

# Lancashire and South Cumbria ICB - Auditor's Annual Report on the Lancashire and South Cumbria CCGs

NHS Blackburn with Darwen Clinical Commissioning Group  
NHS Chorley and South Ribble Clinical Commissioning Group  
NHS East Lancashire Clinical Commissioning Group  
NHS Greater Preston Clinical Commissioning Group  
NHS West Lancashire Clinical Commissioning Group

For the period 1 April to 30 June 2022

June 2023



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We are required under Section 21(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.

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.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Securing economy, efficiency and effectiveness in the CCG's use of resources

All Clinical Commissioning Groups 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. The CCG's responsibilities are set out in Appendix A.

The Code of Audit Practice requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, covering the following 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

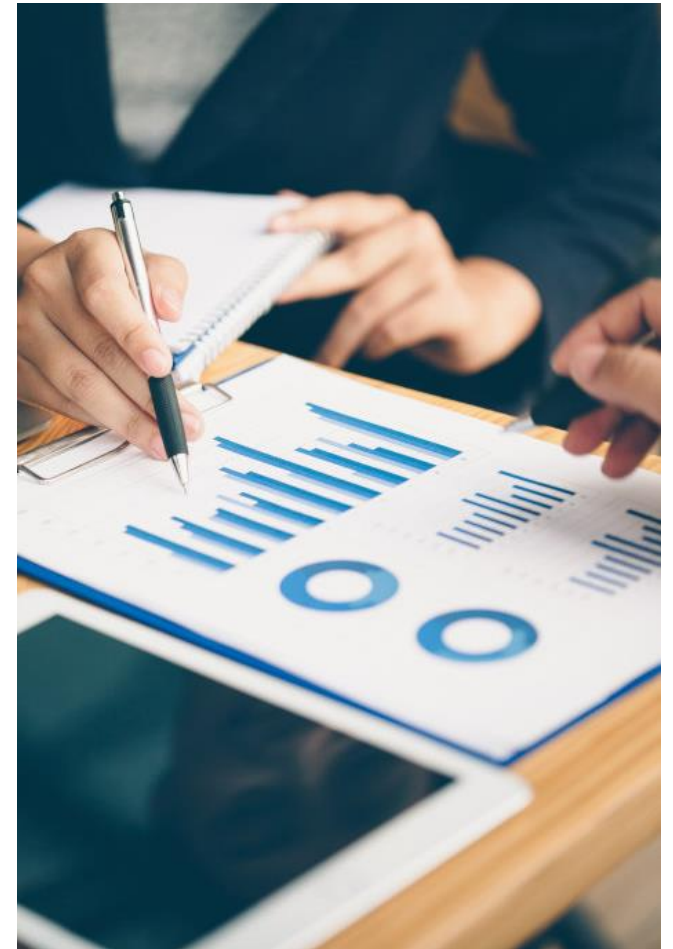
Arrangements for ensuring that the CCG makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the CCG makes decisions based on appropriate information.



## 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.




For bodies that demise part way through a financial year, such as NHS Blackburn with Darwen Clinical Commissioning Group, NHS Chorley and South Ribble Clinical Commissioning Group, NHS East Lancashire Clinical Commissioning Group, NHS Greater Preston Clinical Commissioning Group and NHS West Lancashire Clinical Commissioning Group, auditors are not required to issue a commentary on arrangements. However, auditors are still required to report any significant weaknesses in the CCG's arrangements, should they come to their attention. Our overall conclusions are summarised on the following pages.



# Value for money arrangements

## NHS Blackburn with Darwen Clinical Commissioning Group

Criteria	Risk assessment	2021/22 auditor judgement		1 April – 30 June 22 auditor judgement		Direction of travel
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	










-  No significant weaknesses in arrangements identified or improvement recommendation made.
-  No significant weaknesses in arrangements identified, but improvement recommendations made.
-  Significant weaknesses in arrangements identified and key recommendations made.






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

# Value for money arrangements

## NHS Chorley and South Ribble Clinical Commissioning Group

Criteria	Risk assessment	2021/22 auditor judgement		1 April – 30 June 22 auditor judgement		Direction of travel
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but one improvement recommendation made.		No significant weaknesses in arrangements identified. As our report in respect of 2021-22 was not presented until June 2022 the CCG did not have opportunity to address the improvement recommendation made.	
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but one improvement recommendation made.		No significant weaknesses in arrangements identified. As our report in respect of 2021-22 was not presented until June 2022 the CCG did not have opportunity to address the improvement recommendation made.	










-  No significant weaknesses in arrangements identified or improvement recommendation made.
-  No significant weaknesses in arrangements identified, but improvement recommendations made.
-  Significant weaknesses in arrangements identified and key recommendations made.






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

# Value for money arrangements

## NHS East Lancashire Clinical Commissioning Group

Criteria	Risk assessment	2021/22 auditor judgement		1 April – 30 June 22 auditor judgement		Direction of travel
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but improvement recommendations made.		No significant weaknesses in arrangements identified. As our report in respect of 2021-22 was not presented until July 2022 the CCG did not have opportunity to address the improvement recommendations made.	
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	







-  No significant weaknesses in arrangements identified or improvement recommendation made.
-  No significant weaknesses in arrangements identified, but improvement recommendations made.
-  Significant weaknesses in arrangements identified and key recommendations made.






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

# Value for money arrangements

## NHS Greater Preston Clinical Commissioning Group

Criteria	Risk assessment	2021/22 auditor judgement	1 April – 30 June 22 auditor judgement	Direction of travel
Financial sustainability	No risks of significant weakness identified	 No significant weaknesses in arrangements identified.	 No significant weaknesses in arrangements identified.	↔
Governance	No risks of significant weakness identified	 No significant weaknesses in arrangements identified, but one improvement recommendation made.	 No significant weaknesses in arrangements identified. As our report in respect of 2021-22 was not presented until June 2022 the CCG did not have opportunity to address the improvement recommendation made.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	 No significant weaknesses in arrangements identified, but one improvement recommendation made.	 No significant weaknesses in arrangements identified. As our report in respect of 2021-22 was not presented until June 2022 the CCG did not have opportunity to address the improvement recommendation made.	↔










-  No significant weaknesses in arrangements identified or improvement recommendation made.
-  No significant weaknesses in arrangements identified, but improvement recommendations made.
-  Significant weaknesses in arrangements identified and key recommendations made.






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

# Value for money arrangements

## NHS West Lancashire Clinical Commissioning Group

Criteria	Risk assessment	2021/22 auditor judgement		1 April – 30 June 22 auditor judgement		Direction of travel
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified.		No significant weaknesses in arrangements identified.	
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but two improvement recommendations made.		No significant weaknesses in arrangements identified. As our report in respect of 2021-22 was not presented until June 2022 the CCG did not have opportunity to address the improvement recommendations made.	

-  No significant weaknesses in arrangements identified or improvement recommendation made.
-  No significant weaknesses in arrangements identified, but improvement recommendations made.
-  Significant weaknesses in arrangements identified and key recommendations made.



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



# Update on recommendations made in 2021/22

As part of our VFM work, we reviewed all VFM recommendations made last year (2021/22) at each of the five CCGs. No key recommendations or statutory recommendations were made at any of the five CCGs. Improvement recommendations were made as set out in the table below which are being taken forward by the ICB.

CCG	Improvement recommendations made previously	Management response 2021/22
NHS Chorley and South Ribble and NHS Greater Preston	<p><b>Governance</b></p> <p>1. Review emerging governance arrangements around joint working with local government and/or other bodies such as the Commissioning Support Unit (CSU) to ensure appropriate procedures are implemented on a timely basis before significant transactions have occurred.</p> <p><b>Improving economy, efficiency and effectiveness</b></p> <p>2. Continue to make improvements to the governance, oversight and management arrangements for Continuing Healthcare (CHC). Ensure that outstanding Internal Audit recommendations are actioned, with their implementation monitored by Mersey Internal Audit Agency (MIAA) in 2022/23.</p>	<p>Management accept that key documentation covering pooled arrangements has not been put in place in a timely manner, albeit sometimes outside of CCG control. Integration between health and social care and pooled/joint funding arrangements will become far more prevalent as we move to new commissioning arrangements from 1 July 2022 and this area is a key priority for the ICB in establishing robust governance arrangements. As such this recommendation will be transferred over and owned by the ICB to implement in full.</p> <p>The delivery of CHC services has been a system priority for a number of years and it is recognised as an area of risk and priority for the IC moving forward. CHC is one of the top five priority areas for wholesale transformation and redesign to ensure the processes are fit for purpose moving forward. As such this recommendation will be transferred over and owned by the ICB to implement in full.</p>
NHS East Lancashire	<p><b>Governance</b></p> <p>1. Review emerging governance arrangements around joint working with local government and/or other bodies such as the Commissioning Support Unit (CSU) to ensure appropriate procedures are implemented on a timely basis before significant transactions have occurred</p>	<p>At the demise of the CCG the pooled budget will continue, albeit between NHS Lancashire and South Cumbria ICB and Lancashire County Council. The Section 75 agreement will become one of the major levers for transformational change to drive forward with the deep integration between health and social care as described in the new legislation. The s75 agreement will also be the cornerstone to 1 of the 5 priority programmes of work for the ICB.</p> <p>The 2022/23 s75 agreement was not able to be signed off before the demise of the CCGs due to the late change in the planning process with the final NHS plan for 2022/23 submitted on 20 June 2022. It is envisaged there will be a swift process within the ICB to ensure the agreement is signed off in a timely manner.</p>
NHS West Lancashire	<p><b>Improving economy, efficiency and effectiveness</b></p> <p>1. The CCG's Integrated Business Report should set out the actions being taken to address any areas of under-performance.</p> <p>2. Going forward the CCG should ensure it regularly benchmarks its performance against other NHS organisations and reports actions being taken to address the root cause of such performance.</p>	<p>The Integrated Business Report is discussed at the CCG's quality committee and actions are taken in that forum, as well as the CCG Governing body. A wider report (incorporating West Lancashire CCG) has already been in circulation at Lancashire and South Cumbria level for a large part of 2021/22, which includes the actions the ICB will take forward as part of collective performance improvement. This is also discussed at the Strategic Commissioning Committee. Going forward the new quality governance infrastructure will oversee the required actions.</p> <p>The CCG has a relatively small workforce compared to other CCGs across the country. Therefore even low numbers of staff absence can have a big impact on the indicators. This indicator will no doubt improve as part of a wider and larger ICB workforce going forward.</p>

# Use of 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 in respect of any of the five CCGs for the period ending 30 June 2022.

## Section 30 referral

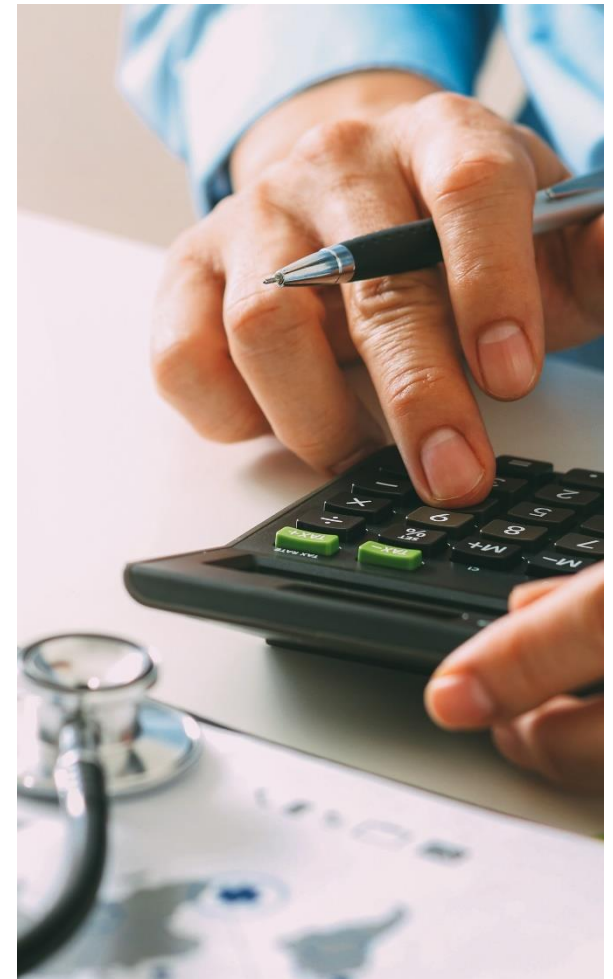
Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a Clinical Commissioning Group has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State, and/or relevant NHS regulatory body as appropriate.

We did not issue a Section 30 referral for any of the five CCGs for the period ending 30 June 2022.

## 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 in respect of any of the five CCGs for the period ending 30 June 2022.



# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the CCG's financial statements are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

## Audit opinion on the financial statements

We have issued an unqualified 'clean' audit opinion for all six of the CCGs, following the completion of our audit work.

## Audit Findings (ISA260) Report

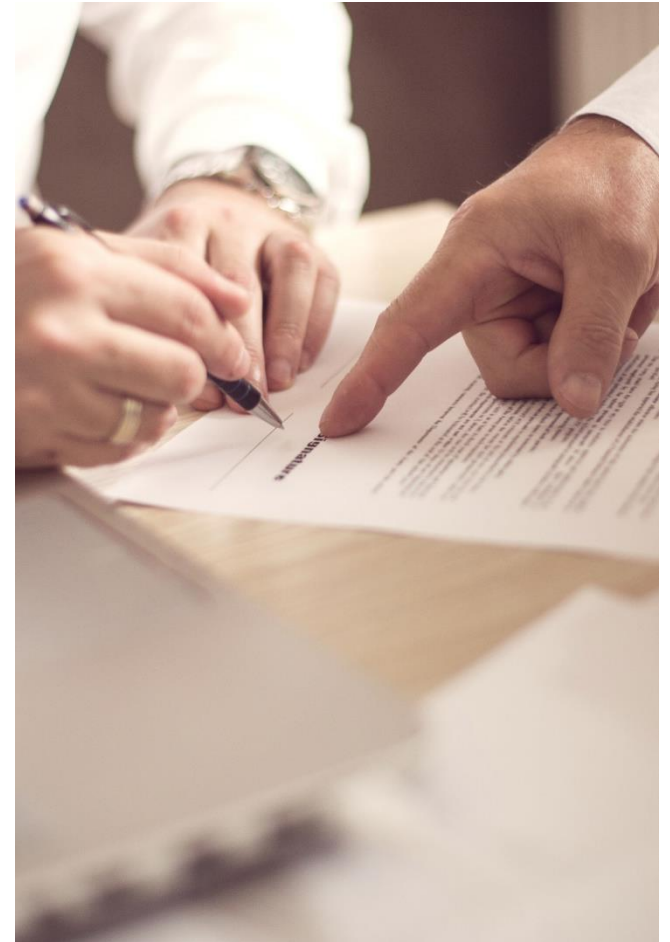
More detailed findings can be found in our Audit Findings (ISA260) Report which was presented to the Audit Committee of Lancashire and South Cumbria Integrated Care Board alongside this report on 12 April 2023, and have had regular communication since.

## Preparation of the financial statements

Draft financial statements were provided in line with the national deadline, along with supporting working papers.

Legacy CCG finance teams were available to answer audit questions and provide further information to queries raised during the audit process. This approach ensured the audits of the five CCGs progressed as planned.

Additionally, meetings with Lancashire and South Cumbria ICB senior finance managers assisted in resolving issues arising and helped to ensure a smooth audit process for all five CCGs.



# Opinion on regularity and Whole of Government Accounts work



## Opinion on regularity

Auditors are required by section 21 of the Local Audit and Accountability Act 2014 to include in the opinion their view on the regularity of the CCG's income and expenditure, that is to say, that money provided by Parliament has been expended for the purposes intended by Parliament; resources authorised by Parliament to be used have been used for the purposes in relation to which the use was authorised; and that the financial transactions of the group are in accordance with any authority which is relevant to the transactions.

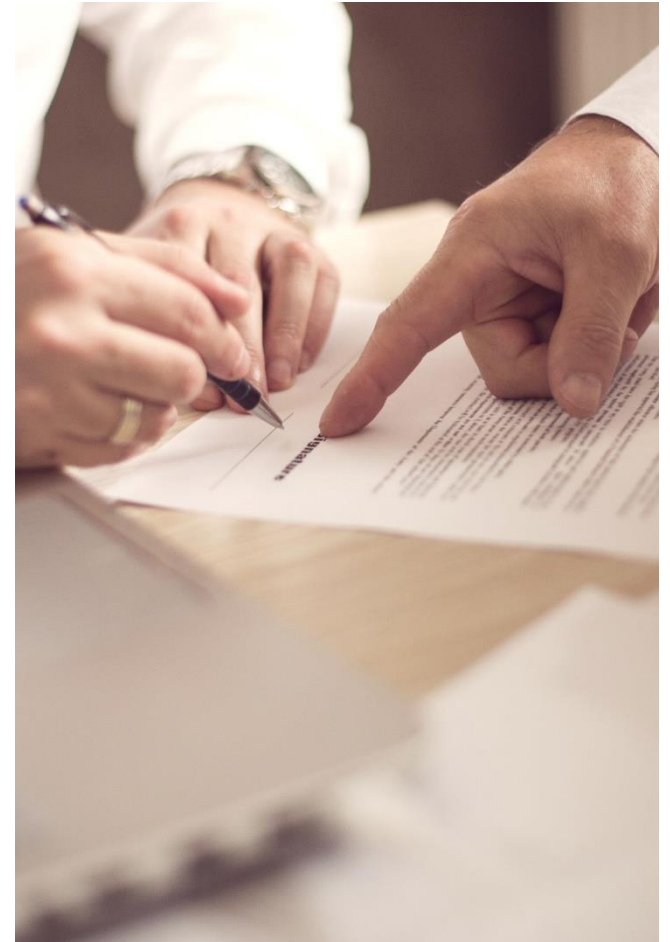
Our regularity work across all five of the CCGs has not identified any issues to report to the Audit Committee.

## Whole of Government Accounts

To support the audit of the NHS England 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.

In the NAO group audit instructions, NHS Chorley and South Ribble CCG and Greater Preston CCG were selected as sampled components. These 2 CCGs are subject to a greater level of WGA specified procedures compared to the remaining 3 CCGs which are non-sampled components.

Our work is now complete and has not identified any issues.



# Appendices

# Appendix A – Responsibilities of the CCG

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.

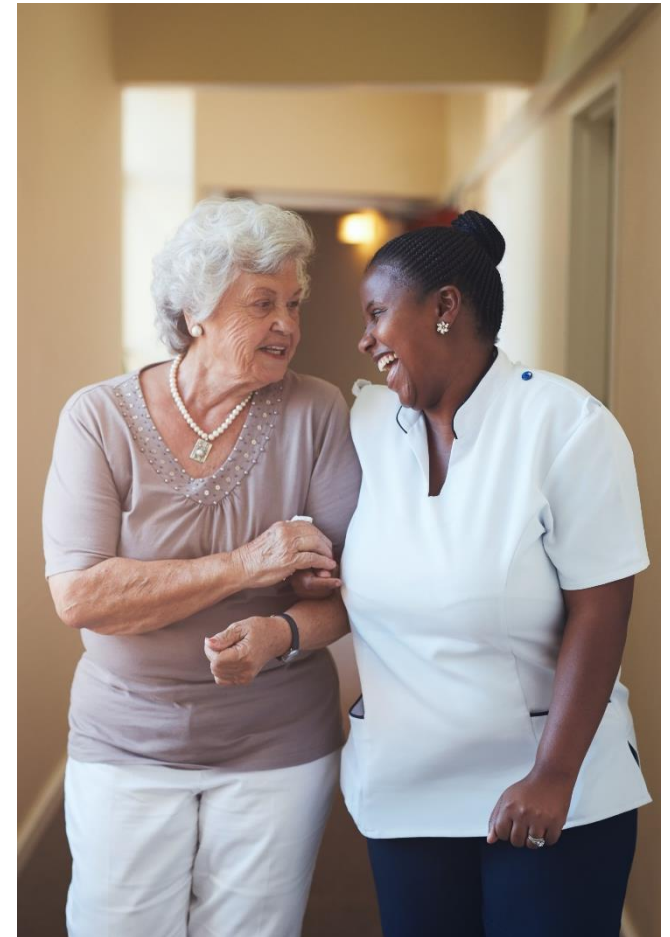
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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. A public sector organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to deliver services 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 – 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 to address the weakness. We have defined these recommendations as ‘key recommendations’. Following the demise of CCGs, key recommendations are reported to the successor Integrated Care Board.	No	N/A
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. Improvement recommendations may have been made as part of the auditor’s work on value for money arrangements for 2021/22. Given the demise of CCGs, auditors will not seek to make improvement recommendations as part of their value for money arrangements work on the 1 April – 30 June 2022 period.	No	N/A

