

SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST

TRUST BOARD MEETING – 20 APRIL 2016

YORKSHIRE AND HUMBER LOCAL CLINICAL RESEARCH NETWORK ANNUAL FINANCIAL PLAN FOR 2016/17

1. INTRODUCTION

1.1. As Host Trust to the NIHR Yorkshire and Humber Local Clinical Research Network (Y&H 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). This paper sets out to seek this approval.

1.2. The 2016/17 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	2016/17 Funding Allocation
3	Planning Process and Principles Applied
4	Financial Plan Summary
5	Risks and Contingencies
6	Monitoring and Governance Arrangements
7	Conclusion
8	Recommendations

2. 2016/17 FUNDING ALLOCATION

2.1. The funding available nationally totals £284,600,000 which remains at the same level as for 2014/15 and 2015/16 i.e. flat funding. Therefore activity and prices increases are to be managed within the overall same level of funding.

2.2. The total allocation for 2016/17 for the Y&H CRN is **£26,998,536**.

2.3. This represents a £1,151,819 reduction (4.1%) on the equivalent allocation for the 2015/16 financial year. This is primarily resulting from the Networks complexity of studies, which drives the recruitment related element of funding, relative to other Networks. The change in allocation by funding category is summarised in the following table:

Funding Category	2015/16	2016/17	Change
Leadership & Management	£782,383	£756,226	£-26,157
Per Capita	£4,142,691	£4,103,043	£-39,648
Project Related Funding	£1,349,623	£1,526,951	£177,328
Performance Related Funding	£418,879	£462,749	£43,870
Recruitment Related Funding	£21,546,077	£19,537,271	£-2,008,806
Total	£28,239,654	£26,386,240	£-1,853,414
+/- Cap and Collar	-£89,299	£612,296	£701,595
Grand Total	£28,150,355	£26,998,536	£-1,151,819

2.4. In order to maintain financial stability across the 15 Networks, a cap and collar limit of +/- 5% change over individual LCRNs 2015/16 funding allocations has been applied. The Y&H CRN has received £612,296 stability funding.

2.5. Despite the £1,151,819 reduction, the Y&H LCRN remains the third largest network in terms of funding and receives 9.5% of the national budget.

2.6. The challenges for the 2016/17 year are to manage the £1,151,819 reduction and maintaining financial stability across Partner Organisations (PO's), whilst ensuring delivery of the Networks key objectives as outlined in its annual plan.

3. PLANNING PROCESS

3.1. The Financial Plan has been prepared by the Y&H CRN Executive and has been reviewed by the Partnership Group on the 15th March 2016 and approved by TEG on the 6th April 2016.

3.2. It is based on a refinement to the model introduced in 2015/16. The refinement follows consultations with POs and the Networks Financial Advisory Group.

3.3. The Y&H CRN Executive has identified proposed funding allocations in to the following 3 categories:

- **Core Delivery Funding** – This will be allocated to POs at start of the financial year to support the delivery and performance of their agreed recruitment target.
- **Additional Funding** – This will be allocated to those POs which host staff who provide Network support such as Clinical Leadership, Management, and Cohort staff. This funding will remain ring-fenced within the PO.
- **Contingency Reserve** – The Executive will retain a contingency reserve to allow for timely and responsive allocations throughout the year in line with recruitment and performance.

4. FINANCIAL PLAN SUMMARY

The Host, through the LCRN Executive Team has drawn up a balanced financial plan summarised as follows:

Note	Category	NIHR Funding Allocation	2016/17 Plan	Variance to Allocation
4.1	Leadership & Management	£756,226	£699,792	–£56,434
4.2	Research Management & Governance	£1,526,951	£1,638,067	£111,116
4.3	Hosting	£400,000	£304,037	–£95,963
4.4	Contingency Reserve	£462,749	£938,123	£475,374
	<i>All Other:</i>			
4.5	Network Support	£23,852,610	£1,979,720	–£434,094
4.6	Primary Care Delivery		£1,259,460	
4.7	Cohort Delivery		£1,733,135	
4.8	PO Delivery		£17,900,202	
4.9	Clinical Leadership		£546,000	
Total		£26,998,536	£26,998,536	£0

Notes:

- 4.1. **Core Leadership & Management** – A funding allocation capped at £756,226, net of Market Forces Factor, per LCRN is available to support leadership and senior management costs within a defined structure.
The Y&H LCRN has implemented a different model of Divisional management to the one defined by NIHR and is able to release £56,434 savings to support Network delivery.

- 4.2. **Research Management & Governance** – The funding available nationally remains at the same levels as 2015/16 i.e. £17,060,085. The £1,526,951 allocated to the Y&H CRN reflects its relative share of this and is based on the number of research projects active throughout the period October 2014 to September 2015.
The Executive propose to maintain the actual investment levels in excess of the funding allocation in order to maintain stability pending the National changes to HRA and a review of the position at mid-year.
- 4.3. **Hosting** – The NIHR has set, as guidance, an allocation for Host Corporate Services at the lower of 2% or £400,000 of a LCRN's total allocation. The guidance cap for Y&H is therefore set at £400,000. This is 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.
The Host has strived to keep its costs to a minimum without compromising its ability to deliver its contractual obligations and the £304,037 planned spend represents a reduction of £50,579 on the 2015/16 spend.
- 4.4. **Contingency Reserve** – The £938,123 contingency represents 3.5% of the total 2016/17 allocation for the Y&H CRN.
The reserve will be allocated from the end of quarter 1 and the first call on this funding will be to support the 7,000 gap in recruits offered by Partners compared to the Networks 65,000 target.
- 4.5. **Network Support** – The budget is identified to fund the recently restructured Core Network Support Team. Ring-fenced funding will be allocated PO's across the region which employ and accommodate network support staff.
- 4.6. **Primary Care** – The Y&H CRN Executive proposes to maintain the ring-fenced budget in recognition of the high recruitment and growth potential and will ensure a performance review in 2016/17.
- 4.7. **Cohort Delivery** – The Y&H CRN Executive is keen to enhance its development of a flexible and responsive workforce through the cohort teams. The £1,733,135 allocation reflects the cost of flexible cohort staff who are employed by PO's who support delivery across the Region.
- 4.8. **PO Delivery** – A total of £17,900,202 has been identified to support Research Delivery and Performance across the PO's and in addition they will receive support from flexible cohort teams. The funding is based on the model introduced in 2015/16 which has been refined following consultation with the Partnership Group, POs and the Financial Advisory Group. It continues to link funding to activity, complexity and performance and is based on the annual recruitment targets offered by each PO.
- 4.9. **Clinical Leadership** – The clinical leadership infrastructure has been identified in line with the Performance and Operating Framework and the £546,000 total cost is consistent with National funding.

5. RISKS AND MITIGATION

- 5.1. The £1,151,819 reduction in funding 2016/17 brings new challenges to Research Delivery and Performance for 2016/17.
- 5.2. Network Research Capability Funding (RCF) totalling £269,157 and a Contingency Reserve has been utilised in 2015/16 to address some inherent cost pressures across PO's and others have been managed out of the system. The Network has received confirmation that there will be no RCF for 2016/17.
- 5.3. The risks will be mitigated through the continuation of initiatives to ensure maximisation on the efficient use of resources and will include:

- PO's will be required to demonstrate that DH guidance on Attributing the costs of health and social care Research and Development (ACoRD) is fully implemented.
- The process for the identification and utilisation of income generated from Portfolio adopted commercial research studies, which commenced in 2015/16, will be rolled out consistently across the Network.
- Each PO will have a nominated link RDM and lead nurse developing a consistent relationship to help them improve their performance and delivery through a review of the network funded workforce. Staff who are not fully utilised in supporting trust activity may add extra resource to the flexible cohort workforce. This will increase responsiveness and agility and mean that the network is well positioned to support studies wherever they are needed and to work seamlessly between primary and secondary care.
- Securing efficiency gains through flexible workforces working across sectors, specialities and Trusts.
- Encouragement of innovation and working together between Trusts with common areas of interest.
- Identification and growth for new sites for commercial research.

5.4. The contingency reserve will focus on supporting initiatives to ensure Network Delivery and Performance and be utilised to address pressures on an exceptional basis.

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. The Y&H Executive through the Financial Advisory Group is implementing a system for the monitoring of PO's by exception on a monthly basis. This will be a standing item at its monthly meeting Executive meeting.

6.3. The Y&H Executive plans to hold formal performance reviews with POs earlier in the financial year to ensure timely support and the implementation of corrective action where necessary.

7. CONCLUSION

7.1. The Host has a balanced Financial Plan for the Y&H CRN based on current assumptions.

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

7.3. However, 2016/17 will remain a challenging year and there are a number of risks which will need to be managed.

8. RECOMMENDATION

8.1. The Trust Executive Group asked to:

- Endorse the 2016/17 Financial Plan.
- Note the challenging environment facing the Network forthcoming year.
- Recommend approval by the Board of Directors.

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