

CCG closedown and the establishment of integrated care boards (ICBs)

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Chaired by Emma Knowles, Director of Policy and Research, HFMA

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Due Diligence: Closedown of CCGs and Transition to ICBs

28 September 2021



Webinar content

Introductions and overview – Emma Knowles	16.00 – 16.05
Guidance and process – Hayley Sullivan	16.05 - 16.15
Finance in the new ICB - Paul Healy	16.15 – 16.25
Financial due diligence, ICB creation and CCG closedown – Gary Heneage and Maria Murray	16.25 – 16.40
HR due diligence - Jennifer Willis	16.40 – 16.50
Questions	16.50 – 17.00

Welcome and Introductions – Emma Knowles

- Welcome
- Introduction to the session – time for questions at the end and via the chat
- All guidance referred to is published via the FutureNHS Platform and a link is provided on the last slide
- Introduction to speakers
 - Hayley Sullivan, National ICS Establishment Senior Programme Manager
 - Gary Heneage, Interim Director of Operational Finance, South West Region
 - Paul Healy, Head of Strategic Finance
 - Maria Murray, Head of Systems, Control and Development
 - Jennifer Willis, ICS Establishment, HR and OD Lead

ICS Implementation Guidance (1) – Hayley Sullivan

- Due diligence, transfer of people and property from CCGs to ICBs and CCG Closedown (August 2021)
 - Narrative guidance and supported by an Excel due diligence checklist
- ICB readiness to operate statement (ROS) (August 2021)
 - Narrative guidance and supported by an Excel ROS checklist
 - Purpose is to ensure all new ICBs have the legally required and operationally critical elements in place
 - Three ICS / regional assessment points and final submission point (31/10/2021, 31/12/2021, 14/02/2022 and final on 18/3/2022)
- ICB establishment timeline (September 2021)
 - Will continue to evolve
 - Excel listing of deliverables and indicative dates to assist CCGs and ICSs in programme planning and to ensure coordination of key activities across regions and nationally
- Supported by technical guidance and templates for completion
- Guidance on naming conventions – expected soon
- FAQ process

ICS Implementation Guidance (2): Due diligence

- Development process
- Purpose
 - Provides the process and a checklist for robust but **proportionate** due diligence to underpin the transfer of people and property.
 - Includes all specialities (eg finance, HR, quality, digital, etc).
 - Outlines three 'levels' of due diligence – 'lift and shift' applies with the exception of level three.
 - Outlines the legal transfer through a Staff and Property Transfer Scheme.
 - Outlines the legal establishment of the ICB through an Establishment Order (CCGs abolished concurrently).
- Outcome
 - The AO(s) of the dissolving CCG(s) provides written assurance to the ICB's CE that robust due diligence has been undertaken (due date 11/3/22).
- Linkage to the Readiness to Operate Statement
 - AOs assurance that due diligence is complete enables two areas in the ROS to be signed off as achieved:
 - Line 12.2.2 Staff due diligence completed
 - Line 12.3.1 Property due diligence completed
 - Once all areas in the ROS have been completed, the ICB's CE and RD can jointly sign the ROS (indicative due date 18/3/22).

ICS Implementation Guidance (3): Due diligence

- Key points
 - Important to undertake due diligence properly but **proportionately** – materiality will apply
 - Whole process is about support to ‘get there’
 - Due diligence checklist sets out prompts for best practice and is **non-mandated for line by line completion**.
Note: the HR data (tab 2.2) must be supplied either by completing the HR tab OR by drawing exactly the same data from other sources (eg ESR download)
 - Will continue to evolve
 - ‘Lift and Shift’ vs staff and property lists
 - Grey shaded areas

Finance in the new ICB (1) – Paul Healy

ICB financial framework

- Newly established **ICBs should be focused on** agreed system plans to meet the health needs of the population.
- The current NHS financial framework already includes **enablers for system collaboration** and shared investment in agreed plans, including:
 - **System funding envelopes** for both capital and revenue, outlining resources available for local NHS systems to support decisions on local priorities.
 - **Aligned payments and incentives**, setting fixed payments for locally agreed levels of planned activity and variable payments for any permitted variations.
 - **System Collaboration and Financial Management Agreements (SCFMAs)**, formalising shared arrangements and management of in-year risk in NHS contracts.
 - The **System Oversight Framework (SOF)**, working with and through systems to address challenges and emphasising system financial performance in NHSE's oversight.

Finance in the new ICB (2)

Statutory financial duties

- There will be a new additional joint financial duty on the ICB and its partner NHS trusts and FTs to ensure they are collectively responsible for **not consuming more than their agreed share of NHS resource**.
- The clause in the Health and Care Bill sets out the following requirements:

Each ICB and its partner NHS trusts and FTs must exercise their functions with a view to ensuring that local capital resource and revenue resource use does not exceed the limit specified in a direction by NHS England.

Where an NHS trust or FT is the partner of more than one ICB, its use of capital resources or revenue resources is to be apportioned for the purposes of this section to one or more of the ICBs in such manner as may be provided for in a direction by NHS England.

Finance in the new ICB (3)

Transition to ICB allocations

- NHS England will make **financial allocations to the ICB** in 2022/23, which would include budgets for:
 - Services currently commissioned by CCGs, including primary medical services;
 - Newly delegated functions agreed with NHSE, in line with plans set out; and
 - A running cost allowance set at the same level and distribution as for CCGs in 2021/22.

This will include both revenue and capital.

- ICB allocations would be based on longstanding principles on equal opportunity of access for equal needs and informed by the independent Advisory Committee on Resource Allocation (ACRA).
- Money would flow from the Integrated Care Board to providers **through agreed contracts and payment arrangements**, which could be managed by Place Based Partnerships or Provider Collaboratives.
- New ICB organisations will **operate on the integrated single finance system (ISFE)** with the same model as CCGs.

Finance in the new ICB (4)

Transition to ICB allocations

	2021/22	2022/23	2023/24
Primary medical	Delegation		
Dentistry	National	Agreed delegation or joint committee	Delegation
Ophthalmology	National	Agreed delegation or joint committee	Delegation
Pharmacy	National	Agreed delegation or joint committee	Delegation
Specialised	National	Joint committee	Delegation
Public health	National	To be confirmed	
Health and justice	National	To be confirmed	
Armed forces	National		

Finance in the new ICB (5)

Managing ICB NHS resources at place

- **Models for Place Based Partnerships** in ICBs include:
 - Consultative forum
 - Committee of the ICB
 - Joint committee with other statutory bodies
 - Delegated authority to an individual executive or staff employed by the ICB
- ICB could **also contract a lead provider** to manage resources via sub-contracts.
- NHS England **would not set central allocations to place**, but is developing its existing allocation tools to support ICBs to understanding target allocation at place.

Finance in the new ICB (6)

Managing ICB NHS resources at scale

- All acute and mental health NHS providers would be part of **one or more Provider Collaborative**.
- Options for ICBs to **contract with Provider Collaboratives** include:
 - Contracting with and **paying providers individually**, which could agree how to use resources for shared objectives through a Provider Collaborative.
 - Contracting with and **paying a lead provider**, which could agree sub-contracts and payment arrangements through a Provider Collaborative.
 - Provider Collaboratives need to identify the shared purpose and develop the governance arrangements.
- ICBs would also have the legal power to **delegate functions to NHS providers**, for example through a delegation agreement. This is expected to be subject to guidance from NHSE.

Annual Report & Accounts Signature – Gary Heneage

- The ICB Chief Executive will be responsible for signing off the annual report and accounts of the predecessor CCG(s) (the responsibility transfers from the CCG to the ICB).
- Engage external audit early in this process.
- As part of closedown planning, the CCG should ensure that there are people in place to support the above.
- Going concern - sample disclosure is being written and will be published on SharePoint.
- Year end timetable will be issued in due course.

Key Learning Points From Previous Closedown / Mergers – Gary Heneage

- Reduce debtors and creditors
- Quality of working papers
- Adequate resources
- Early engagement
- Plan for the key deadlines & payments

Due Diligence on Delegated Functions – Gary Heneage

- ICBs can take on Dentistry, Ophthalmology and Pharmacy from April 2022
- Closing balances will remain with NHSE
- Undertake assessment of financial risk

ICB Creation and CCG Close Down (1) – Maria Murray

CCG Accounts for 21/22

- Complete individual templates for each former CCG for 2021/22.
- Events after the reporting period:
 - CCGs will need to disclose the high level asset/liability values that are transferring to the ICB.
 - Ensure all inter CCG mismatches are resolved to ensure that the gain/loss on absorption can be calculated accurately.
- Ensure no transactions relating to the old CCGs are posted into the new ledger until all year end processes (including audit adjustments) are processed.

Transfer of data to the new ledger

- Balances as at March 2022 will be cut over from CCGs to successor ICBs. Where an ICB takes on delegation and payments relate to prior year (e.g. 2021/22) the ICB and region to need work in collaboration to agree the appropriate journal entries to account correctly as balances will not transfer from regions to ICBs.
- Single journal to A2 level for each old CCG to transfer GL SOFP balances e.g. six CCGs merging into one ICB means six opening balance journals.
- Do not reclassify transactions for the opening balances i.e. the transfer must match exactly.
- Ensure all audit adjustments are captured and included in the opening balance journal even if they are just reclassification.
- Ensure the old ledger balances are cleared to zero at a code combination level for the SOFP.

ICB Creation and CCG Close Down (1) – Maria Murray

Banking Arrangements

- The NHS England Chief Financial Officer will formally notify RBS and GBS of the CCGs close down and the ICB creation. There is not a requirement to set up a new bank account we have agreed with GBS that an existing bank account can be renamed.
- Each CCG will need to write to RBS advising them of which bank account needs to be renamed and which accounts are eventually to be closed within 6 months. The letter needs to include the service user numbers to be renamed (a standard letter has been agreed with RBS and GBS).
- RBS can only accept letters from CCGs that have been signed by mandate signatories. **You must ensure that your CCG bank mandate is up to date.**
- If there are changes required to your bank mandate but you still have some signatories on the mandate at the CCG, this can be done by requesting a “Change of Signing Authority Government Entity Mandate” form from the RBS Corporate Services Team at RBSCustomerServiceTeamforGovernment@rbs.co.uk. Please note that NHS SBS cannot do this on the CCGs behalf.
- If all the existing mandate signatories have left the CCG, please inform NHS England Cash management immediately at nhsenglandcash.management@nhs.net

ICB Creation and CCG Close Down (3) – Maria Murray

Other Considerations

- **VAT** - Liaise with SBS to understand the timing of the month 12 VAT return. A new VAT registration number will be required.
- **IFRS 16** -
 - Ensure all leases/contracts are captured for the new ICB.
 - Ensure the information for a combined lease register is available.
- **Year end 2022/23** - New ICB accounts will need to reflect the absorption gain/loss on transfer.
- **ESR Approach** - Work with payroll providers **now** to assess which approach to take to ensure smooth April payroll. ESR Programme team will raise SRs for Technical Mergers or Mass Organisational Change hence this will not need to be done locally, however if a name change only then a SR needs to be raised locally.
- **HMRC** - New PAYE numbers will be required from 1st April 2022 but can only be applied for from this date.
- **Regional Support** - Each regions will hold regular calls which we will attend and provide guidance, support and be an escalation point regarding any concerns or issues throughout the process.

ICB Creation and CCG Close Down (4) – Maria Murray

NHS SBS

Milestone	Date
Arrange Kick Off Sessions	Early October 2021
Kick off	November 2021
Static data capture	December 2021 – January 2022
Data validation	January – February 2022
Cutover planning & implementation	February 2022
Cutover implementation	March – April 2022
Go live	1 st April 2022
Post go live support	April – May 2022
Project close	Mid May 2022

People / HR Due diligence – Jennifer Willis

- Due diligence and staff transfer
 - The mechanism for transfer all existing CCG colleagues to the newly established ICBs on the expected date of establishment will be a staff and property transfer scheme made by NHS England.
 - The process we will follow to conduct the transfer will be in line with the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and the Cabinet Office Statement of Practice (COSOP).
 - The HR due diligence checklists cover both preparation for the mechanism of transfer (tab 2.1) and the legal requirement under TUPE for CCGs to provide employee liability information to ICBs at least 28 days prior to transfer (tab 2.2).
- Preparing for staff transfer
 - The guidance on due diligence should be read in conjunction with the [HR framework for developing integrated care boards](#), which provides guidance on the application of the transfer scheme, TUPE and COSOP.
 - In preparation for the safe transfer of staff organisations are asked to complete a number of activities including:
 - People Impact Assessment (PIA) to identify who is in scope of transfer
 - An equality impact assessment
 - Planning an implementation of the information and consultation process for affected staff
 - Preparation for the safe transfer of employee information and records, including employment policies.

People / HR Due diligence – Jennifer Willis

- TUPE / COSOP due diligence

- Sending organisations are required to provide employee liability information (ELI) to receiving organisations at least 28 days prior to transfer. This will include:
 - Staff identity information including name and age.
 - A breakdown of employment particulars including pay, hours and place of work and entitlements.
 - Liability information relating to disciplinarys, grievances and legal action raised in the last two years.
- Provision of ELI is legal under the data protection legislation as it is a legal requirement under TUPE. This would not protect the sharing of broader due diligence information, particularly at an earlier stage in the process. It is best practice to anonymise personal data until the final data set is agreed between parties prior to transfer.

- Support with the process

- The ICS HR and OD Programme Team will run a number of monthly connection sessions for HR,OD and change and transition leads to support the implementation of the HR framework.
- The first takes place on 29th September between 9am and 11am.

Contacts and Resources

- ICS Establishment
 - Rachel Gregson, Head of ICS Establishment, Rachel.gregson3@nhs.net
 - Hayley Sullivan, National ICS Establishment Senior Programme Manager, Hayley.sullivan@nhs.net
- Finance
 - Gary Heneage, Interim Director of Operational Finance, SW Region, g.heneage@nhs.net
 - Paul Healy, Head of Strategic Finance, Paul.healy@nhs.net
 - Maria Murray, Head of Systems, Control and Development, mariamurray@nhs.net
- People
 - Christine Joy, ICS Change, HR and OD Programme Lead, christine.joy@nhs.net
 - Jennifer Willis, ICS Establishment, HR and OD Lead, jennifer.willis9@nhs.net
- Resources
 - All guidance published via the FutureNHS <https://future.nhs.uk/ICSGuidance/grouphome>
 - NHS England Finance Guidance Chapter 20 <https://nhsengland.sharepoint.com/TeamCentre/Finance/FinancialControl/Pages/G.aspx>
 - HFMA guidance www.hfma.org.uk