



Starting well

Ensuring that CCGs leave a good legacy



Introduction

2021/22 feels like a transition year. Hopefully, a transition back to a non-pandemic world and the delivery of ‘normal’ healthcare and a transition into formal integration backed by legislation.

However, part of that transition means closing CCGs as their functions move into integrated care boards (ICBs). Reorganisation is something that NHS bodies are used to and there are a lot of lessons to be learnt from previous restructurings.

Finance staff are well placed to support organisations through these changes – they know all parts of the organisation as governance and finance touches everywhere, they are methodical, focused and have an eye for detail.

This briefing highlights the four key messages that our discussions with members have identified so far. It is intended to supplement the guidance that is being formally issued by NHS England and NHS Improvement, the NHS Business Services Authority, NHS Shared Business Services, and other bodies directly involved in the transition.

Start now

The main message from all of those who have experienced a reorganisation in any form is that it is never too early to start – even when there is lots of missing detail.

The Health and Social Care Bill¹ (the Bill) has had its second reading in Parliament, the committee that will review the Bill in detail will meet in early September and is expected to report in early November. After that there is still a third reading in the House of Commons, the same process in the House of Lords followed by final consideration of amendments and Royal Assent.

There is guidance being developed nationally and regionally but there will be much to be done at a local level. NHS bodies should not wait until the guidance is issued or the Bill is enacted to start work on the transition.

This briefing is intended to identify some of the areas where CCGs can start work now.

Work together

Some organisations will be more affected than others

In some places, on 1 April 2022, multiple CCGs will merge into a single ICB. These are the bodies that this briefing is aimed at.

In a very few places, existing CCGs will be split across more than one ICB² – this is the most complex transition and, while this briefing will be helpful, it does not include all the issues they will need to consider³.

In other places, the current integrated care system (ICS) is made up of a single CCG and several providers. The transition from CCG to ICB will be simpler for these organisations but there are still issues that they need to consider. In addition, these bodies may act as useful sources of guidance and support to their commissioning colleagues based on their recent experience of the CCG merger process.

But no organisations will be unaffected

The Government has said that the changes introduced by the Bill ‘are vital to help the NHS build back better from the pandemic’ and that it will enable the NHS, local authorities, and care providers to work collaboratively and ‘provide more joined up working’.

Although CCGs will be most affected, all parts of the NHS will be impacted by these changes and will need to be engaged with the transition process. This is also the case for those bodies that work with the NHS – particularly, local authorities and the voluntary sector.

It is therefore important that all the entities affected work together to the same time frame. This will mean each organisation needs to understand what is being done by other bodies – locally, regionally, and nationally, as well as all the organisations that provide feeder systems to NHS bodies.

Understand the new regime

There will be some changes in relation to commissioning that will be made on or after 1 April 2022. These relate to specialised and primary care commissioning that is currently undertaken by NHS England and NHS Improvement.

¹ Houses of Parliament, *Health and Care Bill*, July 2021 and DHSC, *Health and Care Bill factsheets*, July 2021

² DHSC, *Integrated care systems boundaries review: decision summary*, July 2021

³ HFMA, *Combining NHS bodies: a practical checklist for mergers and acquisitions*, November 2017

There will need to be a clear decision made as to when those commissioning responsibilities transfer as it will not be 1 April 2022 across the whole of England.

Moving commissioning responsibility from national and regional bodies to ICBs will require information to be disaggregated. The lessons learned from delegated GP commissioning need to be applied as other services are transferred – that it is clear what is being transferred and the transfer date, also that information on contracts is transferred particularly where there are disputes that remain unresolved on transfer.

Know who is doing what and where the guidance is

It is clear that transitioning to a collaborative model will involve every part of the NHS. Some of the work will take place nationally, some at a regional level and some locally.

It is vital that all bodies involved communicate clearly their project plans and timelines, it is equally important that these communications are read, and the necessary action is taken.

NHS England and NHS Improvement have an [ICS Development Hub](#) on the Future NHS Collaboration Platform⁴ that links the guidance that has been issued and the guidance that is being developed (see appendix).

As at 17 August 2021, the following guidance has been issued:

- [Working together at scale: guidance on provider collaboratives](#) published 10 August
- [System development progression tool](#) published 1 July 2021
- [NHS system oversight framework 2021/22](#) published 24 June 2021
- [Guidance on the employment commitment](#) published 16 June 2021
- [ICS design framework](#) published 16 June 2021
- [NHS oversight metrics for 2021/22](#) published 16 June 2021.

Our understanding is that NHS England and NHS Improvement will issue a detailed closedown due diligence checklist before the end of August. This will be the best starting place for finance teams to start to plan the work that they need to do. However, it is not a standalone document and will need to be used alongside all of the other tools that are being made available over the coming weeks.

Consider the impact on resources

All of the work that is required to transition to an integrated care model will take time and resource on top of business as usual. CCGs are small organisations but, as much as possible, the work on transition cannot be left to a small number of individuals.

In some cases, work is already being done across CCGs where they will merge to form the new ICB. All plans need to clearly identify individual responsibilities and deadlines that are achievable and realistic.

Good housekeeping is the key to success

Consistently, staff who have experienced a reorganisation have shared that doing housekeeping ahead of the go-live date is crucial.

For finance, this means:

- understanding all balances on the statement of financial position
- identifying key judgements and estimates made during the preparation of the 2020/21 accounts and updating them throughout the year

⁴ NHS, [ICS Development Hub](#), accessed August 2021

- documenting all funding transactions within the ICS in 2021/22 so the accounts can be prepared after the year end
- resolving as many disputes as possible prior to 31 March 2022 and documenting all unresolved disputes
- deciding who will pay for what after 1 April 2022 as there will be invoices unpaid at the end of the financial year. This will be particularly important where functions move between organisations
- agreeing all balances between bodies that are joining the ICB prior to 31 March 2022
- ensuring the contract register is up to date with up-to-date contact details for all parties (as NHS emails transfer with staff, these will be very useful after 1 April 2022)
- ensuring the lease register is up to date and includes all arrangements, including undocumented arrangements with NHS Property Services
- documenting all arrangements with local authorities, particularly section 75 pooled budget agreements
- reviewing signed agreements against what is happening in practice and documenting the differences.

As CCGs share a common ledger and common accounting policies, it could be assumed that there will be no differences. However, experience shows that there will be differences of interpretation of accounting policies and use of the ledger. Early work identifying the differences and reaching common ground ahead of the end of the financial year will ensure a smoother transition.

Commissioners use a lot of third-party systems so there will be reliance on them to make the transition smooth. However, locally, the housekeeping can take place before the year-end. Simply documenting processes and systems may identify issues that will need to be resolved.

Document everything – do not lose the corporate memory

Linked to housekeeping, the other key lesson learned from reorganisations is the importance of comprehensive documentation that is saved in a central place that can be easily accessed. All finance staff should be given to the end of the financial year to review all documentation on their hard drives and either delete it or update it and move it to a shared drive.

Where there are multiple versions of documents, one should be saved as the current version and earlier versions deleted unless the earlier versions include useful history and detail of how the arrangement developed.

One good idea is to consider transactions and arrangements from both sides. Ask suppliers, NHS and non-NHS, primary and secondary care, to provide a list of contracts they think they have with the CCG and a list of contacts. Use this to ensure that documentation is up to date.

Arrangements that were not material to predecessor bodies may become material in a larger, merged organisation, so they need to be documented as well. Use the risk register of all organisations to determine the order in which documentation is dealt with – higher risk arrangements are reviewed first.

It will help if all bodies in an ICS use the same templates for documentation and the same filing conventions.

Plan for the future but do not neglect the past

It would be easy to focus on establishing the new ICBs. But planning and preparing the close-down of CCGs needs to start now. This includes the preparation and sign off of the 2021/22 annual report and accounts. It is unlikely that the national, consolidated accounts for 2021/22 will be prepared by

July 2022 (to the pre-pandemic closedown timetable) so part of this planning should include ensuring that there is ownership of the 2021/22 accounts through to the end of the calendar year (December 2022) so audit and consolidation questions can be answered.

Constantly communicate

As there will be so many entities involved, it is vital that all timelines are published and updated throughout the year.

Communication works two ways so it is as important to read communications and take the necessary actions as it is to issue communications.

There will be reliance on third party systems, it will be important to include them in communications and to read their communications.

Experience is that some suppliers will need to be notified of the change of purchaser at least three times before they get it right. Communication needs to start now and continue throughout 2022/23 as the new arrangements are embedded. Where a change of invoicing detail is communicated prior to April 2022, arrangements need to be made for those suppliers who change the entity or address immediately, rather than waiting for the date specified in the communication.

It is also useful for NHS bodies to share experiences as there may be issues that are identified in one place that have been ignored in another. For example, if new buildings are going to be used by the new organisation then SBS will need to know so they can ensure that ISFE can be accessed from the new site.

CCGs should communicate with their auditors early and throughout the year so that arrangements for the audit of the 2021/22 annual report and accounts can be agreed as well as the documentation that will be required for sign off of those accounts and the audit of the opening balances of ICBs. Even where the auditor of the CCG is not going to audit the ICB, they will be able to provide guidance on what work auditors are required to do on opening balances of a newly established organisation.

What is the HFMA doing?

The HFMA wants to support its members throughout this transition period. This briefing is the first of our outputs. We will keep members informed when new guidance is issued, and the transition will be discussed by most of our committees.

If there is anything helpful that you think we could do, please contact: debbie.paterson@hfma.org.uk (for financial reporting and technical issues), lisa.robertson@hfma.org.uk (for system issues) or sarah.day@hfma.org.uk (for commissioning or population health/ health inequality issues).

Appendix: guidance under development

NHS England and NHS Improvement

The NHS Futures website included this list of guidance that is under development as at 17 August:

- Code of governance for NHS provider trusts
- Developing population-based blended payment models
- Final ICB allocations and guidance
- Financial governance and reporting guidance
- Flatpack guide to population health management
- Future of NHS HR & OD programme
- Good practice guide to working in collaboration with local government
- Guidance on cross-system ICS intelligence functions
- Guidance on deployment of resource at place
- Guidance on quality assurance and risk management
- Guidance to support joint commissioning arrangements
- HR framework
- ICS due diligence guidance and timeline
- ICS implementation guidance on working with people and communities
- ICS model constitution
- ICS people function and operating model
- ICS readiness to operate statement (ROS)
- Integrated care systems and the voluntary, community and social enterprise sector
- List of statutory CCG functions to be conferred to ICS
- NHS operational planning and contracting guidance – ICB financial framework
- Oversight and assurance mechanisms for functions to be delegated in 2022/2023
- Pre-delegation assessment framework
- Professional and clinical leadership within ICSs
- Quality governance and oversight function in ICSs
- Recruitment guidance and principles
- Standard direct commissioning delegation agreement
- Statutory guidance on establishment and operation of the integrated care partnership
- Supplementary guidance and implementation support for ICSs to help deliver the people operating model
- Target architecture guidance
- Thriving places
- Toolkit to support implementation and strengthening of provider collaboratives
- Updated NHS foundation trust accounting officer and NHS trust accounting officer memorandums
- ‘What good looks like’ digital and data maturity framework for ICS
- Who pays? guidance