The Annual Audit Letter for NHS North Hampshire CCG

Year ended 31 March 2020

July 2020

Contents

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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at NHS North Hampshire CCG (the CCG) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the CCG and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the CCG's Audit & Risk Committee as those charged with governance in our Audit Findings Report on 23 June 2020.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the CCG's financial statements (section two)
- assess the CCG's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the CCG's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the CCG's financial statements to be £6,135,000, which is 2**%** of the CCG's gross expenditure.
Financial Statements opinion	We gave an unqualified opinion on the CCG's financial statements on 24 June 2020. However, the CCG breached its revenue resource limit in 2019/20 and this resulted in us qualifying the CCG's regularity opinion.
NHS Group consolidation template (WGA)	We also reported on the consistency of the financial statements consolidation template provided to the National Audit Office with the audited financial statements. We concluded that these were consistent.
Use of statutory powers	We referred a matter to the Secretary of State, as required by section 30 of the Act, on 24 June 2020 because the CCG breached its in-year revenue resource limit and did not meet its duty to break even.
Value for Money arrangements	We were satisfied that the CCG put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources, except for in relation to sustainable resource deployment. We therefore qualified our value for money conclusion in our audit report to Those Charged with Governance on 24 June 2020.
Certificate	We certified that we have completed the audit of the financial statements of NHS North Hampshire CCG in accordance with the requirements of the Code of Audit Practice on 24 June 2020.

Working with the CCG

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff amidst the pressure they were under during these unprecedented times. The finance team embraced the remote working arrangements and were responsive to our audit queries, making for a smooth and no-surprises audit.

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the CCG's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the CCG's financial statements to be £6,135,000, which is 2% of the CCG's gross expenditure. We used this benchmark as, in our view, users of the CCG's financial statements are most interested in where the CCG has spent its revenue in the year.

We set a lower threshold of £300,000, above which we reported errors to the Audit & Risk Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Annual Report to check it is consistent with our understanding of the CCG and with the financial statements included in the Annual Report on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the CCG's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
Covid – 19 The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to; • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation; • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the global outbreak of the Covid-19 virus as a significant risk.	We: • worked with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications on our audit approach; • we liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise; • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; • evaluated whether sufficient audit evidence use alternative approaches could be obtained for the purposes of our audit whilst working remotely; • evaluated whether sufficient audit evidence can be obtained to corroborate significant management estimates such as material prescribing accruals and access to GP records; and • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment. Management produced the draft financial statements and working papers in line with the updated timetable. We completed our audit remotely and, while it took longer than normal as a result, we were able to utilise technology to corroborate information produced by the CCG. The CCG's finance team were extremely responsive to audit queries throughout the audit. We did not identify any implications for our audit report resulting from Covid-19.

Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk
Improper revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	We rebutted the risk at the planning stage of our audit. No circumstances arose that indicated we would need to reconsider this judgement.
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. This CCG faces external pressures to meet targets, and this could potentially place management under undue pressure in terms of how they report performance. We identified management over-ride of controls as a risk requiring special audit consideration.	We: • gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness; • obtained a full listing of journal entries and analysed these based on criteria for selecting high risk unusual journals; • tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; and • evaluated the rationale for any changes in accounting policies or significant unusual transactions. Our audit work did not identify any issues in respect of management override of controls.

Secondary healthcare expenditure – contract variations
A significant percentage of the CCG's expenditure is on contracts for healthcare with NHS providers and non-NHS providers, such as operations and hospital care. This expenditure is primarily derived through block contracts that are agreed up front for a predetermined cost or level of activity. Contract variations are agreed with the supplier throughout the year to recognise demand and price adjustments against the agreed contracts. Costs related to contract variations are recognised when the adjustment has been agreed with the provider, with accruals raised at the year-end for completed activity for which an invoice has not been issued.
We identified the accuracy and completeness of secondary healthcare expenditure – contract variations, as a significant risk of material misstatement in the financial statements.
	We:
	• gained an understanding of the financial reporting processes used for the purchase of secondary healthcare and evaluated the design of the associated controls; and
	• substantively tested secondary healthcare costs:
	  • We reviewed the DHSC mismatch report, investigating unmatched expenditure and payable balances with NHS bodies over the NAO £0.3m threshold, corroborating any unmatched balances not included in the CCG's financial statements to supporting evidence;
	  • We reviewed contracts for all significant NHS and non-NHS contracts, reconciling final contract values to recorded expenditure in the general ledger. We agreed any significant variances to supporting documentation; and
	  • We obtained a listing of payments made after year end and agreed, on a sample basis, that relevant payments for NHS and non-NHS secondary healthcare expenditure were accounted for in the correct financial period through agreement to supporting evidence.
	Our audit work did not identify any issues in respect of secondary healthcare expenditure – contract variations.

Audit of the Financial Statements

Audit opinion
We gave an unqualified opinion on the CCG's financial statements on 24 June 2020.

As well as an opinion on the financial statements, we are required to give a regularity opinion on whether expenditure has been incurred 'as intended by Parliament'. Failure to meet statutory financial targets automatically results in a qualified regularity opinion.

The CCG reported a deficit in its financial statements for the year ended 31 March 2020. As a result, it has not met its duty to ensure that expenditure in a financial year does not exceed its income and has breached it's Revenue Resource Limit for the year. This gave rise to a qualified regularity opinion for 2019/20.

Preparation of the financial statements
The CCG presented us with draft financial statements in accordance with the national deadline and pandemic lockdown restrictions that existed at the time, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries remotely during the course of the audit.

Issues arising from the audit of the financial statements
We reported the key issues from our audit to the CCG's Audit & Risk Committee on 23 June 2020. We identified only a small number of minor formatting issues to improve the presentation of the CCG's financial statements, and one unadjusted misstatement of £361,000 in relation to increases to the Funded Nursing Care Rate for 2019/20.

Annual Report, including the Annual Governance Statement
We are also required to review the CCG's Annual Report, including the Annual Governance Statement. The CCG provided these on a timely basis with the draft financial statements with supporting evidence.

No inconsistencies were identified between the Annual Report, Annual Governance Statement and the financial statements.

Whole of Government Accounts (WGA)
We issued a group return to the National Audit Office in respect of Whole of Government Accounts, which did not identify any issues for the group auditor to consider.

Other statutory powers
We are also required to refer certain matters to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014. On 24 June 2020 we reported to the Secretary of State that the CCG breached its breakeven duty and Revenue Resource Limit for the year ending 31 March 2020.

Certificate of closure of the audit
We certified that we have completed the audit of the financial statements of NHS North Hampshire CCG in accordance with the requirements of the Code of Audit Practice on 24 June 2020.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the CCG in June 2020, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects, except for in relation to sustainable resource deployment, the CCG put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Value for Money conclusion – Key findings

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk: Financial Sustainability

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Finances in the NHS remain challenging. Despite this, the CCG was able to deliver a £128k surplus in 2018/19. However, this was mostly due to one-off, non-recurrent savings or income which mitigated a £6m underlying deficit. For 2019/20 the CCG had a breakeven control total. At month 10, the CCG was forecasting a year end deficit of £5.5m due to unidentified savings and in-year budget pressures. The risk is contributing to the high net risk position of the North and Mid-Hampshire ICP. The CCG's overall financial gap for 2019/20 was £16.1m. The CCG planned to close this with £13.1m of QIPP and £3m of 'other recovery/support'. In the plan submission the CCG identified £10.8m of QIPP, leaving £2.4m of QIPP and £3m other recovery/support unidentified. At month 10, the £3m of other recovery/support to close the £16.1m gap has not been achieved. For the remaining £13.1m gap the CCG is forecasting full delivery.

- We will monitor the delivery of the CCG's financial plans for 2019/20 to understand the reasons behind any further slippage. We will continue to monitor actions towards the delivery of the CCG's QIPP programme as the year progresses.
- We will consider the CCG's financial plan for 2020/21 and how this feeds into the CCG's local ICP recovery plan.

Findings

2019/20 Financial outturn

The CCG's 2019/20 financial plan set out to deliver a breakeven control total agreed with NHS England & Improvement (NHSE/I). In December 2019, after formal escalation to regional NHSE/I an allowable overspend against control total of £5.5m was permitted, due to the forecast in-year deficit of £5.5m, which was in line with the net £5.5m risk the CCG had reported all year.

In meeting its 2018/19 control total the CCG was not eligible for Commissioner Sustainability Funding in 2019/20. However, the CCG went into 2019/20 with a £6.1m underlying deficit in relation to £3m of non-recurrent local support in 2018/19 and £3.1m of non-recurrent actions/items in 2018/19. This meant the CCG was starting 2019/20 from a disadvantaged position. During 2019/20 £3m of anticipated system recovery support did not materialise and additional in year recovery of £3.2m was required. The CCG's 2019/20 outturn was £5.4m deficit.

Year on year financial performance

Financial year	In-year surplus/(deficit) £000	Cumulative deficit £000
2017/18	319	(1,400)
2018/19	128	(1,272)
2019/20*	(5,434)	(6,706)
2020/21**	(4,000)	(10,706)

Sources:
** 2019/20 Outturn after CSF*
*** Per Draft 2020/21 Financial plan*

2019/20 QIPP achievement

The CCG's 2019/20 plan was to target £13.14m of QIPP/Improving Value Schemes and £10.984m of this was delivered by the CCG, of which £1.44m was non-recurrent. The remaining £2.156m was covered by the benefit of the CCG having a block contract and risk share with Hampshire Hospitals NHS FT which meant the CCG did not suffer a financial penalty in 2019/20. However, additional in-year recovery of £3.2m was required due to pressures in GP prescribing of £1.2m, high cost MH/LD clients of £1m and other acute contract pressures of £1m. The CCG was only able to mitigate these additional pressures by £0.8m, resulting in the year end deficit outturn of £5.4m.

Key findings

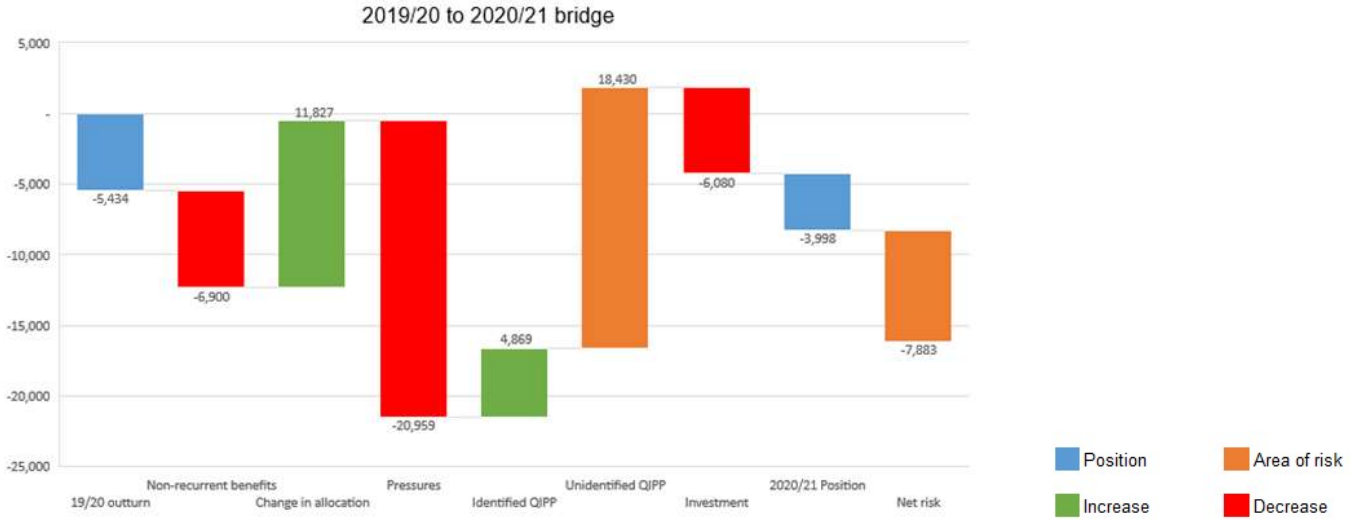
2020/21 Financial planning (Pre- Covid-19)

The CCG's draft 2020/21 financial plan submitted to NHSE/I is to deliver a deficit position of £4m. The CCG's allocation has increased by 3.7% for 2020/21 and its national financial trajectory for 2020/21 was to break even, but through the Sustainability and Transformation Partnership (STP) Long Term Plan submission it was agreed that the CCG would be no worse off than in 2019/20 (i.e. £5.5m deficit) less the £1.5m STP organisational stretch, to bring the CCG's annual plan deficit to £4m. To achieve this the CCG must close a gap of £24.3m in-year, of which £5.9m has been identified. As part of the STP/ICS Long Term Plan all organisations within Hampshire and the Isle of Wight were asked to find a further £1.5m to reduce the overall STP/ICS financial gap, the CCG's efficiency target includes this £1.5m. Each CCG has also set aside a 0.5% contingency. The remaining £18.4m gap is a huge challenge for 2020/21, and the CCG's total QIPP requirement compared to 2019/20 has increased by £8.2m. The CCG is not entitled to Financial Recovery Fund monies in 2020/21, however unlike previous years 50% of entitlement will depend on the system performance of the ICS and not the individual CCG.

The very high efficiency target for the CCG in 2020/21 is partly driven by the underlying deficit (£5.5m 2019/20 in year deficit and £6.9m of non-recurrent benefits within the 2019/20 position) plus the £1.5m STP stretch, £1m investment for recovery plan, £3.8m for Hampshire Hospitals FT outturn activity and £1.3m share of HIOW pressure on mental health out of area placements, plus £1.6m contingency.

The £5.9m of QIPP identified to date mainly relates to spend in acute services, prescribing and CHC, including high cost placements. The £18.4m gap along with contract agreement/over-performance risk of £6.9m , plus £1m of CHC/prescribing QIPP delivery and other risk has resulted in the CCG highlighting a net risk of £26.3m against its financial trajectory. The CCG is focussed on reducing this net risk and plays a key role in producing the North and Mid-Hampshire local system recovery plan.

A summary of the CCG's 2020/21 plan is shown in the waterfall chart:



Source: Draft 2020/21 Financial plan

Key findings

2020/21 Financial planning (Pre- Covid-19) continued

It is at this point that planning for 2020/21 was put on pause by NHSE/I to allow for the response to the Covid-19 pandemic. Although the CCG's plan forms a basis for the new financial year and the majority of the risks identified still persist, there are a number of changes to the way in which the NHS will be financed for a proportion of the 2020/21 financial year. As part of the revised NHS finance regime, the four month allocations agree with NHSE absorb QIPP delivery thereby mitigating some of the planning risk in the 2020/21 financial year. We assess the Covid-19 impact below.

Covid-19 environment

The CCG's draft financial plan was produced ahead of the Covid-19 pandemic. Operational and financial planning has now been put on hold for at least the first quarter for 2020/21. On 20 March 2020, a central model was announced by NHS England on cost reimbursement arrangements and amended financial arrangements for the NHS for the Q1 of 2020/21, including requirement for organisations to provide best estimates of expected costs from now until the end of the peak outbreak. Contracting arrangements in the first four months of 2020/21 have moved to a block, pre-agreed by NHS England, to ensure sufficient cashflow in systems during a period of significant uncertainty. The potential impact on the financial year ahead remains uncertain but it is likely that the current arrangements will remain in place for some or all of the financial year. Whilst this insulates individual bodies and systems from in year financial risks it will present a challenge beyond that particularly where the delivery of recurrent efficiency savings schemes may now be delayed, deferring the associated benefits.

The CCG has recognised that the post-pandemic environment is going to be challenging. There is likely to be significant latent demand caused by a reduction in routine non-urgent elective activity during the pandemic. However the pandemic is also acting as a catalyst for improving demand and capacity management. The general public have quickly changed behaviours; managing and accessing healthcare in different ways and clinicians have rapidly adapted how they deliver services virtually and digitally. The CCG has begun to recognise these learning outcomes through an actions-based plan, instigated by NHS England. From a financial perspective, the CCG has also started to identify the impact of the pandemic on QIPP savings and other risk areas, albeit based on assumptions over government funding extending further than officially confirmed at this stage. These benefits may include savings due to the independent sector being funded from the centre. If the existing block contract agreements are extended for all or part of the year it would remove the risk of providers bidding for significant increases in funding.

Conclusion

1

Auditor view

Overall we have concluded that the CCG has good arrangements to set a realistic and achievable budget for 2020/21. We do, however, recognise that significant pressures remain within the wider system and the impact of Covid-19 on public finance is likely to be significant.

Key findings

Significant risk: Working with partners – Sustainability and Transformation Partnership Outcomes

2 The CCG is part of the Hampshire and Isle of Wight Sustainability and Transformation Partnership (STP). Each STP partner has different financial and governance arrangements but all are looking to work together to deliver the STP objectives. We will review how the CCG's financial and governance arrangements fit with those of STP and other local partnerships. In particular the alignment of programme and project management arrangements to deliver intended benefits and outcomes.

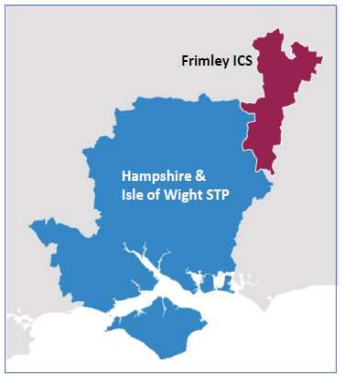
Findings

Hampshire and Isle of Wight (HIOW) ICS

In 2019/20 the HIOW STP has been developing into an Integrated Care System (ICS). This involves:

- system wide governance arrangements (including a system partnership board);
- a leadership model including an ICS leader and a non-executive chair;
- system capabilities including population health management, service redesign, workforce transformation and digitisation;
- agreed ways of working across the system in respect of financial governance and collaboration; and
- streamlined commissioning arrangements including typically one CCG per system.

Footprint of the HIOW STP



Footprint of the HIOW ICS

Over the last few years a number of organisations within the HIOW ICS have not met their financial control totals. For 2019/20 a pre Covid–19 deficit position of around £64 million was expected. This excludes any overspend by NHS England for specialised commissioning or social care services by the local authorities. It remains challenging for the system as a whole to return to financial balance over the medium to longer term.

The ICS submitted its long term plans for 2020/21 to 2023/24 in response to the NHS Long Term Plan in November last year. The HIOW ICS plan, whilst delivering the required financial trajectory in later years, had an identified gap of £52m in 2020/21. To address this shortfall a number of plans are being developed through a Financial Improvement Programme, focusing on a limited number of high impact priorities including outpatients and elective pathway transformation and plans to stabilise organisations with deteriorating positions. In total the ICS has identified schemes totalling £35m of the £52m gap, with an agreed timeline and named lead for each workstream.

The HIOW Strategic Delivery Plan, setting out how the local health and care community will deliver the ambitions and commitments set out in the NHS Long Term Plan, was approved in March 2020. It is recognised that the Covid-19 pandemic has hampered further work to implement the Plan.

Recognising that the ICS covers a large and diverse area, the majority of care is delivered at the local system level. In 2019/20, the four local delivery systems that make up the ICS worked to align their operating plans to deliver transformation of care within the ICS. Its governance arrangements involve an Executive Delivery Group comprising all HIOW organisations where workstreams report in, albeit reporting and monitoring of individual operating plans upstream appears challenging due to the complex nature of the ICS. These workstreams are developed and delivered at an Integrated Care Partnership (ICP) system level, where localised needs can be considered.

Key findings

The four ICPs that make up the local system delivery for the ICS are: Portsmouth and South East Hampshire (PSEH), North and Mid Hampshire, Southampton and South West Hampshire and Isle of Wight.

There is a clear need to formalise the governance and decision making for each ICP and the ICS before they can become effective. Developing and maintaining suitable governance arrangements is made more challenging because each of the ICPs are at differing stages of maturity and face different risks and challenges. Currently there is some ambiguity as to where each ICP needs to be and by when. This poses a risk to the setting of aims and clear direction at an ICS level.

The CCG is working with its partners towards providing oversight of performance across the ICS, ICPs, Primary Care Networks and individual organisations.

The core responsibility of the ICS will be to establish strategic approaches common across HIOW, whilst delivery of these will likely remain at the system/organisation level. For example, improving quality and outcomes as well as digitalising the care system will be best delivered at a local level, with collaborative input across the ICS. However it is envisaged that the ICS will be accountable for design and delivery of some schemes such as the future of Networked Care in HIOW and improving access and capacity of the care system overall.

The plan sets out an outline design for governance, where the Executive Delivery Group remains its core governance function. There are also a number of ICS-specific programme boards such as, Digital and Data Programme Board and Networked Care. These are in their early stages of development and require clarity on decision making powers at each of the system levels. Meanwhile, ICP and individual organisation programmes continue to be developed and monitored at a local level.

For the HIOW ICS to be a success, it will be important to establish a sophisticated and streamlined approach to governance and decision making, with clarity about where accountability lies at each level. It will also need to determine what is seen as a priority and how those priorities might need to flex in each of the local systems. This could be helped by the potential movement towards a single commissioning body but only where this model allows for variation in local needs.

The response to the Covid-19 pandemic has provided a focus for closer partnership working particularly through the CCG's local resilience forums. The momentum and trust developed across all partners during the pandemic presents a significant opportunity for the future of the ICS as the NHS moves into recovery and the future shape of service delivery.

North and Mid-Hampshire (NMH) ICP

At the local system level the CCG continues to work very closely with NHS West Hampshire CCG, Hampshire Hospitals NHS FT, Southern Health NHS FT and Hampshire County Council. Regular finance group meetings are held between the partners to allow for effective decision-making. The CCG and its ICP partners agreed a short term financial recovery plan (FRP) for 2019/20 in February 2020. The FRP required the delivery of a challenging transformational change programme that focuses on improving quality and outcomes for patients, whilst returning the system to financial balance. The FRP consisted of three elements:

- System transformation programmes;
- Internally generated efficiencies; and
- System financial control framework.

To support the delivery of the FRP, the four system transformation programmes agreed were: integrated intermediate care (admission avoidance, rehabilitation, reablement and recovery); planned care; integrated care teams/primary care networks (establishment and development; and integrated urgent care service.

The NMH ICP's forecast outturn for 2019/20 was a £29.4m deficit against a planned position of £2.2m deficit. All partners achieved their revised 2019/20 positions with the exception of Hampshire Hospitals NHS FT which had a deficit outturn of £21m rather than £18.8m deficit as targeted.

For 2020/21 the NMH ICP's financial challenge is forecast to be £51.9m. The ICP's operational plans for 2020/21 align well to the vision and priorities within the HIOW ICS, but there is no formal mapping between the two. Given the complexities within the HIOW systems, it is important that plans are linked throughout the system to ensure transparency and accountability (i.e. programmes relating to the ICP, ICS or QIPP).

The NMH ICP has a high level of financial risk and pre Covid-19 a system recovery plan was being worked through. The system has transparent and open discussions between partners, allowing a challenges to be dissected and worked through and this will be important given the challenge that the ICP has to achieve financial balance in a post Covid-19 environment.

Key findings

HIOW Partnership CCGs

The HIOW Partnership of CCGs has resulted in a much more streamlined governance function and this has continued throughout 2019/20, albeit with North East Hampshire and Farnham CCG leaving the partnership to join with the Frimley ICS. This leaves the partnership consisting of North Hampshire, Fareham and Gosport, South Eastern Hampshire, and Isle of Wight CCGs, who form a single partnership governing board. This has allowed the CCGs more capacity and access to the vast population coverage in order to focus on financial and operational delivery pressure with joint accountability and decision-making. For example, where each Executive has a clear area of focus and are enabled to speak with one voice for each of the respective partners.

Looking ahead

The CCG's challenge going forward as an individual CCG, and being part of the North and Mid-Hampshire ICP, is establishing its role within the ICS framework. It will be important to establish a way in which each system fits into the ICS, with a particular focus on governance arrangements, to allow the CCG to continue the collaborative arrangements across all areas. With the alignment of key roles within the system such as the ICS Chief Executive and the CCG's Accounting Officer, the CCG recognises that work is underway to ensure a greater sense of leadership and oversight as a whole going into the next 5 years.

Conclusion

2 Auditor view

We consider that the CCG has adequate arrangements in place to work with its partners. We do, however, note that more needs to be done to ensure that greater partnership working across the individual local delivery systems translates into genuine transformation in the way health and social care is provided, which is capable of returning the system to a sustainable footing.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and there were no fees for the provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	March 2020
Audit Findings Report	June 2020
Annual Audit Letter	July 2020

Fees

	Planned £	Actual fees £	2018/19 fees £
Statutory audit	32,000	32,000	34,000
Total fees	**32,000**	**32,000**