

Executive Summary

Report to the Board of Directors

Being Held on 24 May 2022

Subject	Clinical Research Network Yorkshire & Humber – Annual Financial Plan 2022/23
Supporting TEG Member	Prof. Chris Morley
Author	Amber O'Malley, Chief Operating Officer
Status¹	A*

PURPOSE OF THE REPORT

To obtain Board of Director approval for the Yorkshire and Humber Clinical Research Network Annual Financial Plan.

KEY POINTS

1. The total CRN Y&H 2022/23 funding allocation is confirmed at **£28,424,860**, comprising of **£28,253,591** to support Research Delivery, **£94,000** to support the management of Excess Treatment Costs and **£77,269** to support Public Health Prevention Research.
2. Elements of the 2022/23 allocation remain ringfenced to support:
 - i. The Transformation of Delivery Initiative - **£909,091**
 - ii. Targeting of underserved communities - **£565,072** minimum spend
 - iii. Public Health Prevention Research - **£77,269**
 - iv. Strategic Initiatives – **£517,256** minimum spend
3. A balanced financial plan has been drawn up by the CRN Y&H Leadership team, in consultation with the Host Finance Manager, which is inclusive of the main factors:
 - i. Allocations to Category A Partners are based on the model introduced in the previous financial year and total **£20,328,044** for 2022/23.
 - ii. Central Network (Leadership & Management, Core Support, Non-Clinical Delivery, Agile Workforce) and Host Corporate Support funding is at 2021/22 pay levels inclusive of superannuation at 14.38% and NI rates inclusive of the 1.25% increase which takes effect from April 2022.
 - iii. The plan excludes the central government supported superannuation increase of 6.3%, which the CRN CC has confirmed will continue to be supported centrally for 2022/23.
 - iv. A provision to fund the compound additional cost of a 2% pay award has been retained to support pay increases for all CRN Y&H Central Network and Host Corporate Support staff in 2022/23.
 - v. It is expected that Partners will fund any pay uplift and the 1.25% increase in NI rates for their own delivery and research management & set up staff from their allocations.
 - vi. The required ring-fenced funding has been retained to support pre-committed and new projects throughout the year.
 - vii. A modest reserve has been retained to support unknown expenditure occurrences in year.
4. Risks have been considered and mitigations identified to negate any financial risk to the Trust in its Hosting Capacity.

IMPLICATIONS²

1

Aim of the STHFT Corporate Strategy		✓ Tick as appropriate
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	✓
3	Employ Caring and Cared for Staff	✓
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	✓
6	Create a Sustainable Organisation	✓

RECOMMENDATIONS

That the Board of Directors approves the Yorkshire and Humber Clinical Research Network Annual Financial Plan.

APPROVAL PROCESS

Meeting	Date	Approved Y/N
Trust Executive Group	18 May 2022	Y
Board of Directors	24 May 2022	

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

² Against the six aims of the STHFT Corporate Strategy 'Making a Difference – The next Chapter 2022-27'

CLINICAL RESEARCH NETWORK YORKSHIRE AND HUMBER ANNUAL FINANCIAL PLAN 2022/23

1. INTRODUCTION

- 1.1. CRN Yorkshire and Humber (CRN Y&H) is required to produce an Annual Financial Plan (AFP) and to submit this to the CRN Coordinating Centre (CRNCC) via the NIHR CRN Finance Tool.
- 1.2. The Partnership Group is required each year to support and make recommendations to the LCRN Executive Group in respect of their formal approval of the CRN Y&H AFP prior to submission to the Host Organisation for final ratification.
- 1.3. The 2022/23 AFP is considered in some detail in the subsequent sections of the report as follows:

Section	Financial Plan Element
2	2022/23 Funding Allocation
3	Planning Process
4	Funding models
5	Financial Plan Summary
6	Risks and Mitigation
7	Conclusion
8	Recommendations

2. 2022/23 NATIONAL AND REGIONAL FUNDING ALLOCATION

- 2.1. The NIHR CRN funding from the Department of Health and Social Care (DHSC) for 2022/23 is £312,292,370, excluding top sliced funding, the Excess Treatments Costs (ETCs) allocation and Public Health Prevention Research Funding. This figure takes into account the additional funding provided in 2021/22 of £30m, designed to help alleviate known cost pressures during the financial year, recommencing/enhanced recruitment to Priority Level 2 studies, delivery of vaccine, Urgent Public Health (UPH) and non-UPH studies during 2021/22 and the Transformation of Research Delivery funding.
- 2.2. As in previous years an element of the total funding available is top sliced to support national initiatives such as CRN National Specialty Leadership posts and the Chemotherapy Pharmacy Advisory Service (CPAS).
- 2.3. As per 2021/22, funding has been allocated and ring-fenced for the Transformation of Research Delivery. This element of funding has been awarded to the LCRNs to build a new workforce - a 'CRN Direct Delivery Team' - in each LCRN with the flexibility,

capability and capacity to deliver research studies across a broader range of settings, particularly outside of hospital settings.

- 2.4. A minimum of 2% of the 2022/23 funding allocation has been allocated to expand research to under-served regions and communities with major health needs. Allocation of this funding reflects the need to provide equitable access to research opportunities for under-served communities as a collective national priority enabled at a local level across all the regional networks. This expansion is a key component of Best Research for Best Health: The Next Chapter and includes targeting areas of high prevalence/incidence which the CRNCC has previously included in the Local Clinical Research Network (LCRN) funding model as 'Targeting Health Needs'.
- 2.5. CRN Y&H has been allocated £28,253,591, excluding top sliced funding, the Excess Treatments Costs (ETCs) allocation and Public Health Prevention Research Funding. Please see Appendix 1 for a breakdown of all 15 LCRN allocations, and allocations by funding stream.
- 2.6. CRN Y&H has ring-fenced £517k of its total allocation for 2022/23 for network priorities and initiatives to meet the health needs of the local population. This is retained at the same levels as 2020/21 and 2021/22.
- 2.7. The challenge for 2022/23 is to continue to manage the impacts of the UPH and vaccine studies whilst managing delivery to new studies entering the NIHR CRN Portfolio, as well as managing increasing national and regional priorities, as highlighted above.
- 2.8. This will need to be done whilst maintaining performance against the national performance indicators, yet to be confirmed.

3. PLANNING PROCESS

- 3.1. The AFP has been prepared by the senior leadership team at CRN Y&H.
- 3.2. The planning process identifies funding allocations across multiple categories and dovetails the categorisation in the NIHR CRN Finance Tool.

I. Central Network Funding – This includes:

- LCRN leadership (including clinical leadership)
- LCRN core business (business information, workforce, communications, Patient and Public Involvement and Engagement (PPIE), projects management and administrative support)
- Non-clinical Research Delivery (includes study support service staff, research delivery managers and deputy research delivery managers)

- Agile Research Team - allocated to those Partners which host staff within the Agile Research Team and who support research delivery across the Network
 - Non-pay activities associated with CRN Y&H core business and staff.
- II. Host Corporate Support Services** - To support the cost to the Host Trust in executing its responsibilities as defined in the NIHR Performance and Operating Framework and the DHSC/Host Organisation Contract. This also includes hosting costs for other Trusts that employ CRN Y&H core team members (Leeds Teaching Hospitals, York Teaching Hospitals, Humber Teaching NHS Foundation Trust). A review of all Host Corporate Support Services costs has been undertaken, to support greater consistency and transparency for those Trusts. A provision has been made for this as part of the AFP planning process and all allocations are expected to be agreed in Q1 2022/23.
- III. Contingency** – Funding that has yet to be allocated and is usually assigned to support unknown expenditure occurrences in year. It is anticipated that this will support any new national priorities, work to support collaborations across our Integrated Care Systems (ICSs) and Unblocking the Blocks bids.
- IV. Partner Organisation Core Delivery Funding** – Allocated to support the research delivery activities of non-commercial NIHR CRN Portfolio studies, across NHS Trusts, primary care and non-NHS providers.
- V. Ring fenced funding**
- **Strategic** – CRN Y&H has ring-fenced £517k to support projects and initiatives to better support access to research to meet local population health needs.
 - **Transformation of research delivery** - CRN Y&H has an allocation of £909k to expand research delivery into a broader range of settings, supported by an expanded flexible workforce (Direct Delivery Team).
 - **Targeting underserved communities** - CRN Y&H is expected to allocate a minimum of £565k to provide equitable access to research opportunities for under-served communities, and those with major health needs.
- VI. Additional funding elements**
- **ETCs management** - £94k to support the national CCG ETC payment system.
 - **Public Health Prevention Research** - £77.3k funding to support the time of a Director of Public Health and an embedded Local Authority researcher post.

4. FUNDING MODELS TO PARTNER ORGANISATIONS

- 4.1. Prior to the commencement of the 2021/22 financial year, CRN Y&H established a regional Funding Working Group with representatives from an Acute and Mental

Health Trust for each of the three ICSs covered by CRN Y&H. In addition, the membership also included the CRN Y&H Local Specialty Lead for Primary Care, General Practice representation and Patient and Public Involvement and Engagement colleagues. Clinical and strategic leadership was provided from two clinicians across the region.

The primary objective of the Group was to consider the funding distribution models for Partners, taking into consideration the broader regional strategic and clinical research priorities of the Yorkshire and Humber region for patient benefit.

- 4.2. In 2020/21, this Group's objectives were to develop recommendations for the allocation of NIHR CRN funding to a) Category A Partner Organisations i.e. Trusts across the region and b) develop a model for the distribution of funding to primary care and non-NHS Partners.
- 4.3. It was agreed that the approved model for Category A Partners in 2021/22 would be retained into 2022/23. Please see Appendix 2 for details of the Category A model and Appendix 3 for details of funding allocations.
- 4.4. For Category B/C Partners, funding is allocated based on individual sites or groups of providers/practices submitting a strategic business case based on the NIHR CRN Portfolio studies they already are, or are intending to deliver, including forecast targets for each study and a proposal for a funding contribution for primary care infrastructure. A provision for Service Support Costs is also provided. Finally, a new Primary and Community Care Group has been established incurring support costs.

5. FINANCIAL PLAN SUMMARY

- 5.1. CRN Y&H has drawn up a balanced plan for the 2022/23 financial year. The AFP is detailed below in Table 1. This follows the structure as per the national funding allocations and the NIHR CRN Finance Tool for ease. For comparative data please refer to Appendix 4.
- 5.2. The plan is set at 2021/22 pay levels for CRN Y&H core network staff, inclusive of superannuation at 14.38% and NI rates to include the 1.25% increase which takes effect from April 2022. The plan excludes the central government supported superannuation increase of 6.3%, which the CRNCC has confirmed will continue to be supported centrally for 2022/23.
- 5.3. A provision to fund the compound additional cost of a 2% pay award has been retained to support pay increases for all CRN Y&H core network staff in 2022/23.
- 5.4. It is expected that Partners will fund any pay uplift and the 1.25% increase in NI rates for their own delivery and research management and set up staff from their allocations.

Table 1: Forecast budgets by funding category 2022/23

Funding Category	Forecast spend (£)
Top sliced funding	
1. Top sliced	£274,712
LCRN Hosting and Delivery	
2. Host Corporate Support	£358,697
3. LCRN Leadership	£639,493
4. LCRN Core Business	£1,202,858
5. Research Delivery (non-clinical)	£1,171,134
6. Nurses and Midwives (ART)	£1,001,742
7. Practitioners (ART)	£137,617
8. Non staff costs	£510,661
9. Contingency	£185,669
10. Vacancy Factor	-£124,030
Partner Organisation Research Delivery Funding	
11. PO Funded Delivery	£20,328,044
<i>a. PO Funded Delivery</i>	<i>£19,852,155</i>
<i>b. Cost Pressures</i>	<i>£475,889</i>
12. PC/non-NHS Costs	£962,994
<i>a. SSC</i>	<i>£150,000</i>
<i>b. PC infrastructure / Stg Group</i>	<i>£570,000</i>
<i>c. Contingency funding for SSCs (high-cost studies)</i>	<i>£60,000</i>
<i>d. Strategic/PC Bids</i>	<i>£182,994</i>
Ring fenced funding	
13. Strategic projects	£530,489
14. Transformation of Delivery	£909,091
<i>a. Direct Delivery Team</i>	<i>£502,022</i>
<i>b. Strategic/Clinical Leadership</i>	<i>£150,000</i>
<i>c. Non-staff costs inc. training</i>	<i>£100,075</i>
<i>d. Bids/Strategic Projects</i>	<i>£157,025</i>
15. Targeting underserved communities	£533,133
<i>a. Research Delivery - Medical</i>	<i>£33,200</i>
<i>b. Non-staff costs</i>	
<i>c. Bids/Strategic Projects</i>	<i>£499,933</i>
16. PH Prevention Research Funding	£77,269
Total (Excluding Top sliced/PH Prevention)	£28,347,591

6. RISKS AND MITIGATION

- 6.1. As in previous years the risks in managing inflationary costs and maintaining financial stability across Partners has been an issue. Arising in-year underspends and careful management of vacancies will help mitigate against this.
- 6.2. The expansion of the NIHR CRN Portfolio to support broader priorities into Social Care, Public Health and non NHS settings and the requirement to address research gaps in areas of disease prevalence and deprivation across the region will continue in 2022/23. Funding for strategic initiatives, transformation of research delivery and

targeting underserved communities will enable these business areas of need to be addressed.

- 6.3. The funding models have been retained into 2022/23 however there remain some inequities. Strategic funding to support capacity and capability has been offset to support this for 2022/23.
- 6.4. The employer's superannuation included across all AfC posts remains at 14.38%. This excludes the central government supported superannuation increase of 6.3%. The CRNCC has confirmed for 2022/23 this process is to continue to be supported centrally. It is unclear for future years, from 2022/23 if the uplift to the LCRN income stream is being provided to support this gross pay cost increase once the uplift has been applied to NHS organisation contract baselines.
- 6.5. A vacancy factor of 2% has been incorporated into the AFP for the central network team and Agile Research Team / Direct Delivery Team posts. This was calculated based on an estimation of realistic appointment dates to current vacant posts (22.0WTE). The risk of not achieving these savings is minimal due to the current calculation being based on known vacancies at the start of 2022/23.
- 6.6. CRN Y&H has a portion of the top sliced strategic budget already pre-committed. In-year commitments will be identified with remaining balances being recycled to support arising cost pressures and mitigation of risks.
- 6.7. Monthly monitoring of expenditure against the AFP will be undertaken to ensure all monies are released as early as possible to support further strategic investments and 'unblocking the blocks' requests.
- 6.8. Due to the large number of current vacancies in the Agile Research Team / Direct Delivery Team there is a risk of potential underspends arising in 2022/23 if these are not recruited to when projected. There will need to be careful management of budget in this area to allow funds to be recycled to support other cost pressures that may arise and mitigate risks.
- 6.9. The CRN Y&H Leadership team will continue to manage and monitor performance across Partners and ensure central budgets are managed to meet national requirements and metrics.

7. CONCLUSION

- 7.1. CRN Y&H has a balanced Financial Plan for the year 2022/23.

8. RECOMMENDATION

- 8.1. The Board of Directors is asked to:
 - Note the challenging environment facing the Network over the forthcoming year.
 - That the Board of Directors approves the Yorkshire and Humber Clinical Research Network Annual Financial Plan.

Appendix 1: LCRN Funding Allocations 2022/23

LCRN	2022/23 Core Allocation (excl Top-sliced and ETC Service Funding)	ETC Service Funding	Public Health Prevention Research Funding *	Total pre top-sliced	RTTQA	NSL	Pharmacy Formulations	Total of top-sliced	Total Allocation	Transformation of Research Delivery	Targeting Underserved Communities (minimum spend)
East Midlands	£23,096,938	£79,000	£77,269	£23,253,207		£20,234		£20,234	£23,273,441	£909,091	£461,939
Eastern	£20,988,602	£89,000	£77,269	£21,154,871	£1,293,349	£96,968		£1,390,317	£22,545,188	£909,091	£419,772
Greater Manchester	£20,571,350	£83,000	£77,270	£20,731,620		£80,000		£80,000	£20,811,620	£757,576	£411,427
Kent, Surrey and Sussex	£15,982,245	£62,000	£87,510	£16,131,755				£0	£16,131,755	£909,091	£319,645
North East and North Cumbria	£19,976,510	£83,000	£77,269	£20,136,779		£45,500		£45,500	£20,182,279	£833,333	£399,530
North Thames	£30,801,901	£136,000	£87,510	£31,025,411		£72,468		£72,468	£31,097,879	£833,333	£616,038
North West Coast	£17,534,330	£52,000	£77,269	£17,663,599		£49,734	£26,682	£76,416	£17,740,015	£833,333	£350,687
North West London	£15,237,013	£92,000	£87,510	£15,416,523		£29,638		£29,638	£15,446,161	£757,576	£304,740
South London	£27,200,621	£146,000	£87,510	£27,434,131		£98,042	£25,790	£123,832	£27,557,963	£757,576	£544,012
South West Peninsula	£12,741,451	£44,000	£77,269	£12,862,720		£65,734		£65,734	£12,928,454	£833,333	£254,829
Thames Valley and South Midlands	£17,622,915	£91,000	£77,269	£17,791,184		£36,234		£36,234	£17,827,418	£757,576	£352,458
Wessex	£19,554,752	£78,000	£77,269	£19,710,021				£0	£19,710,021	£833,333	£391,095
West Midlands	£28,341,029	£92,000	£77,269	£28,510,298		£49,734		£49,734	£28,560,032	£909,091	£566,821
West of England	£14,389,122	£70,000	£77,269	£14,536,391		£42,811		£42,811	£14,579,202	£757,576	£287,782
Yorkshire and Humber	£28,253,591	£94,000	£77,269	£28,424,860		£274,712		£274,712	£28,699,572	£909,091	£565,072
Total	£312,292,370	£1,291,000	£1,200,000	£314,783,370	£1,293,349	£961,809	£52,472	£2,307,630	£317,091,000	£12,500,000	£6,245,847

Appendix 2 Category A Funding Distribution Model

- a. The local funding distribution model to Category A Partner Trusts in the region proposed by the group is based on a number of key principles:
- Retain a top sliced funding amount of 2% aimed at targeting regional health needs & clinical priorities
 - Utilise performance data for two full years (2018/19 and 2019/20), designed to minimise year on year fluctuations in performance
 - Increase a performance related element from 5% (2020/21) to 10% (2021/22) which still provides some degree of stability and adjusts for past performance
 - Base the performance related element on HLO 1 and HLO 2a and 2b performance with a 50:50 split.
 - Remove the previous Cap & Collar limit that was included in the model in previous years.

Appendix 3 Category A Partner 2022/23 Opening Allocations

Acute & Teaching Trusts	£12,034,425
Bradford Teaching Hospitals NHS Foundation Trust	£1,926,473
Leeds Teaching Hospitals NHS Trust	£5,161,434
Sheffield Teaching Hospitals NHS Foundation Trust	£3,645,837
York Teaching Hospital NHS Foundation Trust	£1,300,681
Specialist Trusts	£500,828
Sheffield Children's NHS Foundation Trust	£500,828
Other Acute Trusts	£5,793,034
Airedale NHS Foundation Trust	£428,462
Barnsley Hospital NHS Foundation Trust	£280,605
Calderdale and Huddersfield NHS Foundation Trust	£753,968
Doncaster and Bassetlaw Teaching Hospitals NHS FT	£412,710
Harrogate and District NHS Foundation Trust	£781,622
Hull University Teaching Hospitals NHS Trust	£1,607,237
Mid Yorkshire Hospitals NHS Trust	£840,522
Northern Lincolnshire and Goole NHS Foundation Trust	£444,858
The Rotherham NHS Foundation Trust	£243,050
Mental Health Trusts	£1,683,741
Bradford District Care NHS Foundation Trust	£333,618
Humber Teaching NHS Foundation Trust	£363,853
Leeds and York Partnership NHS Foundation Trust	£352,718
Rotherham Doncaster and South Humber NHS FT	£214,184
Sheffield Health & Social Care NHS Foundation Trust	£230,049
South West Yorkshire Partnership NHS Foundation Trust	£189,319
Other Trusts	£316,016
Leeds Community Healthcare NHS Trust	£190,431
Yorkshire Ambulance Service NHS Trust	£125,585
Grand Total Partner Trusts	£20,328,044

Appendix 4: CRN Y&H budgets comparison from 2021/22 to 2022/23

Funding Category	Budget		Change from 2021/22 (%)
	2021/22	2022/23	
Delivery	£21,765,620	£22,430,396	3.1%
Partner Organisation Funded Delivery	£19,845,530	£20,328,044	2.4%
Primary Care	£566,000	£962,994	70.1%
Agile Research Team	£1,354,090	£1,139,358	-15.9%
Core Network	£3,203,105	£3,400,116	6.2%
LCRN Leadership	£727,496	£639,493	-12.1%
Research Delivery (non-clinical)	£990,659	£1,171,134	18.2%
LCRN Core Business	£1,078,627	£1,202,858	11.5%
Non-Staff	£543,245	£510,661	-6.0%
Vacancy Factor	£-136,922	£-124,030	-9.4%
Host Corporate Support	£292,748	£358,697	22.5%
Hosting	£292,748	£358,697	22.5%
Total Reserves	£1,578,739	£2,235,651	41.6%
Reserve	£86,470	£185,669	114.7%
Strategic reserve 2%	£517,256	£530,489	2.6%
Transformation of Delivery	£909,091	£909,091	0.0%
PH Prevention Research Funding	£65,922	£77,269	17.2%
Targeting underserved communities		£533,133	
Uplift to Core Funding	£1,591,160	£0	-100.0%
Cost Pressures	£1,591,160		-100.0%
Total	£28,431,372	£28,424,860	0.0%