

Executive Summary

Report to the Board of Directors

Being Held on 31 March 2020

Subject	Clinical Research Network Yorkshire and Humber (CRN Y&H) Annual Financial Plan 2020/21
Supporting TEG Member	Neil Priestley, Director of Finance
Author	Julie Patchett, Research & Innovation Finance Manager
Status¹	A*

PURPOSE OF THE REPORT

As Host Trust to the NIHR Yorkshire and Humber Local Clinical Research Network (YH CRN), the Board of Directors is required each year to approve the Financial Plan for the coming year prior to submission to the NIHR Clinical Research Network Coordinating Centre (CRN CC).

KEY POINTS

- National allocation remains at same level as previous 5 financial years at £284,600,000 i.e. Flat Funding
- No change to national funding distribution model which includes a fixed amount (80%) based on each LCRN previous years allocation and a variable element (20%) based on past performance across a range of areas.
- YH CRN allocation set at £25,771,199 to support Research Delivery (£82,823 reduction at 0.3%) and £91,577 to support the management of Excess Treatment Costs (£2,577 increase at 3%)
- Reduction derived from variable element of National funding model and the YH CRN performance relative to other Networks.
- Network remains 3rd largest in terms of funding, receiving 9.1% of National budget.
- Main challenges for 2020/21; manage inflationary costs whilst driving national strategy, such as the expansion of the CRN Portfolio to wider Social Care, Public Health and non NHS settings, and matching research to the local population healthcare needs.
- Financial plan inclusive of:
 1. a 2% reduction total funding available to PO's, to service a Strategic Reserve
 2. a 5 % redistribution (£995,969) across Partners based on their 2018/19 relative performance.
 3. Restructured Agile Workforce and Network Core Administrative Teams
 4. Network Management and Support, Agile Workforce and Host costs are funded at 2020/21 pay levels.
 5. Retention of £760,976 (2.9%) central reserve of which £576,093 is committed.
- Risks have been identified as mainly attributable to PO's with plans identified to mitigate them.
- Plans in place to strengthen performance Management Framework across Partners.
- LCRN funds received will be managed such that there is no financial risk to the Trust in its Hosting Capacity.
- Post paper preparation note. This financial plan has been prepared prior to COVID-19 planning and is likely to be superseded by Q1 2020/21.

IMPLICATIONS²

AIM OF THE STHFT CORPORATE STRATEGY 2017-2020		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	X

2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	x
5	Deliver Excellent Research, Education & Innovation	x

RECOMMENDATIONS

The Board of Directors is asked to **RATIFY** the Clinical Research Network Yorkshire and Humber (CRN Y&H) Annual Financial Plan 2020/21.

APPROVAL PROCESS

Meeting	Date	Approved Y/N
Trust Executive Group	25/03/2020	Y
Board of Directors	31/03/2020	

¹ Status: A = Approval
A* = Approval & Requiring Board Approval
D = Debate
N = Note

² Against the five aims of the STHFT Corporate Strategy 2017-20

SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST

Board of Directors – 31 March 2020

YORKSHIRE AND HUMBER LOCAL CLINICAL RESEARCH NETWORK ANNUAL FINANCIAL PLAN FOR 2020/21

1. INTRODUCTION

- 1.1. As Host Trust to the NIHR Yorkshire and Humber Local Clinical Research Network (YH CRN), the Board of Directors is required each year to approve the Financial Plan for the coming year prior to submission to the NIHR Clinical Research Network Coordinating Centre (CRN CC).
- 1.2. The 2020/21 Financial Plan is considered in some detail in the subsequent sections of the report as follows:

<u>Section</u>	<u>Financial Plan Element</u>
2	2020/21 Funding Allocation
3	Planning Process
4	Financial Plan Summary
5	Risks and Contingencies
6	Monitoring and Governance Arrangements
7	Conclusion
8	Recommendations

2. 2020/21 FUNDING ALLOCATION

- 2.1. The Department of Health and Social Care (DHSC) has advised that the 2020/21 Local Clinical Research Network (LCRN) funding allocations will be at least “flat cash” and as such remains unchanged from the previous 5 financial years at a total of **£284,640,000**.
- 2.2. At this point in time, the DHSC is not in a position to provide additional funding to cover the expansion of the CRN Portfolio to wider Social Care and Public Health and non NHS settings and inflationary pressures such as the increase in NHS pay costs.
- 2.3. LCRNs will therefore continue to face significant challenges for 2020/21.
- 2.4. As in previous years an element of the total funding available is top sliced to support National Initiatives such as CRN National Specialty Leadership and the Chemotherapy Pharmacy Advisory Service. For 2020/21 this totals **£2,110,222** leaving **£282,529,846** for distribution across the 15 LCRNs to support delivery.
- 2.5. Separate ring-fenced funding totalling **£1,252,646** to support the management of the Excess Treatment Cost (ETC) service is included in the 2020/21 allocation. This represents a 3% increase on 2019/20 prices.
- 2.6. The CRN funding model to the 15 LCRNs remains the same as last year i.e. A fixed amount (80%) based on each LCRN previous year's allocation levels and a variable element (20%) based on past performance across a range of areas.
- 2.7. The YH CRN allocation to support Network Delivery for 2020/21 totals **£25,771,199** which represents a **£82,823 (0.3%)** reduction on the equivalent allocation for the 2019/20 financial year. The reduction is derived from the 20% variable element of the National Model and is the result of the Yorkshire and Humber performance relative to other Networks.

The allocation to support the ETC Service totals **£91,577**, which represents a **£2,577 (3.0%)** increase on the equivalent allocation for the 2019/20 financial year.

Total funding available to the Network is therefore **£25,862,776**.

2.8. The YH CRN remains the third largest network in terms of funding, receiving 9.1% of the national delivery funding. However, challenges continue for 2020/21 in managing inflationary costs and maintaining financial stability across POs whilst driving national strategy such as the expansion of the CRN Portfolio to wider Social Care, Public Health and non NHS settings, and delivering the Network's key objectives.

3. PLANNING PROCESS

3.1. Financial planning is discussed with Partners throughout the year in various forums, including the Partnership Group, Financial Advisory and Management Group, PO mid-year review meetings and the Operational Management Group.

3.2. For 2020/21 planning, Partners were advised to plan for a worst case scenario of a 7% reduction over their 2019/20 opening delivery allocations whilst retaining the same patient recruitment and weighted recruitment targets. This was based on a maximum 5% overall reduction in funding to the Network and 2% for the continued focus on strategic initiatives. The latter includes the expansion of the CRN Portfolio and targeting research according health needs of the local population.

3.3. The 2020/21 funding allocation to the Network, notified on the 14th January 2020 is a 0.3% reduction on the previous year. Partners were made aware of this at the Partnership Group meeting held on 15th January 2020.

4. FINANCIAL PLAN SUMMARY

The financial plan has been prepared by the Network Chief Operating Officer and Deputy Chief Operating Officer, with consultation with the Network Finance Manager and Host Research Finance Manager.

This is summarised in the following table

Funding Category		Funding	% of Total Funding	
Delivery				
	Partner Organisation	£19,521,000	75.5%	84.0%
	Partner Organisation Specific Posts	£123,554	0.5%	
	Primary & Community Care	£684,373	2.6%	
	Agile Workforce	£1,386,191	5.4%	
Network Management and Support				
	Leadership and Management	£755,080	2.9%	12.0%
	Core Administrative Team	£1,862,221	7.2%	
	Clinical Leadership	£494,995	1.9%	
Network Host				
	Host Organisation	£274,386	1.1%	1.1%
Retained Reserve				
	Committed	£576,093	2.2%	2.9%
	Non-Committed	£184,883	0.7%	
Network Total		£25,862,776	100%	100%

Partner Organisations

The opening allocation for each Partner is based on an initial 7% reduction in funding over their 2019/20 opening allocation. This reduction equates to £1,394,358.

- 2% (£398,388) of this has been retained as the central strategic reserve.
- 2.5% (£497,985) has been distributed back to Partners who achieved their weighted recruitment target for 2018/19.
- 2.5% (£497,985) has been distributed back to Partners in proportion to their achievement against HLOs 2a and 2b¹ for 2018/19.

The net impact to Partners is detailed in Appendix 1.

It is expected that POs will fund pay uplifts from within their allocation.

Primary and Community Care

Funding has been allocated to support the delivery of Research across Primary and Community Care. This includes Service Support Costs associated with Research Delivery and strategic investment to support GP Clusters and Start-up Schemes.

The staffing support to Primary and Community care delivery has now been incorporated within the Agile Workforce and Network Core Administrative Teams

Agile Workforce

The funding allocated to support the Agile Workforce follows a review and restructure of the team. This was to ensure an agile and responsive workforce remains fit for purpose particularly in context of equity of access across the Network and the expansion of the CRN Portfolio to wider Social Care, Public Health and non NHS settings.

The restructure is currently within the implementation stage with posts yet to be recruited. Vacancy savings are therefore forecast over the first quarter of the financial year.

Network Core Administrative Team

The funding allocated to support the Core Administrative Team follows a recent restructure and expansion of the team.

The restructure is currently within the implementation stage with posts yet to be recruited. Vacancy savings are therefore forecast over the first quarter of the financial year.

Network Wide Support Posts Hosted within Partner Organisations

Posts employed within POs which provide a Network Support Role e.g. Leadership & Management, Administration and Agile Workforce, are funded at 2020/21 pay levels. This funding is a ring-fenced within the PO and any underspends are returned to the Network for recycling.

Network Host Organisation

Funding has been allocated to support the cost to the Host Trust in executing its responsibilities as defined in the NIHR Performance and Operating Framework and Contract with the Department of Health. This is priced at 2020/21 pay levels.

Retained Reserve

The Network has retained at central reserve to the value of £760,976. This is required to support:

¹ High Level Objectives recruitment to time and target 2a Commercial studies and 2b non-commercial

- Strategic investment. NB £368,593 is pre-committed
- Prior year commitments, totalling £207,500, to PO's. These commitments are subject to progress reviews before confirmation of continued funding in 2020/21.
- In-year new arising developments and costs.
- £184,883 of uncommitted reserve being available.

Allocations across the Network is detailed in Appendix 1

5. RISKS AND MITIGATION

5.1. Despite the net 0.3% reduction in funding over last year's allocation, the overall funding level remains relatively stable compared to the reductions faced over the three consecutive years up to and including 2017/18.

5.2. The main risks remain across PO's in managing inflationary costs, particularly pay costs, and maintaining financial stability whilst continuing to deliver against targets.

The £398,388 reduction to PO's and the redistribution of the 5% funding across PO's will be an added risk to those Partners who have received a net reduction. The redistribution is based on 2018/19 relative performance amongst Partners. This methodology introduces improvements to the PO performance management framework. However, the census period does not reflect recent performance and targets have not been adjusted to reflect the funding adjustments.

In mitigation, there remains a limited uncommitted reserve, some Partners will receive reinvestment from the pre-committed strategic reserve and partners will have access to the Agile Workforce. The Network is also anticipating vacancy savings over and above the vacancy factors built in to the Agile Workforce and Network Core Administrative Teams. The main savings will be realised over the first quarter of the financial year and as such will be identified early and reallocated in a timely manner.

5.3. The Leadership and Management team is building on the current framework for performance management across the Network. The implementation of this has already begun through:

- meetings with those Partners who are currently underperforming,
- the monitoring of clear outputs for strategic investments,
- The redistribution of funding based on relative performance in Partner opening funding allocations.

6. MONITORING AND GOVERNANCE ARRANGEMENTS

6.1. The Host Organisation is required to report expenditure and forecast outturn for the financial year to the national CRN CC on a quarterly basis.

6.2. Financial performance is a standing agenda item at the monthly Executive Group and the quarterly Partnership Group meetings both of which include Finance representation from a Network and Host perspective.

6.3. The Network Leadership and Management team is building on the current framework for performance management across the Network as referenced in section 5.3.

7. CONCLUSION

7.1. The Host has a balanced Financial Plan for the YH CRN.

7.2. The CRN funds will be managed such that there is no financial risk to STH in its capacity as Host.

7.3. 2020/21 will remain a challenging year and there are a number of financial risks, particularly across PO's with potential impact on their ability to deliver. This needs to be closely monitored and managed by the Network Leadership and Management team.

8. RECOMMENDATION

The Board of Directors is asked to:

- Note the challenging environment facing the Network over the forthcoming year.
- Ratify the Clinical Research Network Yorkshire and Humber Annual Financial Plan 2020/21

Julie Patchett
Host Research & Innovation Finance Manager

DRAFT

**NIHR CRN: Yorkshire & Humber
2020/21 Opening Funding Allocation**

Trust Category/Organisation	Opening Funding				Recruitment Targets		Funding Ratio	
	2019/20	2020/21	Change £	Change %	Recruitment	Weighted	Per Recruit	Per Weighted Recruit
Acute Teaching Trusts								
Bradford Teaching Hospitals NHS FT	£1,842,223	£1,817,031	-£25,192	-1.37%	6,750	33,466	£269	£54
Leeds Teaching Hospitals NHS Trust	£5,282,455	£5,126,860	-£155,595	-2.95%	13,128	70,469	£391	£73
Sheffield Teaching Hospitals NHS FT	£3,848,392	£3,712,385	-£136,007	-3.53%	9,166	51,205	£405	£73
York Teaching Hospital NHS FT	£1,349,191	£1,309,766	-£39,425	-2.92%	3,800	20,993	£345	£62
Total Acute Teaching Trusts	£12,322,261	£11,966,042	-£356,219	-2.89%	32,844	176,133	£364	£68
Specialist Trusts								
Sheffield Children's NHS FT	£337,948	£364,354	£26,406	7.81%	960	4,442	£380	£82
Total Specialist Trusts	£337,948	£364,354	£26,406	7.81%	960	4,442	£380	£82
Other Acute Trusts								
Airedale NHS FT	£421,492	£411,916	-£9,576	-2.27%	700	3,325	£588	£124
Barnsley Hospital NHS FT	£207,393	£210,826	£3,433	1.66%	525	1,326	£402	£159
Calderdale and Huddersfield NHS FT	£736,039	£723,885	-£12,154	-1.65%	1,473	4,382	£491	£165
Doncaster and Bassetlaw Hospitals NHS FT	£335,406	£343,363	£7,957	2.37%	1,000	2,721	£343	£126
Harrogate and District NHS FT	£848,304	£815,973	-£32,331	-3.81%	2,849	11,389	£286	£72
Hull and East Yorkshire Hospitals NHS Trust	£1,671,848	£1,613,420	-£58,428	-3.49%	6,000	34,026	£269	£47
Mid Yorkshire Hospitals NHS Trust	£806,405	£786,438	-£19,967	-2.48%	1,485	9,417	£530	£84
Northern Lincolnshire and Goole NHS FT	£492,639	£464,285	-£28,354	-5.76%	1,253	5,040	£371	£92
The Rotherham NHS FT	£218,780	£226,321	£7,541	3.45%	550	2,992	£411	£76
Total Other Acute Trusts	£5,738,306	£5,596,426	-£141,880	-2.47%	15,835	74,616	£353	£75
Mental Health Trusts								
Bradford District Care Trust	£300,109	£289,168	-£10,941	-3.65%	570	2,042	£507	£142
Humber NHS FT	£297,244	£314,387	£17,143	5.77%	660	4,539	£476	£69
Leeds and York Partnership NHS FT	£263,914	£281,659	£17,745	6.72%	700	3,344	£402	£84
Rotherham Doncaster and S Humber NHS FT	£99,251	£128,987	£29,736	29.96%	600	1,716	£215	£75
Sheffield Health and Social Care NHS FT	£193,832	£199,900	£6,068	3.13%	600	4,461	£333	£45
South West Yorkshire Partnership NHS FT	£121,167	£126,190	£5,023	4.15%	525	1,159	£240	£109
Total Mental Health Trusts	£1,275,517	£1,340,292	£64,775	5.08%	3,655	17,261	£367	£78
Other Trusts								
Leeds Community Healthcare NHS Trust	£182,243	£183,499	£1,256	0.69%	720	5,866	£255	£31
Yorkshire Ambulance Service NHS Trust	£63,113	£70,387	£7,274	11.53%	750	8,235	£94	£9
Total Other Trusts	£245,356	£253,886	£8,530	3.48%	1,470	14,101	£173	£18
Grand Total Partner Organisations	£19,919,388	£19,521,000	-£398,388	-2.00%	54,764	286,553	£356	£68
Other Delivery								
Primary & Community Care	£1,130,054	£684,373	-£445,681	-39.44%				
Agile Workforce	£978,819	£1,386,191	£407,372	41.62%	10,000	23,344		
Partner Organisation Specific Posts	£0	£123,554	£123,554					
Other - Non NHS	£0	£0	£0	0.00%	236	1,015		
Total Other Delivery	£2,108,873	£2,194,118	£85,245	4.04%	10,236	24,359	£214	£90.08
Grand Total Delivery	£22,028,261	£21,715,118	-£313,143	-1.42%	65,000	310,911	£334	£69.84
Non-Delivery & Reserve								
Hosting	£283,181	£274,386	-£8,795	-3.11%				
Leadership & Management	£813,068	£755,080	-£57,988	-7.13%				
Clinical Leadership	£436,000	£494,995	£58,995	13.53%				
Network Support	£1,865,432	£1,862,221	-£3,211	-0.17%				
Reserve	£517,080	£760,976	£243,896	47.17%				
Total Non-Delivery & Reserve	£3,914,761	£4,147,658	£232,897	5.95%				
Grand Total	£25,943,022	£25,862,776	-£80,246	-0.31%	65,000	310,911	£398	£83.18