CRN East Midlands Quarterly Board Report

Author: Prof. David Rowbotham Sponsor: Mr Andrew Furlong Trust Board paper J

Executive Summary

Context

University Hospitals of Leicester (UHL) NHS Trust is the Host Organisation for the National Institute of Health Research (NIHR) Clinical Research Network East Midlands (CRN). UHL is contracted by the Department of Health to take overall responsibility for the monitoring of governance and performance of the network. The purpose of this regular update paper is to summarise our performance, major achievements, challenges and actions. This report has been taken to the CRN East Midlands Executive Group in January 2018. It will then be considered by UHL Executive Workforce Board, and submitted for UHL Trust Board review in February 2018. Appended to this written report is a dashboard displaying year to date performance figures, current risk register and recent Executive Group Finance report.

Questions

1. In order to provide assurance to the Host, what are the major achievements of the Network, and performance from 15 August 2017 to 11 December 2017?

2. What are the current risks and challenges affecting the LCRN and are the Board assured of measures in place to address these?

3. Noting the network hosting renewal date and the need to understand the pros and cons of hosting, the Chairman requested that this report update should include the following information : i) the advantages to UHL of hosting the EMCRN, ii) comparative regional performance statistics, iii) an impact analysis of the research projects supported by EMCRN, iv) an impact analysis of the research projects supported by EMCRN.

Conclusion

1. Overall, we continue to perform well as a region and are currently exceeding our forecast in terms of overall recruitment figures. Notably, we have achieved our high level objective for recruitment into Dementia and Neurodegenerative studies, significantly surpassing our target. Furthermore, recruitment to time and target remains strong both in commercial and non-commercial studies. The LCRN Host contract has been extended for a further three years from April 2019, and our regional budget has been uplifted for 2018/19.

2. Since our previous report, several risks have closed and ongoing risks remain relatively low. Two new risks have been identified, which we will be monitoring over the coming

months. There is a risk that reduced capacity of our communications function may impact on the ability to deliver on some of our planned activities and some mitigating actions have been put in place. There is also a risk that, in spite of our overall budget uplift, some partners will receive a reduction due to their performance and this will present a challenge to manage. Therefore, we will need to work closely with these organisations to provide support with the management and prioritisation of their CRN funding.

3. i) the advantages to UHL of hosting the EMCRN:

    - Hosting the LCRN is consistent with, and considerably enhances, UHL's ambition to be recognised as a national leader in top-class, relevant clinical research benefiting clinical services, patient outcome, and staff retention and recruitment.
    - It adds significantly to the portfolio of NIHR investment in UHL and solidifies UHL's position as one of the leading research-based trusts in the UK.
    - The reputational benefit of taking responsibility for the safe and effective delivery of clinical research in the East Midlands on behalf of the nation is substantial. The Department of Health, NIHR, patient groups and others are aware and appreciative of the exemplary hosting of the LCRN by UHL.
    - It helps to give confidence to NIHR and other research funders that UHL can deliver on the required outputs from external funding in a cost effective manner.
    - It demonstrates UHL's ability and appetite to work in true partnership with others in the NHS, social services and other sectors, in order to deliver challenging local, regional and national agendas.
    - It gives the Trust Board and senior managers insight and perspective into the delivery of cost effective, safe clinical trials.

    ii) EMCRN costs/financial impact on UHL

    The CRN contract operates under a separate income stream, with funding (c.£20M) directly from the DH every quarter. The majority of the funding (75%) is paid to partner and stakeholder organisations under defined and agreed contracts for the delivery of NIHR portfolio research. Each month, the CRN receive invoices from partner organisations which are primarily, but not exclusively, NHS trusts and GPs. These invoices are paid through UHL accounts payable, and transfers made internally to UHL departments, in its role as a partner organisation. In addition to these research delivery payments to partners, some funding is specifically provided and used to run central network operations, this is at no additional cost to the Trust. Furthermore, there are some Hosting costs (c.£300k) to cover support required by the Network including office accommodation, Human Resources & payroll support, IM&T etc.

    The only foreseeable risk would be if the Network were not to be renewed or to change in some way in due course as the majority of the central team, including all of the senior management, are employed through UHL, as is a requirement of the hosting contract.

All hosts would be in this same situation. There are no indications that major changes are on the agenda at present, especially as there has been a recent 3 year extension of the hosting contract.

iii) Comparative regional performance statistics

Section 2 of the report details the relative placement of the East Midlands CRN against the other 15 Local CRNs in relation to a number of our core business objectives. Specifically, our recruitment performance (HLO1) measured in weighted activity terms, shows that currently we are in second position out of 15 networks. Weighted recruitment considers both the number of research participants recruited into studies each year, along with the relative complexity across three study types of large, observational and interventional, with weighting rations 1: 3.5 : 11.

iv) an impact analysis of the research projects supported by EMCRN

The role of the CRN is to deliver high-quality clinical research studies which are of clear value to the NHS and take appropriate account of the priorities, needs and realities of the NHS. We support researchers with the realities of making studies happen within the NHS, and wider now too into social care and other care settings such as care homes. We assist with practical help and advice, with funding, with study set-up, delivery and performance management.

The impact of the CRN, including the EMCRN, has recently been assessed by two independent publications. In *NIHR Clinical Research Network: Impact and Value Assessment*, KPMG reported that in the year 2014/15, the network generated £2.4 Billion Gross Value Added for the UK economy and was responsible for the creation of approx. 39,500 jobs. Direct monetary benefits for Trusts included £176 million in commercial revenue and £16 million of pharmaceutical cost savings. Rand Europe, Prism and the Policy Institute at Kings published a report entitled: *The NIHR at 10 years: An impact synthesis*. As part of the NIHR, the CRN was integral to the delivery of evidenced impacts such as: supporting the nation to deliver world-leading research with global impact; making the nation's health and care system the best it can be; supporting public health delivery; putting patients and the public at the heart of all stages of research; creating opportunities for economic and social returns; enabling clinical research excellence; supporting, training and developing a diverse workforce in the NHS and academia; and investing across the nation. They concluded that "there is strong evidence of substantial impact across patient benefits, the delivery of health and social care, public policy, economic growth and generation of knowledge."

Input Sought

We would welcome the board's input to review and comment on:
(i) our performance and progress to date
(ii) our current challenges, risk and mitigating actions

For Reference

1. The following **objectives** were considered when preparing this report:

Safe, high quality, patient centred healthcare	Not applicable
Effective, integrated emergency care	Not applicable
Consistently meeting national access standards	Not applicable
Integrated care in partnership with others	Yes
Enhanced delivery in research, innovation & ed'	Yes
A caring, professional, engaged workforce	Not applicable
Clinically sustainable services with excellent facilities	Not applicable
Financially sustainable NHS organisation	Yes
Enabled by excellent IM&T	Not applicable

2. This matter relates to the following **governance** initiatives:

a. Organisational Risk Register No

If YES please give details of risk ID, risk title and current / target risk ratings.

Datix Risk ID	Operational Risk Title(s) – add new line for each operational risk	Current Rating	Target Rating	CMG
XXXX	There is a risk …			XX

If NO, why not? Eg. Current Risk Rating is LOW

This report does not relate specifically to any risks on UHL's risk register. CRN East Midlands has an internal risk register which is included as Appendix 2 of our report. Any significant risks which may relate to the UHL Organisational Risk Register or Board Assurance Framework would initially be discussed and reviewed with Andrew Furlong through our Executive Group.

b. Board Assurance Framework No

If YES please give details of risk No., risk title and current / target risk ratings.

Principal Risk	Principal Risk Title	Current Rating	Target Rating
No.	There is a risk …		

3. Related **Patient and Public Involvement** actions taken, or to be taken: [Insert here]

4. Results of any **Equality Impact Assessment**, relating to this matter: [Insert here]

5. Scheduled date for the **next paper** on this topic: 12/04/2018

6. Executive Summaries should not exceed **4 sides** My paper does comply

7. Papers should not exceed **7 sides.** My paper does not comply

Clinical Research Network
East Midlands

NHS
National Institute for Health Research

CRN East Midlands Quarterly Board Report

Progress, Challenges and Performance

DATE: January 2018

AUTHORS: Elizabeth Moss - Chief Operating Officer & Carl Sheppard - Project Manager

EXECUTIVE EDITOR: Professor David Rowbotham - Clinical Director

1. INTRODUCTION

1.1 University Hospitals of Leicester (UHL) NHS Trust is the Host Organisation for the National Institute for Health Research (NIHR) Clinical Research Network East Midlands (CRN). UHL is contracted by the Department of Health to take overall responsibility for the monitoring of governance and performance of the Network.

1.2 This report provides a summary of 2017/18 year to date performance for CRN East Midlands and an update on current challenges and risks. Appended to this written report is a dashboard displaying year to date performance figures, current risk register and recent Executive Group Finance report.

1.3 This report will be taken to the CRN East Midlands Executive Group in January 2018. It will then be considered by the UHL Executive Workforce Board and submitted for UHL Trust Board review in February 2018.

1.4 This report was originally scheduled for submission to UHL Trust Board in January 2018; however, had to be deferred due rescheduling of CRN East Midlands Executive Group. In order for this report to be submitted to the Trust Board in February, it has been agreed that it will first be presented at the Executive Workforce Board, rather than the usual route via the Executive Performance Board.

2. CURRENT PERFORMANCE, PROGRESS AND FORECAST

2.1 Appendix 1 presents data extracted on 11 December 2017 reflecting performance to date. This shows the various NIHR High Level Objectives (HLOs) which the CRN is managed against. We wish to highlight the following points for the Board's specific attention:

i. Since our previous report in September, our recruitment rate (HLO1) has improved and is currently at 111% (previously 103%) of our year to date target with 34,021 participants recruited. We remain in fourth position out of 15 regional networks in the national league table. We are in second position based on weighted patient recruitment activity, which is significant as this measure, in part, determines our future funding. At year end, we are forecasting to meet, or slightly exceed our annual recruitment target.

ii. For the proportion of commercial studies recruiting to time and target (HLO2A), our performance remains relatively unchanged and we are currently at 84% (previously 85%) against a target of 80% and in second position out of the 15 regional networks. Based on current forecasting, we are reasonably confident we will achieve the national target of 80% at year end, although are unlikely to meet our internal target of 90%. There is no financial risk associated to this.

iii. For the proportion of non-commercial studies recruiting to time and target, where the lead site is in the East Midlands (HLO2B), our performance also remains relatively stable and unchanged; we are currently at 89% (previously 88%) against a target of 80% and in second position out of the 15 regional networks. Again at year end, we forecast meeting or exceeding the 80% target.

iv. For our objective to reduce the time taken for studies to achieve set up in the NHS (HLO4), our performance has decreased slightly and we are currently at 59% (previously 65%) of studies in the required timeframe, against a target of 80%. This is a very challenging metric as the 40 day timeline we are measured against does not align well with the 70 day timelines our partner NHS trusts are working to. We expect to finish in the amber, or possibly green, range for this metric; we will be working with the NIHR CRN into next year to review the measurement of this. We have a number of mitigating actions in place, especially in relation to working with partners to improve data quality for these timepoints within our Local Portfolio Management System.

v. HLO5A & 5B are objectives to reduce the time taken to recruit the first participant into NIHR CRN studies. For commercial studies (5A), there are no qualifying sites for this objective to date. For non-commercial studies, (5B) we are currently at 25% with 57 qualifying studies. HLO 5A and 5B are both measured against a national target of 80%. As with HLO4, the timelines which we are measured against do not harmonise well with those of the trusts, additionally many of the contributing activities of this are outside of the scope of influence of the CRN. We will continue to work with our partners to improve this, but do not forecast 80% attainment at year end. There are no financial consequences of not meeting HLO4 or 5A/B.

vi. For the proportion of NHS trusts recruiting into commercial NIHR studies (HLO6B), we have achieved 75% of trusts recruiting, thus we have met this objective for the year and this cannot change. For the proportion of GP sites recruiting (HLO6C), we are currently at 37% (previously 25%) and we are confident that we will achieve the target of 40% before year end.

vii. For recruitment to Dementia and Neurodegenerative studies (HLO7), we are currently at 332% of our year to date target with 2,986 participants recruited. We have significantly surpassed our overall target of 1,350 and will be rated green for this objective at year end. This is due to one large, well recruiting dementia study which is led out of the Institute of Mental Health (a partnership between Nottinghamshire Healthcare NHS Trust and the University of Nottingham).

3. RISK REGISTER & CURRENT CHALLENGES

3.1 Risks and issues are formally discussed through the CRN Executive Group chaired by Andrew Furlong. A risk register (Appendix 2) is maintained with risks discussed and mitigating actions agreed; this is shared periodically with the NIHR CRN Coordinating Centre.

3.2 Risks are recorded on the register as follows:

- Risk #26 - Reduction in CRN East Midlands Budget. We have received notification from the NIHR CRN Coordinating Centre of our budget for 2018-19, which is reflective of a c.2.6% uplift. This is a positive development as we had planned our budget forecasting a 3% reduction. The reason for the uplift is primarily due to changes to the national funding model in relation to both performance contribution

and the national Market Forces Factor calculation. Therefore, this is no longer a risk and has been closed on the register.

- Risk #27 - Inability to meet the vacancy factor in 2017/18 at our Partner Organisations and centrally. This has been met centrally so the risk now lies with our Partner organisations. This remains low risk and is being actively managed.

- Risk #28 - Lack of budget flexibility and inability to provide funding for Independent Health Service Providers (IHSPs) / other non-partner organisations in 2017/18. This is no longer a risk and has been closed on the register.

- Risk #29 - Continually falling recruitment in the Primary Care setting. The likelihood of this has increased; however, the impact of this risk has reduced due to improved recruitment performance across other care settings in the region, which results in the fall in primary care being less significant overall.

- Risk #30 - Uncertainty over future hosting arrangements (DH/LCRN Host Organisation contract post March 2019). We have received notification that the Department of Health has agreed to extend LCRN Host contracts from April 2019 for a three year period. A letter has been sent to the LCRN Host Organisation CEOs, and the formal variation to contract to extend contracts for three years from the Department of Health will follow. Therefore, this is no longer a risk and has been closed on the register.

- Risk #31 - Reduced communications function may affect ability to deliver communications action plan as set out in our annual delivery plan for 2017/18. This is a new risk with likelihood as almost certain, as we have lost a key member of staff and have another who is unwell and away from work, this has a medium impact.

- Risk #32 - Budget reductions of up to 12-15% for some Partner organisations will be difficult to manage. This is a new risk which is likely, due to their relative performance, and with a low-medium impact overall. This is not a financial risk, but poses a reputational risk to the CRN and will represent a challenge locally to ensure we are supporting these organisations and populations sufficiently. We will work closely with these partners to assist them in managing their budgets and prioritising where to invest their CRN funding.

- We will review risks going into the new financial year, and for the next Board report, due in April, will update with any further risks and mitigating actions.

3.3 Our latest Executive Group Finance Report is included as Appendix 3. This provides details of the financial position of CRN East Midlands as at the end of 31 December 2017. The report also includes an update on the Host Internal Audit review, which took place in December 2017. Currently the management team have received informal feedback regarding the outcome of the audit, and are now awaiting a draft report from PwC. Once the report has been finalised it will be shared with the Trust and NIHR, including all findings and recommendations.

4. UHL HOSTING ARRANGEMENTS & ASSURANCE

4.1 By way of background, UHL host the CRN following an application process in 2013/14, whereby the Trust outlined why it would be an effective host for this regional network, and why UHL would wish to host the CRN.

4.2 The last CRN report was presented at the UHL Board meeting on 5 October 2017. At that meeting there was some concern in relation to the future hosting of the CRN, by UHL, with a specific request to ensure this report addressed those concerns.

4.3 This section seeks to address the concerns raised at the October UHL Board meeting:

i) the advantages to UHL of hosting the EMCRN:

- Hosting the LCRN is consistent with, and considerably enhances, UHL's ambition to be recognised as a national leader in top-class, relevant clinical research benefiting clinical services, patient outcome, and staff retention and recruitment.

- It adds significantly to the portfolio of NIHR investment in UHL and solidifies UHL's position as one of the leading research-based trusts in the UK.

- The reputational benefit of taking responsibility for the safe and effective delivery of clinical research in the East Midlands on behalf of the nation is substantial. The Department of Health, NIHR, patient groups and others are aware and appreciative of the exemplary hosting of the LCRN by UHL.

- It helps to give confidence to NIHR and other research funders that UHL can deliver on the required outputs from external funding in a cost effective manner.

- It demonstrates UHL's ability and appetite to work in true partnership with others in the NHS, social services and other sectors, in order to deliver challenging local, regional and national agendas.

- It gives the Trust Board and senior managers insight and perspective into the delivery of cost effective, safe clinical trials.

ii) EMCRN costs/financial impact on UHL

The CRN contract operates under a separate income stream, with funding (c.£20M) directly from the DH every quarter. The majority of the funding (75%) is paid to partner and stakeholder organisations under defined and agreed contracts for the delivery of NIHR portfolio research. Each month, the CRN receive invoices from partner organisations which are primarily, but not exclusively, NHS trusts and GPs. These invoices are paid through UHL accounts payable, and transfers made internally to UHL departments, in its role as a partner organisation. In addition to these research delivery payments to partners, some funding is specifically provided and used to run central network operations, this is at no additional cost to the Trust. Furthermore, there are some Hosting costs (c.£300k) to cover

support required by the Network including office accommodation, Human Resources & payroll support, IM&T etc.

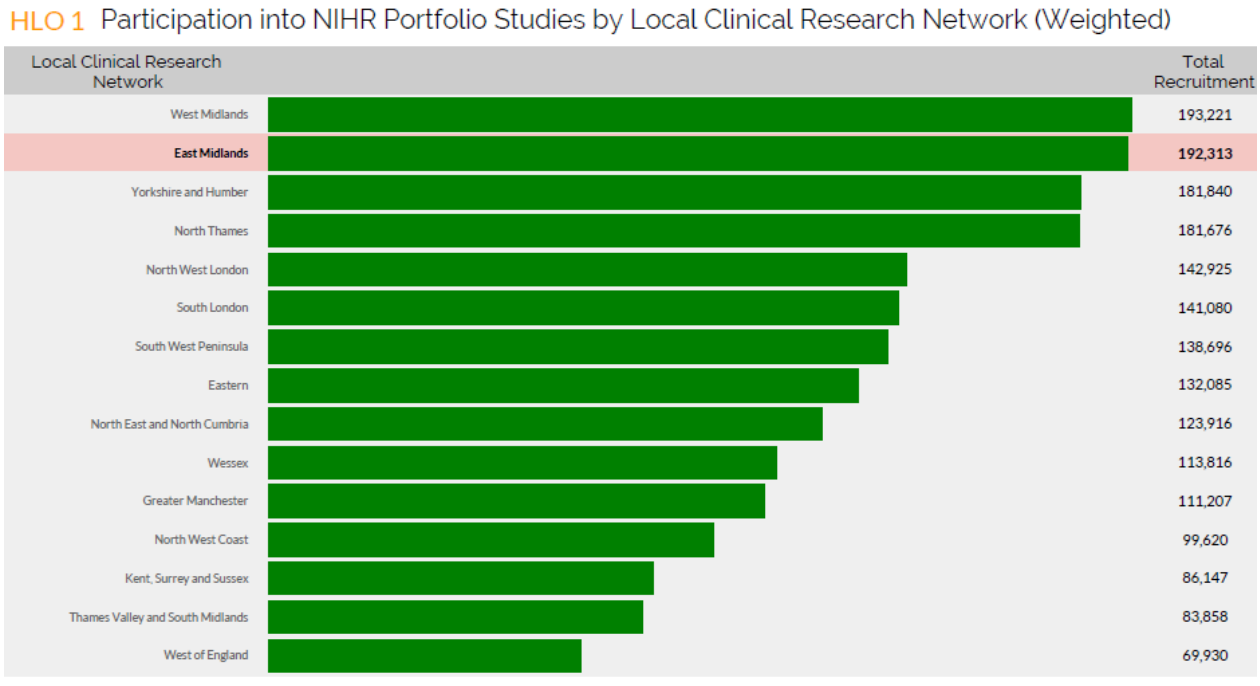
Each quarters' income falls slightly below each quarters' payments. By year-end, the Network is expected to operate within that budget envelope, presenting a flat break-even position. Each year, this has been achieved. The Network has no ability to overspend as we have a fixed envelope; any vacancy factor set centrally must be met in-year, and it consistently is. Any vacancy factors set by partners must be managed by that partner and does not become a risk to the Host at any stage.

The only foreseeable risk would be if the Network were not to be renewed or to change in some way in due course as the majority of the central team, including all of the senior management, are employed through UHL, as is a requirement of the hosting contract. All hosts would be in this same situation. There are no indications that major changes are on the agenda at present, especially as there has been a recent 3 year extension of the hosting contract.

iii) Comparative regional performance statistics

Section 2 of this report details the relative placement of the East Midlands CRN against the other 15 Local CRNs in relation to a number of our core business objectives. Specifically, Fig 1 below shows our performance measured in weighted activity terms, this shows that currently we are second out of 15 networks.

Fig 1. Participation into NIHR studies by LCRN showing weighted activity



Source: Non-Commercial Data only. NIHR CRN - 2017/18 recruitment data is produced from the 11/12/2017 data cut, and includes all recruitment reported to the end of the month preceding publication of this report. Applied ratios - High recruiting Study - 1:1; Observational - 3.5:1; Interventional - 11:1. This metric relates to NIHR CRN HLO 1.

Weighted recruitment considers both the number of research participants recruited into studies each year, along with the relative complexity across three study types of large, observational and interventional, with weighting rations 1: 3.5 : 11.

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The impact of the CRN, including the EMCRN, has recently been assessed by two independent publications. In *NIHR Clinical Research Network: Impact and Value Assessment*, KPMG reported that in the year 2014/15, the network generated £2.4 Billion Gross Value Added for the UK economy and was responsible for the creation of approx. 39,500 jobs. Direct monetary benefits for Trusts included £176 million in commercial revenue and £16 million of pharmaceutical cost savings. Rand Europe, Prism and the Policy Institute at Kings published a report entitled: *The NIHR at 10 years: An impact synthesis*. As part of the NIHR, the CRN was integral to the delivery of evidenced impacts such as: supporting the nation to deliver world-leading research with global impact; making the nation's health and care system the best it can be; supporting public health delivery; putting patients and the public at the heart of all stages of research; creating opportunities for economic and social returns; enabling clinical research excellence; supporting, training and developing a diverse workforce in the NHS and academia; and investing across the nation. They concluded that "there is strong evidence of substantial impact across patient benefits, the delivery of health and social care, public policy, economic growth and generation of knowledge."

5. SUMMARY

5.1 Overall, we continue to perform well as a region and are currently exceeding our forecast in terms of overall recruitment figures. Notably, we have achieved our high level objective for recruitment into Dementia and Neurodegenerative studies, significantly surpassing our target. Furthermore, our recruitment to time and target remains strong both in commercial and non-commercial studies. The LCRN Host contract has been extended for a further three years from April 2019, and our regional budget has been uplifted for 2018/19.

5.2 Since our previous report, several risks have closed and ongoing risks remain relatively low. Two new risks have been identified, which we will be monitoring over the coming months. There is a risk that reduced capacity of our communications function may impact on the ability to deliver on some of our planned activities and some mitigating actions have been put in place. There is also a risk that, in spite of our overall budget uplift, some partners will receive a reduction due to their performance and this will present a challenge to manage. Therefore, we will need to work closely with these organisations to provide support with the management and prioritisation of their CRN funding.

6. RECOMMENDATIONS

6.1 UHL Trust Board is asked to review and comment upon:

(i) our performance and progress to date
(ii) our current challenges, risk and mitigating actions

Appendix 1 – Dashboard 2017/18

Clinical Research Network: East Midlands **Refreshed: 08/01/2018** **Network Progress Overview**

	HLO Description	Study Type	Target		Progress/Summary				Actions	Status	Owner	Year End RAG Assurance
			England	East Midlands	Current	Previous	Trend					
1	Number of patients recruited into NIHR studies	All	650,000	46,000	34,021	15,756	↑8%	111% of YTD goal (34,021) CRN East Midlands in 4th position out of 15 LCRNs n.b. in 2nd position based on weighted recruitment	- Actively monitor pipeline of future studies and open new sites - Focus on recruitment to time and target	Ongoing	Chief Operating Officer	Green
2	Proportion of NIHR studies delivering to recruitment target and time	Commercial	80%	80%	84%	85%	↓1%	84% (51) for 61 studies recorded as closed and reported recruitment across all Network supported sites. CRN East Midlands in 2nd position out of 15 LCRNs	On target	Ongoing	Industry Operations Manager	Green
		Non-commercial	80%	80%	89%	88%	↑1%	89% (39) for 44 closed HLO studies	On target	Ongoing	Chief Operating Officer	Green
4	Proportion of eligible studies achieving NHS set up within 40 calendar days	All	80%	80%	59%	65%	↓6%	59% (47) for 79 closed HLO studies	- Focus on Early Contact service and engagement - Continued communication with sponsors locally	Ongoing	Business Intelligence Lead	Amber
5	Proportion of studies achieving first participant recruited within 30 days at confirmed Network sites (from "Date Site Confirmed" to "Date First Participant Recruited ")	Commercial	80%	80%	-	-	-	No qualifying sites to date	-	Ongoing	Business Intelligence Lead	TBC
		Non-commercial	80%	80%	25%	100%	↓75%	25% (14) for 57 qualifying studies	- Continue to work closely with partners	Ongoing	Business Intelligence Lead	Red
6	Proportion of NHS Trusts recruiting into NIHR studies	All	99%	99%	100%	100%	↔	16 out of 16 Trusts reported recruitment	Target achieved	Complete	Chief Operating Officer	Green
		Commercial	70%	70%	75%	63%	↑12%	12 out of 16 Trusts reported commercial recruitment.	Target achieved	Complete	Industry Operations Manager	Green
	Proportion of General Medical Practices recruiting into NIHR studies	All	35%	40%	37%	25%	↑12%	218 out of 582 GPs, surgeries & health care sites currently reporting recruitment	On target	Ongoing	Division 5 Research Delivery Manager	Green
7	Number of participants recruited into Dementias and Neurodegeneration (DeNDRoN) NIHR studies	All	20,000	1,350	2,986	1,297	↑44%	332% of YTD goal. Requires 26 recruits per week	Target achieved	Complete	Division 4 Research Delivery Manager	Green

Sources: Commercial Reporting on ODP 11/12/2017, Portfolio ODP Last update: 11/12/2017, Portfolio ODP 16-17 Annual Cut Last update: 28/04/2017, Portfolio ODP Reporting Last update: 11/12/2017
Network Summary Report 11/12/2017 Provided by: CRN: East Midlands Business Intelligence Team

N.B: HLO 3 is not included as this relates to a national objective

Appendix 2 – Risk Register

Scoring legend	1	2	3	4	5
Likelihood	Rare	Unlikely	Possible	Likely	Almost Certain
Impact	Very low	Low	Medium	High	Very high

University Hospitals of Leicester NHS Trust
NIHR Clinical Research Network East Midlands Risk Register

Owner of Risk Register: Executive Group

#	Risk Description	RISK SCORE				Consequence of failure to manage	Status	Mitigating Action Plan	Due Date	Action Owner	Action RAG status	Risk Owner	Progress Update / Required Date
		Likeli-hood (1-5)	Impact (1-5)	Overall Risk Score	Risk Trend								
27	Unable to meet Vacancy Factor in 2017/18 - at Partner organisations and centrally	2	1	2	↓	• Shortfall in staff costs and non-pay, posts not replaced, non-pay spend impacted • Partners look for other income sources to meet staff costs for staff delivering CRN studies • Concerns around engagement with one Partner (ULH), future engagement with LCRN and ability to deliver studies	OPEN	Robust financial planning centrally with monthly monitoring and review of spend/plans etc.	Monthly	COO & BIL	4	COO	Reporting through Finance Working group & monthly monitoring by BI Lead
								Review Partner returns each month and raise any concerns to Partners via STLs. Raise to COO at end of each quarter if significant concerns	Monthly / Quarterly	COO, BIL & STLs	4		
								Approach CC regarding any potential additional national underspend, continue to liaise with Partners & CC	Ongoing	COO	4		
29	Continually falling recruitment in the Primary Care setting, due to falling study pipeline - despite good capacity and engagement	4	2	8	↑	• Negative impact on ability to achieve HLO1 • Impact on future budget i.e. reduction • Reputational impact for East Midlands slipping down national league tables • If this trend continues the level or engagement of GPs will fall, this will be very difficult to recover • Reduction in studies could allow reallocation of resources/staff to focus in other areas of activity	OPEN	Working with RDM/Ops Manager & Specialty Leads to get better information on national pipeline and scope potential studies	Ongoing	RDM 2 & 5	4	Div 5 RDM	Reporting and Discussion through Div 5 Group, bring to regular SMT for discussion
								Working closely with practices through CSDOs and SSS team - monitoring performance closely to ensure RTT	Ongoing	RDM 2 & 5	4		
								Balance portfolio in absence of primary care studies, look to fill gaps	Ongoing	RDMs	4		
31	Reduced capacity of Communications function meaning full comms plan will be impacted on	5	3	15	NEW	• Challenge to deliver some comms elements of Annual Plan to desired level	NEW	Explore capacity of existing comms function to see what level of support can be provided	Jan/Feb 18	COO	4	COO	Review by COO and Comms Working group
								Explore Host comms department and scope possibility of appointing a secondment post	Jan/Feb 18	COO	4		
								Review comms plan and prioritise what can be achieved	Jan/Feb 18	COO	4		
32	Budget reductions of up to 12-15% for some Partner organisations will be difficult to manage	4	3	12	NEW	• Reputational risk to CRN • Will present a challenge locally to ensure we are supporting these organisations and populations sufficiently • Could result in local Partners having insufficient funding to fund their workforce, leading to potential redundancies	NEW	Work closely with Partners via their STLs	Ongoing	STLs	4	COO	Reporting and discussion through Finance Working group
								In some cases, COO & CD to meet with senior staff in these organisations e.g. ULH Medical Director etc.	Ongoing	COO & CD	4		
								Provide support to Partners with managing their budget and prioritising where to invest their CRN funding etc.	Ongoing	COO & DCOO	4		
								Finance Working group to review partner budget allocations in light of budget uplift	31.1.18	FWG	4		
26	Reduction in CRN East Midlands Budget in 2018/19 due to falling performance and/or changes to national funding approach	3	4	12	↔	• Likely reduction in Partner recruitment activity as a result of less funding for research infrastructure • Inability to be as responsive and flexible as we would like with budget next year • Negative effect on reputation and relationship with Partners • Potential redundancies in Partner Organisations and centrally (UHL hosted) due to budget shortfall	CLOSED	Model a range of budget scenarios to aid planning and forecasting	Complete	BIL / Finance Lead	5	COO	Reporting through Finance Working group & monthly monitoring by BI Lead
								Conduct project to improve data quality in LPMS, working with Partners	Ongoing	PM (HS)	4		
								Regular communication and providing early notification to Partners re potential budget reduction	Complete	Senior team / STLs	5		
								Lobby nationally to identify what budget model will be used and when this will be implemented	Ongoing	COO & CD	4		
								Provide clear guidance to partners on how to spend budget and offer advice and support to achieve for value	Complete	STLs	5		

Appendix 2 – Risk Register

Scoring legend	1	2	3	4	5
Likelihood	Rare	Unlikely	Possible	Likely	Almost Certain
Impact	Very low	Low	Medium	High	Very high

								for money						
								Continue with various projects with POs to get best value from investments made, increase efficiencies	As ID in-year	PMs / STLs	4			
								Maximise recruitment for HLO1 and time & target – work with POs & potential/actual CIs	Ongoing	RDMs / SSS	4			
28	No contingency may create a lack of flexibility of resource placement, including inability to provide funding for new IHSPs / other non-partner organisations in 2017/18	3	3	9	↔	• Less able to meet in-year need as it arises due to budget reduction • Negative effect on relationship with IHSPs • Likely reduction in recruitment activity and ultimately impact on ability to achieve HLO1	CLOSED	Monitor central budgets vigilantly, working to meet vf and then ID any central funding for redistribution, focus on IHSPs	Monthly	BIL	4	COO / CD	Reporting and discussion through Leadership meeting, raise to CD as required	
								Manage PO budgets, ensuring any underspend is identified early and recovered	Monthly	STLs / Finance team	4			
								Maintain engagement with IHSPs more broadly, not just about financial support, also about intelligence, RST, other ways to support activities	Ongoing	Senior team	4			
								Able to meet in-year need through shifting existing resource, not new resource - work with POs	Ongoing	STLs	4			
30	Uncertainty over future of CRN, commencing with potential renewal of DH/UHL Host Contract post 2018/19	3	4	12	↔	• Uncertainty may lead to staff leaving - core team and wider research staff, especially with 2 recently awarded BRCs • TUPE process may be needed if hosting transferred to another Trust - could be protracted and complex • Reputational issue for UHL	CLOSED	Lobby nationally for further information, at forthcoming review meetings and continually through COO / CD meetings	Review mtg 29 June	CD / COO / Host Exec Lead	5	COO / CD	Discussion through Host Executive meetings	
								Continued communication to keep staff informed as more information becomes available	Ongoing	COO & Comms Lead	4			
								CRN team ready to work with UHL for re-application process if required and if endorsed by UHL	As needed	COO / Project Lead	4			
								Highlight to UHL Trust Board Meeting on 6-July-17	Complete	CD	5			
								Difficult for us to mitigate against as this is largely out of our control	No action	N/A	N/A			

Likelihood			Impact 1 Very Low	2 Low	3 Medium	4 High	5 Very High
	1	Rare	1	2	3	4	5
	2	Unlikely	2	4	6	8	10
	3	Possible	3	6	9	12	15
	4	Likely	4	8	12	16	20
	5	Almost certain	5	10	15	20	25

RISK RATING (SCORE)

Low (1-6)	Acceptable risk requiring no immediate action. Review annually.
Moderate (8-12)	Risk may be worth accepting with monitoring. Continue to monitor with action planned within six months. Place on risk register.
High (15-20)	Must manage and monitor risks. Action planned within three month. Review at monthly intervals. Place on risk register.
Extreme (25)	Extensive management essential. Action planned and implemented ASAP. Review weekly. Place on risk register.

RISK TREND

Static: ↔

Increasing: ↑

Decreasing: ↓

Action RAG Status Key:	5	Complete	4	On Track	3	Some Delay – expected to be completed as planned	2	Significant Delay – unlikely to be completed as planned	1	Not yet commenced

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: CRN EM EXECUTIVE COMMITTEE

DATE: 25th JANUARY 2018

REPORT FROM: MARTIN MAYNES – HOST FINANCE LEAD

SUBJECT: CRN EM FINANCE UPDATE

1.1 Purpose

This report provides details on CRN EM's financial position as at the end of December 2017.

There is also an update on the recent Internal Audit review of the CRN's financial governance arrangements, and the progress of the Financial Health Check initiative with Partner Organisations.

1.2 Income & Expenditure to December 2017 (Month 9)

The table below summarises the financial position and year end forecast for the period ended 31st December 2017.

		April to December		
	Annual Plan	YTD Actual	Forecast Expenditure	Variance
	£'000	£'000	£'000	£'000
Income				
NIHR Allocation	20,083	15,067	20,087	4
Expenditure				
Network Managed Team	811	590	802	-9
Host Services	325	241	325	0
Core Management Team	685	515	689	4
Research Mgmt & Governance Team	321	268	366	45
Research Task Force	388	271	369	-19
Clinical Leads	93	47	65	-28
Research Site Initiative	365	275	366	1
Primary Care Service Support Costs	150	109	153	3
General Service Support Costs	150	130	170	20
Partner Organisation Infrastructure	16,930	12,503	16,777	-153
Vacancy Factor	-136			136
Total	**20,082**	**14,949**	**20,082**	**0**

The principal reasons for forecast variance against key budgets are reported below.

1.3 Network Managed Team/Research Support Team

The favourable variance of £9k is due to a combination of pay awards, savings in slippage of a Network Admin post, and a member of team not contributing to the pension scheme. This is offset by greater than planned expenditure in PPI and work force development.

1.4 Research Management & Governance Team

There is an adverse pay variance of £40k due to an increase in pay cost by 1%, plus the need to fund two team members' maternity leave. Also recruitment of band 6 - 1 WTE and band 5 - 1 WTE posts which were not in the original budget. There is also an adverse non pay variance of £5k.

1.5 Research Task Force

There is a favourable pay variance is £19k due to net effect of increase in pay cost by 1% and starters and leavers not being replaced with the same band.

1.6 Primary and Secondary Service Support Costs

Primary SSC's are forecast to spend in line with budget. Secondary SSCs are expected to cost £20k more than plan. Although forecast expenditure is currently on track, due to the volatility of this budget in the past this will need to be carefully managed through to year end.

1.9 Partner Organisation Infrastructure

There is currently a forecast underspend of £153k. This is largely due to:

- changes in Network posts in NUH
- Primary Care budget being underspent due to changes in staff
- additional funding being allocated to POs for Delivery

2. Financial Risks

2.1 Vacancy Factor/Savings

Within the financial plan submitted to NIHR there was a planned savings assumption of £136k for Network's budget. This has now all been identified within forecast expenditure.

3. Forecast Position

The forecast is that the Network will meet its planned expenditure total of £20.1m by the end of the financial year.

3. Financial Health Checks

CRN East Midlands is contracted by the Department of Health (DoH) to undertake timely and accurate budgetary monitoring and reporting on funds paid directly to Partner Organisations. Additionally, the CRN is required to provide sufficient assurance that NIHR CRN funding is used only on eligible CRN activity, in accordance with DoH funding agreement terms. CRN East Midlands gains this assurance through a range of mechanisms, including this newly introduced Financial Health Check Questionnaire and Partner visits to support this assurance.

The Pre Visit Questionnaire forms the first stage of the Financial Health Check visits. We intend to commence a rolling programme of partner finance health-check visits, commencing in Q4 of 2017/18; we will undertake one visit per quarter with our Partner A contract holders. For clarification, our Partner A contract holders are the organisations we work with who are in receipt of over £50,000 per annum and have an executed Partner A contract.

The Partner Financial Health Check Visit is likely to take half a day and be based at the site of the partner organisation. Returned questionnaires will be reviewed and along with other local intelligence we will undertake a risk profiling exercise to draw up a priority list. We will then contact the first organisation to request further evidence linked to the detail provided in the questionnaire and provide further information regarding the health-check visit.

The first two PO visits have been scheduled for February.

4. Internal Audit Review

As the host organisation, the Trust is responsible for the delivery, governance, and performance of the LCRN along with financial management of the budget. Under the NIHR CRN Performance and Operating Framework 2015-16, the national CRN Coordinating Centre requires LCRN Host organisations to include NIHR funded activities within the scope of their internal audit coverage. The internal audit should be risk based, and take place at least once every three years. PwC reviewed the controls and procedures in place in 2014, shortly after the LCRN became operational. The previous internal audit review resulted in a medium risk report (1 medium risk finding and 5 low risk findings). The medium risk finding was around the lack of monitoring of commercial activity.

The scope of the Internal Audit review was agreed with LCRN and UHL, and the review took place in December 2017. Currently the management team have received informal feedback regarding the outcome of the audit, and are now awaiting a draft report from PwC. Once the report has been finalised it will be shared with the Trust and NIHR, including all findings and recommendations.

5. Recommendations

The CRN Executive Committee is asked to:

- Note the financial position to December 2017
- Note the financial risks identified
- Note the Finance Health Check Programme
- Note the current Internal Audit review