

CCG REPORT COVER SHEET

Meeting Title:	CCG Governing Body in Public	10 June 2021								
Report Title:	CCG 2020/21 Going Concern Assessment	Agenda Item: 2.2								
Chief Officer:	Louis Kamfer, Chief Finance Officer									
Clinical Lead:	-									
Report Author:	Wanda Kerr, Deputy Chief Finance Officer									
Document Status:	Final									
Report Summary:	To gain Governing Body approval for the production of the CCG's 2020/21 annual accounts on a going concern basis.									
Report Purpose:	<table border="1"> <tr> <td>For Assurance</td> <td><input type="checkbox"/></td> <td>For Decision</td> <td><input type="checkbox"/></td> <td>For Approval</td> <td><input checked="" type="checkbox"/></td> <td>For Recommendation</td> <td><input type="checkbox"/></td> </tr> </table>	For Assurance	<input type="checkbox"/>	For Decision	<input type="checkbox"/>	For Approval	<input checked="" type="checkbox"/>	For Recommendation	<input type="checkbox"/>	
For Assurance	<input type="checkbox"/>	For Decision	<input type="checkbox"/>	For Approval	<input checked="" type="checkbox"/>	For Recommendation	<input type="checkbox"/>			
Recommendation:	The Governing Body is asked to approve the recommendation that the CCG 2020/21 annual accounts are produced on a going concern basis.									
Link to Corporate Objectives: 2020/22	Ensure everyone has the opportunity to improve their health and well-being									
	Level-up health and care provision to ensure our communities in areas of high deprivation and need get the resources needed to minimise inequalities									
	Focus time and resources on areas where people receive most of their health and care services, the community									
	Facilitate organisations to join forces at 'place' and offer 'patient first' well-co-ordinated efficient services to those who need them.									
	Deliver our statutory financial commitments as best as possible		√							
CAF (Strategic Risk) Reference	Description of Risk									
CAF 08	There is a risk that the transition from the CCG to the Integrated Care System will lead to loss of focus on business as usual and the delivery of the CCG's statutory functions		12 (A)							
Impact Assessments	Equality	N/a for this report								
	Health Inequalities									
	Health Impact									
	Data Privacy									
	Sustainability									
	Quality									
Financial Impact	N/a									
Chief Officer/ SRO Sign Off:	Louis Kamfer, Chief Finance Officer									
Chief Finance Officer Sign Off: (if required)	As above									
Legal implications	None.									
Conflicts of Interest	Any Conflicts of Interest will be raised in line with CCG's CoI Policy									
Report history:	Presented to Audit Committee (08.06.21) in advance of Governing Body									
Next steps:	As per recommendation									

MEETING: GOVERNING BODY IN PUBLIC

AGENDA ITEM: 2.2

DATE: 10 JUNE 2021

TITLE: 2020/21 GOING CONCERN ASSESSMENT

**FROM: LOUIS KAMFER
CHIEF FINANCE OFFICER**

1 ISSUE

- 1.1 The purpose of this paper is to assist the Governing Body in assessing the financial standing of the CCG to determine whether it is appropriate to prepare the accounts on a going concern basis.
- 1.2 When approving the accounts, the Governing Body will need to consider which of the following three basic scenarios is the most appropriate.
- The body is clearly a going concern and it is appropriate for the accounts to be prepared on the going concern basis.
 - The body is a going concern but there are uncertainties regarding future issues which should be disclosed in the accounts to ensure the true and fair view.
 - The body is not a going concern and the accounts will need to be prepared on an appropriate alternative basis.
- 1.3 Going concern is a key concept in the preparation of the financial statements for the CCG. International Accounting Standard 1 (IAS 1) requires management to assess, as part of the Annual Accounts preparation process, the Clinical Commissioning Group's ability to continue as a going concern.
- 1.4 The going concern basis is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily viewed as continuing in business for the foreseeable future. Where management are aware of material uncertainties in respect of events or conditions that cast significant doubt upon the going concern ability of the clinical commissioning group, these should be disclosed.
- 1.5 In making this assessment management are required to take into account all information available about the future prospects of the CCG for a minimum of twelve months, from the date of approval of the financial statements i.e. twelve months from June 2021. The extent and nature of this assessment will be driven by the historical financial position of the organisation and the knowledge of the challenges it faces.
- 1.6 For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision (funding allocation) for that service in published documents, is normally sufficient evidence of going concern.

- 1.7 DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up.
- 1.8 This report is not intended to reproduce all the evidence that exists to support its conclusion regarding whether the CCG is a going concern, but to identify what does exist and has previously been considered by the Governing Body.

2 NHS CONTRACTING AND PAYMENT FRAMEWORK DURING 2020/21

- 2.1 During 2020/21 the NHS financial planning and funding arrangement landscape has been adapted as a result of the need to respond swiftly to the Covid-19 pandemic.
- 2.2 Therefore, instead of being issued with an annual allocation before the start of the year NHS England issued an allocation for the first four months of the year, with a further two months' allocation being issued at the end of July 2020. NHSE/I also reviewed CCG and provider positions at the end of each month and provided retrospective top up funding to cover any additional reasonable costs incurred so that at the end of the six month period all organisations achieved financial break even.
- 2.3 For months 7-12 NHS England issued a fixed allocation which included a level of top up funding for the CCG and providers within the system; this funding was deemed sufficient for organisations to breakeven without any additional retrospective top ups.

3 2021/22 TO 2023/24 INDICATIVE FINANCIAL PLANNING

- 3.1 Due to the ingoing Covid-19 pandemic the months 7-12 2020/21 financial regime is continuing into months 1-6 of 2021/22 with NHSE issuing a fixed allocation which included a level of top up funding for the CCG and providers within the system. Financial planning shows that this funding will be sufficient for the CCG and providers within the system to breakeven for months 1-6 of 2021/22.
- 3.2 The CCG has also been notified formally of the level of allocations it will receive from the Department of Health, through NHS England, for the years 2021/22 to 2023/24 as set out in the table below.

CCG Notified Funding	2021/22	2022/23	2023/24
	£'000	£'000	£'000
CCG Recurrent Allocation	1,333,748	1,389,193	1,444,583

- 3.3 NHS England has indicated that legislation may be passed during the 2021 calendar year to put Integrated Care Systems (ICS's) on a statutory footing by 1 April 2022. The Cambridgeshire and Peterborough health system has been successful in its application for ICS designation and will operate in shadow form in 2021/22, if the legislation is passed it will become a statutory ICS organisation from 1 April 2022. Cambridgeshire and Peterborough CCG will still be the statutory commissioners of NHS services until that point. The commissioning of health services (continuation of service) will continue after April 2022 but may be located in a different structure within the Department of Health umbrella. Mergers or a change to the NHS Structure, such as an ICS way of working, is not considered to impact on going concern.

4 NHSE/I ASSURANCE PROCESS

- 4.1 With the requirement to achieve a breakeven position in the months 1-6 2021/22 financial plan, the NHSE/I assurance process has been reinstated. This will include further detailed work reviewing the CCG and STP long term financial plans as the system moves towards becoming an Integrated Care System.

5 RECOMMENDATION

- 5.1 The Governing Body is asked to approve the recommendation that the CCG 2020/21 annual accounts are produced on a going concern basis.

6 REASON FOR RECOMMENDATION

- DHSC group bodies must prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. If legislation is passed to put Integrated Care Systems (ICS) on a statutory footing by 1 April 2022 then the CCG's functions will pass to the ICS.
- The CCG has received formal notification of its allocation for 2021/22 to 2023/24.
- The Governing Body and the Integrated Performance and Assurance Committee will continue to review the CCG's financial position.
- There is a clear NHSE/I assurance process should the CCG not be able to manage its finances.
- Taking into account these considerations the Governing Body have a reasonable expectation that the CCG will have adequate resources to continue in operational existence for the foreseeable future.

Author

***Wanda Kerr
Deputy CFO
Updated 7 June 2021***