



HFMA briefing
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CCG closedown: maintaining corporate memory

Key considerations

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Introduction

As the NHS prepares for the establishment of integrated care boards (ICBs), NHS England and NHS Improvement (NHSE&I) have published a number of documents to support the development of the new ICB financial governance arrangements¹.

One element of this is to ensure that legacy issues from demising CCGs, as well as organisational memory, are captured and managed during and after the transition to ICBs.

This briefing is intended to support finance staff during the ICB establishment period, as they prepare for the transition.

Key areas of consideration

What are the risks in this area?

Lessons learned from previous reorganisations or structural changes have highlighted that some historic issues, such as control weaknesses, can repeat themselves in the new organisation, or that dealing with historic queries can be time-consuming and inefficient if the information and explanations are not readily available in the new organisation. Reorganisations or structural changes come with inherent risk of loss of corporate memory, which can result in a need to fill knowledge gaps to ensure efficient continuity of business processes.

While staff from CCGs will, generally, be transferring to the ICB, there will be some attrition, with the resultant loss of organisational memory and many will be focused on their new roles, creating issues of prioritisation and their availability to deal with legacy issues.

It is always best practice to keep documentation up to date and structured to avoid reliance on key individuals and their ability to remember key events. However, a reorganisation is often the trigger to formally consider organisational memory.

What should be carried forward and what should be filed?

Each CCG will have their own policy on the retention of records that applies statutory requirements² to the needs of the business. Judgement will be needed between what CCG records are taken forward to the ICB on the basis that they may be referred to and are needed to perform statutory functions, for example those in relation to freedom of information. These records need to be marked as CCG records and should be easily retrievable, albeit that they will be retained within the ICB record management system.

Appendix 1 sets out a range of areas that demising CCGs/ICBs could consider in planning the handover, to ensure that issues from demising CCGs are not over-looked.

What are the common themes?

There are a number of common themes arising:

- maintenance of records is critical, but these can often benefit from an over-arching summary or handover document that helps the member of the ICB taking on this issue in not having to read through all the documentation.
- the more that ongoing issues, or areas in dispute, can be identified and handed over (or indeed resolved before the CCG is demised), then the more efficient will be the subsequent resolution.
- it would be expected that there will be standard workstreams in many of the areas covered (ranging from the annual accounts to payroll transfer) and duplication should be avoided. This means that there needs to be clarity of ownership of each area, both from within the demising CCG and in the receiving ICB.

¹ FutureNHS Collaboration Platform, [ICS guidance: integrated care \(future.nhs.uk\)](#) (login required)

² FutureNHS Collaboration Platform, [CCG closedown: records management guidance](#) (login required)

Practicalities

There needs to be a clear system for filing and storing information – both electronic and paper – which should comply with current information governance guidance. Shared drives should be used for all electronic papers rather than hard drives or personal folders. As part of the closedown process a filing system will need to be developed so documents can be accessed by all staff both before and after the date of ICB establishment.

Useful information will often be held as part of email trails or informal notes of calls and meetings. It is this information that is often lost as part of a transition. While it is difficult to do, time should be taken to ensure that important information from emails and hard drives is copied to the common storage area. This is also the same for hard copy information that could be held in desk drawers or personal note pads.

Conclusion

Ensuring that organisational memory is not lost can help avoid uneconomic and inefficient activities within the new ICB, which will also detract from delivering the objectives of the new organisation. Mitigation of this risk will be most effective if planning around it is completed while the CCGs continue to function and their management and staff are still in post. There will always be issues that are missed, but the attached approach should help minimise the likelihood and impact of any such risk in the future.

The listing below is not comprehensive, because of the individual nature of each CCG and the circumstances of the move to an ICB, however it is provided as a structured checklist that would work with each CCG's own team and circumstances.

Appendix 1

The following list sets out a range of areas that demising CCGs/ ICBs in their establishment period could consider in planning the hand-over, so as to ensure that issues from demising CCGs are not over-looked.

Accountable officer duties

As they handover to ICB accountable officers, there should be an arrangement for a CCG's accountable officer to provide assurance that all matters have been communicated. This can be through some form of **handover statement** to give assurance to the incoming accountable officer, particularly where a CCG's accountable officer will not be signing the organisation's part-year accounts.

The part-year **accountable officer's statement** and issues relevant to the **annual governance statement** should be prepared in draft ahead of the date of ICB establishment and reviewed by the CCG's accountable officer prior to transition.

Chief financial officer duties

Similarly, there should be arrangements for a CCG's chief financial officer to provide an update of key issues through a **handover note**.

Included in a handover note would be a list of key contacts for specific matters at various organisations. The note should also include details of issues identified in both the 2021/22 year-end process and part-year accounts preparation, along with progress against proposed actions to address them.

Board handover

The board of the CCG should provide the ICB with a listing of the **issues** that it has outstanding. This could include any actions on its actions log, as well as broader issues.

The new ICB may wish to ask for assurances from the demising CCG governing body on specific issues, as part of a form of 'due diligence'.

Board minutes should be available on the CCG's website but these need to be reviewed to ensure that they are comprehensive and minutes of any parts of the meeting that are not held in public need to be available to the ICB's board.

Wider governance matters

Any outstanding **regulatory reviews**, either where the work has been commenced or where agreed remedial actions have yet to be completed, should be listed and held in a central place. These could include reviews or investigations by HM Revenue and Customs (HMRC), Health and Safety Executive, Care Quality Commission, Information Commissioner's Office, internal audit, external audit, NHSE&I, as well as any professional reviews. Such a list should then be held within the ICB's corporate affairs office (or equivalent). It should be noted that new regulatory reviews such as tax inspections may still arise for matters relating to CCGs in addition to ones already in progress. Therefore, as the successor bodies, ICBs must ensure that all of the related information is successfully transferred from CCGs.

Workforce teams should keep records of on-going, as well as recently closed, **complaints, whistle-blowing, disciplinary** issues which would transfer across.

There can be a tendency for **efficiency/ cost improvement programmes** to be allowed to lapse, or not be followed through to final delivery, on the basis that the business planning for the new organisation will pick these up. Good practice would see a review of such programmes and a clear list carried forward of those areas that have still to be delivered, or the benefits embedded.

Any **task and finish groups** within the CCG should agree whether their work has come to the 'finish' part or should be handed across to the ICB.

Lessons learned exercises, or any central repository for them, should be reviewed. Where the lessons have been learned, and systems adapted to embed the change, then these can be removed. Others, which tend to be cultural or behavioural, may wish to be carried forward.

Audit committee handover

The outgoing **chair of the audit committee** should provide a report of the main issues covered by the committee in the last year, with a particular emphasis on matters that may need to be reflected in the ICB's annual governance statement. This should be shared with the other members of the committee.

The chair might also highlight any significant or long-running issues that the committee has been tracking, or particular lessons learned that it has been involved in, during the last 2 to 3 years.

Audit committee minutes and action plans should be stored electronically and made available to incoming committee members.

The final CCG audit committee should review progress against the 2022/23 **internal audit** programme, particularly for those reports due to be finalised by transition date, along with issues to be considered as part of the production and review of the head of internal audit opinion for the ICB in 2022/23.

Outstanding agreed management actions from previous internal audit reports, that have not been reported as implemented by management and/ or followed up by internal audit as to their effectiveness, should be listed. These will need to be reviewed for their ongoing relevance and a final listing of those to be carried forward agreed.

External audit recommendations from the CCG's 2021/22 auditor's annual report and any interim/final 2022/23 reports should be similarly reviewed, and a listing carried forward of those recommendations that are still relevant. This should include both comments on the annual report and accounts, and value for money.

If there have been any qualifications or emphasis of matter paragraphs in external audit opinions, a clear handover note on the background to the issue and actions being taken should be kept.

Ongoing **counter fraud** investigations should be listed and handed over, as should any ongoing **security management** investigations. Agreed management remedial action from either counter fraud or security management reviews should be listed and, as with agreed management actions from internal audit reports, checked for their ongoing relevance.

Where there may be a change in provider of either internal audit, external audit, local counter fraud specialist or security management, ensure that the two bodies agree an acceptable handover protocol and timetable, within their professional disciplines.

Remuneration committee handover

Any historic agreement to the terms and conditions of employment staff that may transfer across under TUPE arrangements, that have a financial impact should be noted. For example, any performance related pay, protection of salary or pension and so on.

Remuneration committee minutes and action plans should be stored electronically and made available to incoming committee members.

Contracts

Contracts that end on the date of transition to the ICB (or demise of the CCG) should be closed down in line with any contract that comes to the end of its life. This should include ensuring that any/ all disputes are resolved, that all goods and services have been delivered, and balances due/ owing are agreed.

Matters outstanding should be handed over to the relevant person in the ICB. Monitoring of the clearance of these issues should be allocated to a member of the ICB, with the objective of resolving these as soon as possible.

A listing of all contracts for goods and supplies that extend beyond the date of transition to the ICB should be maintained and handed over to the ICB. This listing should include the expiry date (and any option to extend), as well as any associated waivers. In addition:

- where contracts have been reviewed to assess whether they include a lease, the documentation relating to that assessment needs to be filed along with the contract register
- a note of where ongoing contracts have not been filled/ completed and there may be a rebate/ refund due to the CCG/ ICB (see also contingent assets and liabilities), or where there are any contract disputes, should be maintained and handed across to the new nominated contract manager.

Where the CCG has consultancy agreements, it would be expected that they would cease with the demise of the CCG or have specific terms that covered the change to the ICB (if, for instance, they are part of a project team). It is important that the CCG officer responsible for the consultancy work confirms that the work has been performed to the requirement.

Contracts with NHS Property Services and with Community Health Partnerships should be transferred across through close working with those organisations. This may be an opportunity to ensure that all documentation is up to date and that any disputes are recognised and arrangements put in place to resolve them.

Service level agreements

As with contracts, it will be important that any disputes or disagreements are, ideally resolved while the CCG is still in place, or recorded and handed over to the ICB. The advice for contracts (above) should be replicated for service level agreements.

Commissioning disputes

Historic disputes (see inter-NHS balances) should, ideally, be resolved while the CCG is still in existence. If this is not possible, they should be recorded and handed across to the ICB with a full history/ chronology and supporting documents. Supporting documents should include email correspondence and file notes as well as the contract documentation.

Financial risk/ gain share arrangements that the CCG has been involved in, while in a shadow ICS form, would be expected to be resolved as part of the period-end processes and agreement of inter-NHS balances. Where there is dispute, records should be kept and handed over.

Section 75 (s75) arrangements

A comprehensive list of all s75 agreements should be kept along with the latest agreement and any amendments to the agreement. Less formal documents such as emails or meeting notes that provide background to the agreement and, perhaps, difficult issues should also be filed with the agreements.

The host body for the agreement should be identified along with latest financial reports.

Contact details for all of those in relation to the management of the arrangements should be updated and discussed with non-NHS partners.

Any arrangements for funding over-spends or recovering under-spends need to be documented along with the balances that are due or owed.

Grants

A listing of all grants should be kept when the relevant period crosses the period-end and where there are conditions of the grant that need either assurance/ evidence from the grantee or some form of check by the NHS.

A list of any grants that include a legal charge over properties needs to be held so that if grant funded properties are sold, the successor body can trigger the legal charge.

Continuing care cases

A listing of all continuing care cases, and the full details of the arrangements in place for their care, should be maintained. The arrangements for care should be confirmed by the incoming ICB and may be an opportunity for rationalisation/ review.

Information relating to disputes and retrospective reviews should be maintained, particularly as organisations usually maintain provisions in relation to the costs of these and the calculation methods may vary by organisation.

Personalised care arrangements

A listing of all personalised care arrangements, and the full details of the arrangements in place for their care, should be maintained. The arrangements for care should be confirmed by the incoming ICB and may be an opportunity for rationalisation/ review.

Risk management

The ICB would be expected to develop its own risk management strategy and approach, including the identification of risks to the ICB's objectives.

The demising CCG should review its risk registers and ensure that ongoing risks, that are relevant to the ICB, are transferred across.

From the annual report and accounts

(The HFMA is working on separate guidance on the preparation of the annual report and accounts for demising CCGs, along with guidance on best practice for working papers. This section addresses the potential management of issues that arise from this process that are relevant to the future management of the ICB.)

Adjusted/ unadjusted errors from the external audit: A decision will need to be made, with regards to the ICB's opening balances, whether any unadjusted errors from the CCGs (either combined or in isolation) ought to be included in the opening balances.

Post balance sheet events: A record of any post balance sheet events, that are relevant to the CCG, should be maintained and reviewed for the implications for the ICB. This may well link into work on provisions or contingencies.

Provisions: Working papers for the part-year CCG accounts should contain sufficient information to support the calculation of provisions. Consideration should be given to keeping records of any provisions not made (due to low materiality or probability) but where the underlying transaction may remain relevant or may become material when aggregated with other CCGs.

Receivables and payables: As part of the handover, it would be expected that a fully reconciled list of receivables (debtors) and payable (creditors) will be maintained and transferred. Along with this listing should be supporting documentation, particularly where there is a receivable that might be impaired or where a payable balance may be in dispute.

Accruals and prepayments: In a similar vein, listings of accruals and prepayments should be handed across to the ICB, along with any supporting documentation. A record should be kept of where the related transaction has been accounted for to allow for reversals to be made.

Contingent assets and liabilities (including insurance claims): Documentation in support of contingencies that have either been recognised in the accounts or, due to low materiality or probability, were considered but not included, should be retained.

Capital commitments: The calculations for capital commitments at the date of transition, must be kept.

Deferred income: Deferred income needs to be captured to ensure that the income is duly receipted.

Period-end cut-off

While standard period-end cut-off procedures for the production of the annual report and accounts is to be expected, the particular issues that need considering for demising CCGs are set out below.

Debtor and creditor balances: The reconciliation of period-end debtors and creditors would be expected as business as usual, but with a demising organisation it is important that this exercise goes further and that reconciling items are cleared/ resolved to establish an agreed debtor/ creditor and final payment. This may involve, for pragmatic purposes, writing off debts or reaching some form of agreement. These would cover balances:

- between merging CCGs coming into the one ICB
- with other NHS organisations
- due for other commissioned services (for example from third sector or balances with local authorities)
- with commercial suppliers (creditors/ accounts payable)
- for other income (debtors/ accounts receivable) including which debts should continue with debt recovery actions and which should be written-off.

Control account reconciliations: As with debtor and creditor balances, the clearance of other control account reconciliations (such as bank, pay, etc.) is much more efficiently done when the reconciling items are recent. This should also cover any suspense accounts.

Future changes in accounting policies

IFRS 16 *Leases* will come into effect from 1 April 2022 for the NHS and all organisations have been undertaking the preparatory work for this. This work should be monitored through to the date of transition and handed over. Leases are also considered, for completeness' sake, in other sections of this guidance (for example security of assets, contracts).

A check should be made on any other changes in accounting policies that might impact on the ICB's opening balances and require information from demising organisations.

Ongoing projects and programmes

It is to be expected that ongoing projects and programmes, with their associated documentation, will transfer across to the ICB as part of business as usual.

National and local shared services

The arrangements for the transfer of shared service arrangements would be expected to be covered by business as usual.

Where the CCG has any issues in dispute with any shared service these should be documented, including any agreed improvements.

Where, as part of wider work, improvements to shared services have been identified, potentially through service auditor reports, a log of these actions should be maintained until resolution.

Digital/ information systems

It is expected that a wider transition plan will be prepared for the transfer of digital and information services from CCGs to the ICB. Some particular finance related concerns are set out below.

Access to systems: Access to historic accounting systems will need to be reviewed to ensure that access rights are appropriate for those who have access, including those with any particular levels of privileged access.

Software licences: These will need transferring to the ICB and is an opportunity to ensure that the correct number are in use.

Back-up arrangements: Back-up arrangements will need to link in with the policy on the retention of records and the ability to access historical information.

Data protection: Care will be needed in the handling of personal sensitive data, particularly in the transfer of records from the CCG to the ICB.

Joint working arrangements

A comprehensive list of all joint working arrangements should be kept along with the latest agreement and any amendments to the agreement.

The host body for the arrangement should be identified along with the latest financial reports.

Any arrangements for funding over-spends or recovering under-spends need to be documented along with the balances that are due or owed.

Contingency planning

It would be expected that the CCG and ICB will work to create contingency plans across a range of areas and scenarios, one of which should cover the transfer from CCGs to ICBs and the maintenance of interim management arrangements.

Payroll

A formal programme for the transfer of payroll from the CCG to the ICB would be expected and will vary according to the local circumstances. Some considerations for demising CCGs are set out below.

HMRC requirements: A listing of all outstanding matters with HMRC should be maintained, ranging from any queries or investigations instigated by HMRC to any matters raised by the CCG or its staff (via workforce).

Apprenticeship levy: The ICB should liaise with the Department of Education to ensure that it can maintain accreditation to retain levies from former CCGs. At the date of transition, the CCG should produce a record of the balance of the levy, and the time period that it relates to.

Unused leave: While the workforce department will manage the transfer across of unused annual leave, the accounts will include a period-end accrual. Details of this accrual will be in the working papers and should be carried forward.

Staff expenses that may be **reclaimable from staff** (previous relocation, training with an element of personal benefit, etc.) should already be captured in a listing and a decision made on whether they should be reclaimed from staff and, if so, by what means

A record of **off payroll arrangements**, particularly for those who are continuing with the transition from the CCG to the ICB, will need to be maintained and checked, particularly in case of an inspection. This should include review dates and evidence of self-determinations etc. This should also include details of off payroll arrangements in the seven years prior to transfer.

Where the CCG has had **early retirements/ redundancies** that have an element of future liability, the details of this will need to be recorded and kept. This should include all the supporting documentation.

Secondments, bank and agency arrangements, that continue from the CCG to the ICB, should be reviewed and handed over with the necessary contractual documentation. Secondments, both in and out, can be an area of particular concern if there is a lack of clarity over the arrangements and the 'home' employer may have demised.

Pensions

The transfer of staff, along with their pension records, would be expected to be part of a formal handover. This will include working nationally with NHS Pensions through NHS Business Services Authority but should also include other pension providers where staff are not part of the national scheme. It will be particularly important to ensure that staff's years of service records are accurate.

A listing of ongoing queries around pensions should be kept and used as part of the handover.

Insurance and claims

Liaison with NHS Resolution should ensure that there is a clear handover of insurance arrangements, including any ongoing cases or disputes, as well as clarity over any requirements from the insurer.

Where other insurers are involved, the contractual position should be managed as with other contracts. A listing should be kept of any claims that are open, or issues that have not been resolved, and these handed over with supporting documentation.

Taxation

VAT returns would be expected to be part of any handover, although there will need to be a clear cut-off with the demise of the CCG and transfer to the ICB (and associated registration, etc.).

Any outstanding VAT issues will need to be recorded, with evidence of correspondence and supporting documentation retained. This could include records of any previous agreements/dispensations for the CCG that relate to local issues.

Where the CCG has used consultancy services, this contract will need to be managed as with any other contracts with a third party for goods and services. There may be specific issues that go beyond the demise of the CCG, such as recovery of VAT or dealing with issues with HMRC, and arrangements should be made for either the continuation of the consultancy service for these matters, or a handover to a new provider.

Retention of records

The CCG will already have a policy in place on the retention of records, and it would be expected that the ICB would develop its own, which would be broadly consistent, while in shadow form. A decision will be needed on which CCG records are, in effect, historically filed, and which are carried forward to the ICB on the basis that they are relevant for the running of the ICB, or are likely to be referred to by the ICB. Some CCG records may need retaining within the ICB for a limited time (for example to enable the completion of the part-year accounts and external audit), while others may be more permanent (for example contractual).

In reviewing records, the approach will need to cover records that are:

- electronic
- paper
- held by individuals.

Security of assets (including stocks and inventories)

Records of assets held by staff, outside the office environment will need to be checked for completeness and handover. These would cover such assets as lease cars, mobile phones, iPads, printers, etc. as well as any stock/inventory items.

If there are any disputes or lack of clarity over ownership, these should be captured as part of the handover process, although it would be preferable that such disputes were resolved before the transfer to the ICB. Indeed, this may be an opportunity to do so.

Given the introduction of IFRS16, particular attention should be given to assets held under leases. Work should already be well advanced on ensuring that the assets are correctly recorded.

Where there is a legal charge on a property, these should already be known about and the information on the property should be transferred across. If there are opportunities to release these charges, or the charges may be triggered by the change from CCG to ICB, legal advice should be sought.

Equipment warranties will need to be transferred into the name of the ICB.

Assets used by the CCG and leased or rented from NHS Property Services Ltd and Community Health Partnerships need to transfer across to the ICB.

Where there are LIFT or PFI arrangements in place, these will need to be transferred to the ICB. Along with the legal transfer there should also be a review of any issues in dispute or balances outstanding, so that historic issues can be resolved.

Reserves and charitable funds

Any reserves or charitable funds, that have specific or particular requirements against them, should have those requirements (and the supporting documentation) stored in a central place in the new ICB, given that they will have an ongoing requirement to be referred to.

Covid-19 specific issues

Staff working from home, with CCG documents and records, should ensure that these are returned to a central space (either paper or electronic) and retained, in line with the CCG's retention policy.

Staff who may be leaving the organisation should ensure that any equipment or records that they have held at home are returned.

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For over 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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