

North East and North Cumbria Integrated Care Board
Finance, Performance and Investment Committee
**Minutes of the meeting held on Thursday 2 February 2023, 10:00hrs
Pemberton House, Sunderland**

Present: Jon Rush, Chair
David Chandler, Interim Executive Director of Finance
Dave Gallagher, Executive Director of Place Based Delivery
Eileen Kaner, Vice Chair
Jen Lawson, Governance Lead
Jacqueline Myers, Executive Chief of Strategy and Operations
Rajesh Nadkarni, Executive Medical Director, CNTW (via MS Teams)
Neil O'Brien, Executive Medical Director

In attendance: Richard Henderson, Director of Finance
David Stout, ICB Audit Committee Chair
Emma Ottignon-Harris, Executive Assistant (minutes)

FPI/2023/13	<p>Welcome and introductions</p> <p>The Chair welcomed everyone to the Finance, Performance and Investment Committee (FPIC) meeting and introduced Emma Harris who had taken over the admin duties for the committee.</p>
FPI/2023/14	<p>Apologies for absence</p> <p>Apologies for absence was received from Ken Bremner, Chief Executive, South Tyneside and Sunderland NHS FT</p>
FPI/2023/15	<p>Declarations of interest</p> <p>During the Finance update, the Interim Executive Director of Finance declared a declaration of interest for agenda item 8.2 ICB Financial Planning 2023/24 update, as his spouse is employed as Deputy Director of Finance at Gateshead NHS FT, although it was deemed appropriate to continue with discussions.</p>
FPI/2023/16	<p>Minutes of the previous meeting (5 January 2023)</p> <p>It was AGREED that the minutes accurately reflected the meeting with the</p>

	<p>exception of the following amendment:</p> <p>Agenda item 'FPI/2023/06 Action log update': page 4, paragraph 1, Outside of the meeting, David Purdue had advised that the action cards and discharge policy have been resent to Trusts and are being monitored through the daily discharge meetings with place directors.</p>
FPI/2023/17	<p>Matters arising from the minutes</p> <p>There were no matters arising from the minutes</p>
FPI/2023/18	<p>Action log update</p> <p>The action log was reviewed and the following updates were provided:</p> <p>FPI/2022/11/07/04: – action is closed. Work is ongoing on modelling for waiting lists and received a draft narrative for elective recovery plan. To be incorporated in 2023/23 Planning.</p> <p>FPI/2022/11/07/05: – action is closed. Executive Chief of Strategy and Operations confirmed additional metrics have been added and the appointment of Director of Performance and Improvement will support the work. Replace with new action: FPI/2023/18/01: - Revision of the overall approach to presenting a broader set of data for the ICB Performance position. Delivery plan to be presented at April meeting with a view to be complete within 6 months.</p> <p>FPI/2022/11/08/01: – action is closed. Executive Chief of Strategy and Operations confirmed approximately 80% overspend in Ophthalmology across 3 large providers. Work has been undertaken by the NENC ICB Executive team and this will be incorporated in to the 2023-24 planning.</p> <p>FPI/2022/11/09/01 – on February meeting agenda for discussion.</p> <p>FPI/2022/12/11/01 – action is closed. The Interim Executive Director of Finance confirmed a draft plan to be submitted in February and will incorporate the request for £17.5m guaranteed drawdown – a business case will be required. Interim Executive Director of Finance to raise with Deputy Finance Director NHSE.</p> <p>FPI/2022/12/12/01 – action is ongoing. The Executive Chief of Strategy and Operations to provide update at March meeting.</p>
FPI/2023/19	<p>Notification of urgent items of any other business</p> <p>There were no urgent items of any other business raised.</p>

FPI/2023/20	<p>ICB Financial performance update</p> <p>The Interim Executive Director of Finance presented the finance report for the financial year 2022/23 for the period to 31 December 2022 which included the Month 9 financial position.</p> <p>The report demonstrates at Month 9 that the ICS is on track to deliver the planned breakeven position, reporting a small surplus of £20k. The ICB is forecasting a surplus of £5.7m which offsets a forecast deficit across NHS Providers.</p> <p>Month 9 key highlights included:</p> <ul style="list-style-type: none"> • There have been significant financial pressures in the independent sector (IS) with an overspend of over £20m linked predominantly to elective recovery, in particular across ophthalmology, trauma and orthopaedics activity. Total spend of approximately £75m is projected in 2022/23 compared to approximately £50m in 2019/20. • Significant pressures are also evident in prescribing predominantly linked to the impact of price concessions when there is limited availability of certain drugs. To date there is an impact of £12.1m and forecast impact of £20.7m, with further pressure experienced due to Category M price uplifts. A further increase in the cost of drugs is expected until year end which has been offset and identified as a key risk. • Additional funding has been agreed with NHSE to support system financial pressures and as a result the unmitigated financial risk had been reduced from £35m to £13m at Month 9. <p>A question was asked if there was a risk of an underspend against the capital allocation. The Interim Executive Director of Finance noted that a more detailed update on capital was in the presentation to follow but explained that discussions were ongoing regarding additional capital departmental expenditure limit (CDEL) funding for specific schemes which would impact the final position. Work had been undertaken with the Provider Collaborative to assist with their financial forecasting. The Provider Collaborative Capital Leads have confirmed that there will be a formal assurance process into the ICB to identify any risk and potential mitigations.</p> <p>A concern regarding the potential perception from local authorities around the information in "Table 1.1: ICS in year financial position which detailed the financial allocations to place" was raised. The Interim Executive Director of Finance reminded the Committee that those allocations had been set at CCG level based upon an NHSE formula. Moving forward the Resource Allocations Group will consider and propose options for allocating resources.</p> <p>A point was raised that any approach to level up or level down plans should be explicit and transparent and questioned if a similar level of efficiencies should be applied to areas which incur overspend and underspend.</p>
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A concern was raised regarding how to ensure underspend in "Community Health Services and Primary Care, highlighted in Table 1: ICB financial position" was not used in future financial planning to subsidise other areas of health spend, and that a well-structured plan should be in place to ensure growth and investment in Primary Care services.

It was emphasised that the vast majority of underspends shown in the report had been driven by one off non-recurrent benefits. Whilst individual place positions and budgets would always need to be managed to ensure delivery of the overall ICB position, assurance was provided that places would be responsible for making best use of their allocations.

The Committee discussed the requirement for a well structured and visible plan on spend using historical budgets with credible and realistic budget setting and to avoid variations, although it was noted that this could take several years to achieve.

The discussion highlighted that the Integrated Care Strategy should drive the policy statements required to develop effective budget setting and an ability to measure in year variance and emphasised the importance of ensuring last minute non-recurrent funding is used strategically and effectively.

Further points raised for the Committee to consider were the use of required outcomes to focus on financial allocations, the link to the ICB Quality Committee and the transformational use of strategy in utilising underspends.

The Committee was asked to consider how to alleviate the growing inequality and inequity in the region.

The Chair summarised key points of the discussion:

- Await the outcome of ICB delegations to Place.
- How to get activity closer to community and Primary Care which will involve planning and additional funding.
- The risk of elective care payment by results versus block contracts.
- What is the strategy and how to do it?

The Interim Executive Director of Finance provided a presentation which covered the following areas:

- Challenge to achieve break-even 2022/23 revenue.
 - Unmitigated pressures of c. £40m.
- Objectives for ICS Finance and Year End.
 - The principles had previously been brought to FPIC for review.
- Options for ICS financial balance.
 - Option 2 – allocate pressures funding and support the organisations at risk of deficit or increase in deficit had received the

most support at the FPIC meeting in January 2023.

- NENC ICS month 10 forecast out-turns as at 27 January 2023.
 - £20m of additional funding had been agreed with NHSE, subject to the ICS achieving a balanced position. Of this, approximately £5m had been allocated to the ICB with approximately £15m allocated to those providers who required it to support pay award costs.
 - Additional funding received from NHSE Specialised Commissioning had enabled the redistribution of some COVID funding.
 - Following all proposed adjustments, a revised forecast surplus across the ICS of £663k was expected. Discussions were ongoing with one provider trust and it was expected this could be reduced further to below £500k.
 - This included a revised forecast for the ICB of £2.7m.
 - The proposed figures reflected the agreement to support those organisations at risk of going into deficit to achieve break-even plan.
- ICS capital position for Month 9.

In response to a question of how many organisations were at risk of a deficit position, the Interim Executive Director of Finance replied that South Tees and North Cumbria NHS FTs were in a deficit position and support had been provided to either reduce or avoid a larger deficit.

The Committee recognised the willingness from all providers to offer mutual financial aid across the system, but the risk of a shift from a needs-based allocation was highlighted.

It was asked how do providers envisage a plan for improvement and avoid continuing deficit positions. The Interim Executive Director of Finance replied that there is work to do on maturity of the system. The additional funding received is not recurring and organisations will require a recovery plan to assure financial sustainability in the long term.

There was a brief discussion regarding financial control within the Provider Trusts which had been impacted by some external factors such as PFI debt.

RESOLVED:

The Finance, Performance and Investment Committee **NOTED** the content of the report.

A short discussion took place around the role of the Committee in relation to Capital and based on a brief development session prior to the meeting. It was decided that some work needed to be undertaken with regard to this to ensure that the TOR accurately reflected the Committees role.

ACTION:

Interim Executive Director of Finance to work with DoFs regarding the role of the FPIC in relation to Capital and revise the ToR accordingly.

FPI/2023/21	<p>ICB Financial Planning 2023/23</p> <p>The Interim Executive Director of Finance provided a brief overview of the System Financial Planning update paper which outlined a summary of the draft NHS financial planning guidance for 2023/24 and 2024/25, including funding allocations, and to set out next steps for development and agreement of ICS finance plans. There were no questions raised for discussion.</p> <p>RESOLVED: The Finance, Performance and Investment Committee NOTED the content of the report.</p>
FPI/2023/22	<p>ICB Performance position update</p> <p>The Executive Chief of Strategy and Operations introduced the Integrated Delivery report which provided an ICS overview of quality, performance and finance using published performance and quality data for November and December 2022 unless otherwise stated.</p> <p>Key changes from the previous report highlighted were:</p> <p>Handover delays:</p> <ul style="list-style-type: none"> • Some of the ambulance service data in the report ran to week ending 15 January 2023 and therefore did not reflect the full month position. In future a request has been made that incomplete months of data should not be included within the charts as it may provide an inaccurate performance position, the latest, unvalidated position may be referenced in the commentary, where this is helpful. • In the case of handover delays, the position had improved considerably through to the end of January; from a peak of 220 hours lost on average per day to around 20 for the last 2 weeks of January 2023. • It was confirmed that the ICB Chief Executive had met with Trusts to ensure the planned changes and commitment to endeavour to achieve the 59 minute handover go live from 1 February 2023, although it was acknowledged that not all providers would be at that position by then. In excess of one hour delays in North Cumbria will be measured but NWS were not included in the 59 minute maximum protocol agreement. <p>Elective Care:</p> <ul style="list-style-type: none"> • County Durham and Darlington Foundation Trust (CDDFT) has moved into Tier 2 due to an increase of patients waiting in excess of 78 weeks. The ongoing industrial action was highlighted as a risk to delivery of plans for Newcastle University Teaching Hospitals NHD FT's plans too as it has already resulted in resulted in a step down for some elective activity and more strikes are planned. <p>Cancer:</p>

- Positive news included that the Cancer diagnosis standard within 28 days of referral had been met in November 2022. The report included information regarding work with the Cancer Alliance and Trusts on the 62 day specific pathway work.

Mental Health:

- Due to a cyber-attack incident some NHSE mental health data may not be available until May 2023. Dialogue is ongoing with organisations to obtain alternative data sources and the recent appointment of a joint Trust Chief Information Officer for the 2 Mental Health Trusts should result in an improvement in the data platform availability.

Rajesh Nadkarni left the meeting

12 hour delays in A&E from decision to admit:

- The position in January 2023 was concerning although bed occupancy had started to reduce. It was noted that the 12 hour delay pathway an important metric which is linked to increased mortality rates.

Ambulance response times:

- Data for December 2022 had deteriorated to a 1:36 hour mean time wait for Category 2 calls which was below the national meantime. The response time peaked in January 2023 at 1:53 hours but has since reduced. More time is needed to measure the impacts and work underway to understand if it is sustainable.

The Executive Chief of Strategy and Operations summarised that overall waiting lists were increasing, and in response was asked what was the mechanism in place with providers to improve the position. It was confirmed that the Trusts need to deliver higher volumes of activity together with plans to increase the use of mutual aid from Trusts with lower waiting times to Trusts with higher ones; use of independent sector; redesign of pathways to optimise the use of staff and resources , for example digital-dermatology and improved productivity and using the data and support provided via the getting it right first time (GIRFT) Team.

The ICB have delegated delivery of the elective recovery plan with the Provider Collaborative although the plan was in the early stages.

The Interim Exec Director of Finance confirmed that work had commenced on oversight and assurance and there was a description of the recently introduced ICB Oversight Framework process. Data packs had been provided to Trusts in advance of meetings and a more standardised system approach is expected in the coming months.

There was a discussion regarding plans required for organisations with historical overspend to return to a financial breakeven balance position over a strategic timescale.

FPI/2023/23	<p>Operational planning submission 2023/24 update</p> <p>The Executive Chief of Strategy and Operations gave a presentation which detailed operational plan submission requirements and process. A number of system planning meetings have been set up in order to progress the work required.</p> <p>The Elective activity target for the ICB is 109% of 2019/20 activity.</p> <p>Key dates were highlighted between 20 February through to 28 March 2023 for briefings with Board Committees in advance of the final submission on 30 March 2023. Guidance states that plans must be ICB Board and Foundation Trust approved.</p> <p>ACTION: Executive Chief of Strategy and Operations and Interim Executive Director of Finance to provide a further operational planning submission 2023/24 update to be added to agenda for 2 March meeting.</p> <p>The Interim Executive Director of Finance continued with the presentation which detailed the financial elements of the planning process.</p> <p>It was noted that there had been a significant reduction in Covid funding from £125m to £24.8m. 2023/24 growth funding amounted to £282m and expectations for use of the funding were explained, although at least a third will be allocated to inflation. The presentation outlined the proposed approach to various funding streams and proposed contract mandate assumptions for the purposes of the draft plan submission. There was a discussion regarding how reference to the new Strategy will be required with regard to growth funding allocations.</p> <p>Additional funding has been allocated which included additional beds capacity funding and should be treated as recurrent, although this was not guaranteed.</p> <p>A risk was highlighted in CHC and Prescribing which could be in excess of national growth assumptions.</p> <p>The Board acknowledged the challenges as stated on page 55 of the system financial planning update report which outlined the NENC ICS 2023/24 underlying ICB and provider deficit positions.</p>
FPI/2023/24	<p>Resource allocation group – terms of reference</p> <p>The Director of Finance Corporate outlined the purpose for the Committee to consider and approve the amended terms of reference for the Resource Allocations Group.</p> <p>The Executive Chief of Strategy and Operations requested that a sentence be</p>

	<p>added to section 2: Purpose to include the delivery of the strategy.</p> <p>There was a brief discussion regarding the work and governance for the Efficiencies group.</p> <p>ACTION: Richard Henderson to amend the resource Allocation Group terms of reference to include the delivery of the strategy in section 2: Purpose.</p> <p>RESOVLED: The Finance, Performance and Investment Committee APROVED the Resource Allocation Group Terms of Reference, subject to the above amendment to section 2: Purpose.</p>
<p>FPI/2023/25</p>	<p>FPIC Cycle of Business</p> <p>There was a discussion regarding the frequency and level of reporting required on a monthly basis, although the Chair confirmed the current requirement in the terms of reference states a commitment of 10 meetings per calendar year.</p>
<p>FPI/2023/26</p>	<p>Any Other Business</p> <p>No further business was discussed.</p>
<p>FPI/2023/27</p>	<p>Review of the Meeting</p> <p>There was overall agreement that future meetings should focus on 2023/24 planning rather than historic business, apart from a mid-year review stage.</p>

Signed:



Position:

Chair

Date:

2 March 2023