Telford Hospital NHS Trust continued

A number of activities in terms of meetings and visits have been established by the CCG in its role of oversight and improvement of the quality and safety of services provided to its patient population. These meetings/visits have been pitched at the right level and shows a significant contribution from the CCG in terms of senior input and support. Likewise, attendance from SaTH's senior team is evident and this is a significant improvement as personnel has changed and relationships have developed. The meetings allow a blend of clinical safety and governance issues as well as a service focus.

Examples of meetings include:

- Monthly CQRM with Clinical Quality Review Meeting) dedicated Maternity CQRM
- Weekly 'Safe Today' call each Friday, now a joint assurance call with NHSE/I
- Monthly SOAG (SaTH Oversight Assurance Group)- Attended by partners from the wider health economy
- NHSE/I Quality & Surveillance Group
- Annual quality assurance visit schedule – Joined by Healthwatch and CCG Board members with focus and themes discussed at CQRM
- Unannounced quality assurance visits to allow the opportunity to engage with staff, patients and partners
- Participation in other clinical visits – e.g. Trust led Exemplar programme visits. Emergency Department weekly assurance calls (CCG meeting with SaTH)
- Maternity Transformation Programme (SaTH meeting attended by CCG)

In response to the Ockenden maternity review the CCG has monitored the Trust's action plan and states this is an accurate reflection of SaTH's position. The Local Maternity and Neonatal System (LMNS) is reviewing progress against saving Babies Lives Care Bundle and are confident that SaTH continue to improve its performance. External Obstetric opinion has been gained through the network (UHB) as to the Trust's progress and interpretation of the requirements, and this has offers additional assurance to the CCG. It is clear that the CCG are engaging with the LMNS and this is important as since the Ockenden review the LMNS has oversight responsibilities.

Significant work has been undertaken to progress the Accident and Emergency improvements in response to the CQC findings. Weekly assurance calls were commenced in April 2020 by the CCG and these reduced to alternate weeks. These meetings were chaired by the CCG's Director of Quality with SaTH; NHSE/I and Powys Health Board present. These meetings stood down in December 2020 as performance and actions were on track. This is now incorporated into CQRM. Monitoring is undertaken of actions and these meetings are well documented. To support the Accident and Emergency improvements the CCG has taken responsibility for appropriate actions, for example to support the delivery of primary care to avoid A&E attendance; streaming of patients through Urgent Care; and working with ambulance services on the inappropriate conveyance of patients. These action plans are well documented and evidence the collaborative working that is appropriate to support Accident and Emergency transformation.

The CCG has actively supported the Trust in terms of expertise to assist with the development of SaTH's governance arrangements. This is an area for continued development and is important to underpin the continued improvements and allow for sustainability of these within the Trust's services.

In March 2021 it was reported to the GB meeting that the CCG's Quality Team continue to work closely with the Trust on its serious incident agenda, The CCGs and SaTH have developed a joint approach for improving the quality and responsiveness and tracking of information around serious incidents. The CCG has recently attended an SI review meeting on at Trust chaired by NHSEI and this is important to ensure that NHSEI understand the collaborative working and support that is being offered by the CCG.

In June 2020 the CQC undertook an inspection. The Trust's rating was Inadequate overall and CQC took enforcement action as a result of this inspection's findings to promote patient safety and decided to begin formal criminal investigations into the circumstances of incidents it observed during the inspection.

The CCG continues to support SaTH and seconded staff to support key governance functions. Recently (March 2021) the CCG agreed the continued secondment of one of its Adult Safeguarding leads to head up the Trust's internal Team.

The CCG has engaged in difficult conversations with the Trust. At times the Trust has requested a less onerous approach from the CCG, however this was denied with the Director of Governance reminding SaTH of the role if the CCG in its responsibilities to drive quality, performance and outcomes.

Improving economy, efficiency and effectiveness

Performance management - Shrewsbury and Telford Hospital NHS Trust continued

Other support to SaTH from CCG includes:

- Task and finish group facilitated by the CCG to support CYP Mental Health within ED and paediatric wards. The focus was on appropriate 'place of safety'; clear escalation processes; training of staff; management of risk and timely onward discharge/ referral to most appropriate place for care and treatment.
- 850 12-hour ED trolley waits reported in Q3 2019/20 – CCG completing desktop harm reviews with SaTH. Harm reviews includes reviewing documentation, Sepsis management and deaths within ED.
- CCG supporting with ED review of paediatric patients in the absence of a paediatric trained nurses on duty
- Trust wide safeguarding audit, including MCA completed following initial CQC report, action plan agreed in 2019 and actions currently being evidenced by CCG Safeguarding Lead redeployed to SaTH – Regular discussions with SaTH deputy DoN
- CCG actively take part in the Trust's own quality assurance processes through exemplar visits, which are currently under review.
- Bi- Monthly SI review meetings
- Working in partnership to embed learning from death reviews.
- Redeployed 15 CCG staff within SaTH – Full / part time basis to support clinically (inpatient, ED, IPC, safeguarding and discharging) and non-clinically (SI timelines and CQC audits). Areas of good practice and areas for improvement identified in practice, are shared and under review with the Trust.
- Supported HR with a number of trained nurse interviews in response to nurses returning to practice / join the nurse bank following Covid-19 Call to Action.

We note that despite these actions that SaTH's patient care performance still needs to improve further. This remains a matter of concern for both ourselves and the CCG. Continued action is needed in this area by the CCG and its partners.

Procurement and commissioning

The CCG works with the Midlands and Lancashire Commissioning Support Unit on procurement. The CSU has a joint procurement strategy covering 32 CCGs, including NHS Shropshire CCG.

The CCG has contracts in place with its ten most significant provider trusts. These providers are mainly determined by the geography and speciality of the partners. The CCG monitors the performance of all its key providers and requires that providers take a proactive approach to implementing and sustaining improvement actions. CCG visits to clinical areas demonstrate proactive management of a mixture of scheduled and unannounced visits with clear outcomes.

The CCG does not undertake significant commercial ventures or outsourcing.

COVID-19 arrangements



Since March 2020 COVID-19 has had 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 risks they are facing.

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

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. The majority of Covid 19 funding was related to pass through funding with the CCGs main provider (SaTH), the Hospital Discharge Program, and the Primary Care Covid Support Fund. An amended budget was submitted to the Governing Body in October 2020 to take Covid-19 costs into account.

Following on from this, funding for 2021/22 is highly uncertain. The CCG have 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 funding for H2 (months 7-12) is released. The STP is required to apply for funding to reduce the backlog on elective work following the Covid-19 related delays.

Due to the 1st April 2021 merger, the CCG were already ensuring support staff could work remotely and had introduced hot desking. The internal controls and financial processes developed for remote working were maintained throughout the Covid-19 pandemic. 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 payment of 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.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Year raised	Progress to date	Addressed?	Further action?
<p>We noted that the CCG did not achieve it's planned savings/efficiencies for 2019/20. The CCG proposed a challenging efficiencies target for 2020/21.</p> <p>We considered that the CCG would need to plan and monitor its efficiencies plan for 2020/21 to ensure that it endeavoured to achieve the efficiencies and deliver the planned deficit position.</p>	Key	2020	<p>Plans were in place to deliver an efficiency target of £8.4 million for NHS Telford & Wrekin CCG during 2020/21. However, in April 2020 the majority of transformation programmes were put on hold due to the response to Covid-19 and the impact this had on services. Despite this, CCG Teams continued to monitor schemes throughout the year and deliver £2 million on CCG led programmes. System level programme Boards are now set up to develop system wide plans for 2021/22 and beyond.</p>	Yes	See Key recommendation made on page X.
<p>Our work in relation to the VfM risk 'Informed Decision Making' concentrated on the arrangements the CCG had in place following the serious findings at the CCGs main provider Trust.</p> <p>Our conclusion found that, whilst the CCG had appropriate arrangements in place, there had been no significant signs of improvement at the Trust. We considered that the CCG should continue to monitor the Trust's performance to ensure that the necessary improvements were achieved.</p>	Improvement	2020	<p>The CCG have revised and strengthened governance arrangements to continue to monitor progress of SaTH's quality performance via a number of routes, despite the overall impact of Covid-19 and the CCG's own Management of Change process which has hampered progress.</p> <p>However, progress is being made at SaTH in a number of areas, including Serious Incident reporting process, however this still requires maturation. Availability of substantive workforce remains a driver for the delays in progress at SaTH. Quality governance arrangements for the STW system are being developed, led by the CCG. Key improvement metrics include the lifting of CQC conditions and there has been mixed progress with this with two conditions relating to maternity lifted in January 2021, however SaTH have received additional enforcement notices relating to Children & Young Persons Mental Health during March 2021. The trust is presenting information to CQC to support the lifting of some other conditions relating to ED and safeguarding. CQC inspection programme has been affected by Covid-19 and therefore the metric of an improved CQC rating at both service and overall trust levels may not be achievable in the near future.</p>	Yes	See Improvement recommendation made on page X.

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 14 June 2021

We issue a qualified regularity opinion, as the CCG breached its revenue resource and revenue administration resource limit for the year.

Issues arising from the accounts:

We identified a number of errors in the financial statements. If these were adjusted the CCGs expenditure would reduce by £2.6 million. We requested that these were adjusted but management declined to do so on the basis of the materiality of the errors identified.

More detailed findings can be found in our AFR, which was published and reported to the CCG's Audit Committee on 9 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.



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.



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. The risks we identified are detailed in the table below, along with the further procedures we performed, the conclusions we have drawn and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
Financial sustainability was identified as a potential significant weakness, see page xx for more details.	We reviewed the impact of 2020/21 outturn on the medium term financial planning. We also reviewed the 1 April 2021 merger plans with NHS Shropshire CCG and the impact of this on developing a realistic transformation to both finances and the strategic commissioning function.	Detailed on page X.	Appropriate arrangements not in place, one key recommendation raised.
Governance was identified as a potential significant weakness, see page xx for more details.	We reviewed the actions taken by the CCG and its partners to deliver the Hospital Transformation Program, Telford & Wrekin Integrated Place Partnership and progress towards an integrated health service. We reviewed the actions taken by NHS Shropshire CCG and NHS Telford & Wrekin CCG to ensure the merger was undertaken appropriately.	Detailed on page X.	Appropriate arrangements in place no further action taken.
Improving economy, efficiency and effectiveness was identified as a potential significant weakness and a more detailed review was undertaken, see page xx for further information	We revisited the actions taken by the CCG to ensure patient protection and safety. This included the procedures in place to monitor the delivery and quality of contracted services.	Detailed on page X.	Appropriate arrangements in place, one improvement recommendation raised.
COVID-19	We gained an understanding of the arrangements the CCG has in place in respect of responding to Covid-19. We made an assessment on those arrangements to identify any further risks of significant weaknesses in arrangements.	Detailed on page X.	Appropriate arrangements in place no further action taken.

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'.	Yes	?
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.	No	NA

