



North East and North Cumbria Integrated Care Board

Finance, Performance and Investment Committee

**Minutes of the meeting held on Thursday 1 February 2024 at 10:00hrs
Pemberton House, Sunderland**

- Present:** Jon Rush, Chair
 Ken Bremner, Chief Executive, South Tyneside & Sunderland NHS FT
 Levi Buckley, Executive Area Director - North and North Cumbria /
 Executive Lead for Mental Health, Learning Disability and Autism
 David Chandler, Executive Director of Finance
 Dave Gallagher, Executive Area Director (Tees Valley and Central)
 Richard Henderson, Director of Finance (Corporate)
 Eileen Kaner, Independent Non Executive Director
 Jen Lawson, Head of Governance
 Jacqueline Myers, Executive Chief of Strategy and Operations
 Rajesh Nadkarni, Executive Medical Director, Cumbria, Northumberland,
 Tyne & Wear NHS FT (via MS teams)
 Dr Neil O'Brien, Executive Medical Director
 Dr Michael Smith, Primary Medical Services Partner Member
- In attendance:** Phil Argent, Director of Finance (North)
 Emma Ottignon-Harris, Executive Assistant (minutes)
 David Stout, Independent Non Executive Member (via MS teams)

FPI/2023-24/146	<p>Welcome and introductions</p> <p>The Chair welcomed all those present to the meeting and confirmed that the meeting was quorate.</p> <p>It was agreed that the meeting would be recorded for the purpose of minutes.</p>
FPI/2023-24/147	<p>Apologies for absence</p> <p>None</p>
FPI/2023-24/148	<p>Declarations of interest</p> <p>A conflict of interest was declared for the Chief Executive, South Tyneside & Sunderland NHS FT with regard to agenda item 9.2 - ERF paper, due to decisions regarding funding allocations. The Chair noted the declaration and clarified that the committee member had received the paper for information and discussion but would abstain from any decision making relating to this item.</p>

	<p>The Executive Director of Finance raised a conflict of interest regarding ERF allocations as his spouse is employed by Gateshead Health NHS FT as Deputy Director of Finance. It was deemed appropriate to proceed with discussions and decisions or recommendations at this meeting.</p>
FPI/2023-24/149	<p>Minutes of the previous meeting held on 7 December 2023</p> <p>RESOLVED: The FPI Committee AGREED that the minutes of the meeting held on 7 December 2023 were a true and accurate record.</p>
FPI/2023-24/150	<p>Matters arising from the minutes</p> <p>There were no matters arising from the minutes.</p>
FPI/2023-24/151	<p>Notification of urgent items of any other business</p> <p>There were no urgent items of any other business.</p>
FPI/2023-24/152	<p>Action log update</p> <p>FPI/2023/126/01 Independent Sector Review:</p> <ul style="list-style-type: none"> • Director of Finance (Corporate) to include additional analysis, timeline and increase since 2019/20 for mental health spend in the independent sector in future finance reports. <p>FPI/2023/126/02 and FPI/2023/126/03 Independent Sector Review:</p> <ul style="list-style-type: none"> • Replace actions with new action regarding differentials in NHS versus IS costs. A discussion took place regarding concerns with incentive payments for Ophthalmology services, inaccurate Advice and Guidance, lack of control of IS activity, performance and sustainability of NHS services. Market management work is underway although caution was aired due to governance and legality. Actions closed and replaced with FPI/2023/126/04. <p>FPI/2023/126/04 Independent Sector Review:</p> <ul style="list-style-type: none"> • Executive Director of Finance to work with Provider Collaborative and NHSE colleagues to provide an update and assurance on work required to develop an ICS influencing strategy for the ICS.
FPI/2023-24/153	<p>Terms of reference – revisions and updates</p> <p>The Head of Governance provided a summary of the report which provided the Committee with an update of a Terms of Reference review across all NENC ICB Committees and Sub-Committees to ensure standardised wording and terminology is used consistently and in light of ICB 2.0 changes. This will be incorporated into the governance handbook for Board approval in March 2024 and final approved versions will be available on the ICB website.</p>

	<p>A separate piece of work is underway regarding potential overlap and duplication around efficiencies and investment with FPI and Executive Committee which will be updated on at the meeting in April.</p> <p>It was clarified that performance oversight and assurance is included within the terms of reference.</p> <p>A query was raised regarding the gravity of decision making at FPI Committee with regard to resource allocation. In response it was explained that business case resource decisions are in the remit of the Executive Committee and decisions regarding more complex allocations across the ICS will be brought to FPI Committee for review and approval.</p> <p>A suggestion to continue discussions within the Executive Committee with regard to decision making responsibilities. A reminder was given of a Provider Trust process whereby a list of decisions and business case approvals made at Executive Committee is provided on a regular basis for oversight purposes.</p> <p><u>RESOLVED:</u> The Committee REVIEWED and AGREED the proposed amendments to the terms of reference.</p>
<p>FPI/2023-24/154</p>	<p>ICB financial performance update</p> <p>The Executive Director of Finance presented the finance report for the period to 31 December 2023 which included the Month 9 financial position, and it was confirmed that there were no significant changes since the update provided at the recent Board meeting.</p> <p>Key points and risks were highlighted:</p> <ul style="list-style-type: none"> • The forecast ICS revenue position reported at month 9 is a deficit of £35m, the improvement from original plan relating to Northumbria Healthcare FT (NHCFT) and a non-recurrent benefit arising from an estate related legal claim. • The ICB revenue position continues to be a forecast surplus of £32.4m in line with plan. • The ICS capital spending forecasts include the impact of IFRS16 (lease accounting) resulting in a forecast overspend of £30.3m. This is an improvement of over £10m on the previous month as the pressure relating to an allowable 5% 'over-programming' in excess of the ICS capital developmental expenditure limit (CDEL) allocation has now been resolved. It is expected that regional spending for 2023/24 will be managed within budget constraints. • The ICB is reporting a relatively small underspend against running costs budgets (£0.1m YTD and £1.5m forecast underspend) which will help to offset programme budgets. • Running costs remain a potential risk area for the ICB on a recurring basis and 2.0 development work is ongoing in response to the forthcoming 30%

	<p>real terms reduction. There is a provision for overall total expected redundancy costs relating to ICB 2.0 estimated at £6m, but this will be kept under review.</p> <ul style="list-style-type: none"> • Loss of ERF income and industrial action related costs are estimated at £11-12m and additional NHSE resources are anticipated. • With respect to risks and pressures, there is a potential for late funding allocations or additional budget slippage through to the end of the year. <p>There was an opportunity for comments and questions:</p> <p>A query was raised regarding the data in table 13: ICS Efficiencies, and the consequence and action plan if recurrent efficiency savings do not materialise. In response it was explained that the gap is predominantly driven by the lack of a recurrent cost improvement plan at Newcastle upon Tyne Hospitals (NuTH), which has been acknowledged and work and plans have since been put in place to improve the financial position.</p> <p>A query was raised regarding the further overspend analysis work referenced in table 9: ICB Primary Care Delegated Services. In response it was explained that there were historical budget deficits in GP delegated budgets due to differences in the national allocation formula compared to the formula used to set GP contracts. Growth in funding allocations had been insufficient to cover the nationally agreed increases in GP contracts. A further understanding of what pressures are driven by the national formulas and contracts and what can be influenced locally is required. A description of some analysis work underway in primary care focussing on the even and fair spread of services across the ICS was given. It was noted there are complex legacy issues due to local schemes in place therefore standardisation work is focussing on key priority areas initially.</p> <p>A query was raised regarding the reduced risk reported in December in table 14: ICS Risks and Mitigations. In response it was explained that further improvement is expected to continue which could lead to spending opportunities, although industrial action related risks continue. VAT on energy costs over a 4 year historic period and equal pay claims for Band 2 to 3 pay rates across some organisations were highlighted as additional potential risks</p> <p><u>RESOLVED:</u></p> <ol style="list-style-type: none"> 1) The Committee NOTED the latest year to date and forecast financial position for 2023/24. 2) The Committee NOTED there are a number of financial risks across the system still to be managed although these are reduced from previous levels.
<p>FPI/2023-24/155</p>	<p>Resource allocation group (RAG) highlight report</p> <p>The Executive Director of Finance provided an overview of the RAG working group, of which the Technical Allocation Group (TAG) and Coding Improvement group (CIG) are sub-groups:</p>

	<ul style="list-style-type: none"> • Review of principles for resource allocation. • Review of NHSE place-based allocation tool which has identified Tees Valley as underfunded and North Cumbria as overfunded. • The CIG has been set up to review variable allocations across the system, including training and inconsistencies. Three coding audits across the NENC patch will be undertaken and a Clinical Lead has been identified from NuTH to support the work. <p>A number of questions were asked:</p> <p>Will the national allocation formula continue to be used, can it be influenced at a local level and should consideration be given to a deprivation versus population allocation due to the prevalence across the NENC region? It was explained that the NHSE methodology is currently used and the RAG has a diverse membership to assist with influencing and recommendations.</p> <p>What is the timescale to progress coding and allocation discussions with the cycle of national allocation? It was made clear that there is no quick fix, visibility of work is necessary and that NHSE are currently working on the 2025/26 allocation methodology.</p> <p>The discussion continued regarding a potential change in political perception, range, use and impact of allocation models.</p> <p>The discussion was summarised by the chair with actions to align the work to the Influencing Strategy and provide a further update to the FPI Committee at the meeting on 4 April 2024.</p> <p>ACTION: Executive Director of Finance to provide a further update to include Influencing strategy and allocation model at FPIC on 4 April.</p>
<p>FPI/2023-24/156</p>	<p>Business case (Confidential) See PRIVATE minutes</p>
<p>FPI/2023-24/157</p>	<p>ERF update</p> <p>The Executive Director of Finance introduced the Elective Recovery Funding (ERF) Approach 2023/24 paper which set out a proposed adjustment to the application of the locally agreed approach to ERF 2023/24. Although a declaration of interest for the Chief Executive of South Tyneside and Sunderland (SSTFT) had previously been declared it was deemed appropriate by the Chair for him to continue with the discussion from a Provider Collaborative perspective but to abstain and not be present during the actual decision making process.</p> <p>The Committee were reminded of the previous paper which was considered and agreed in principle by the FPI Committee on 6 July 2023.</p>

	<p>THE ICB apportioned the initial £140.2m ERF allocation into starting contract baselines, with a split to achieve elective activity target, CDC funding, NEAS funding and a remaining residual fund of £44m.</p> <p>Due to significant challenges from ongoing periods of industrial action, UEC pressures, national amendments to ERF targets and the H2 planning letter, the Committee were asked to consider two amendments to the locally agreed approach to Elective Recovery Funding for 2023/24.</p> <p>A breakdown of the £44m residual balance allocation by organisation had been laid out in the paper. The revised proposal therefore retains the organisational split included in starting contract mandates, rather than reapportioning the total in-year as per the original intent. Assurance was provided that there had been no residual issues raised by the ICS Directors of Finance Group and was in line with financial reporting assumptions. It was also confirmed that there were no concerns raised through the Provider Collaborative.</p> <p>The Chief Executive, South Tyneside & Sunderland NHS FT left the meeting.</p> <p>Due to an in-year change by NHSE to count Advice and Guidance activity, it was clarified that it would change from a fixed block element of contract mandates for 2023/24 and this activity would contribute towards the national calculation of required adjustments to ERF funding allocations provided to systems. It is anticipated that 2024/25 ERF national guidance will remain unchanged and a description of the national reimbursement formula was given.</p> <p>There was a discussion regarding Advice and Guidance, its potential impact to Primary Care and it was noted that this is under discussion through the Primary and Secondary Care interface work.</p> <p>A request was made to ensure that the NENC ICB Board formally noted the FPI Committee approval to the proposed amendments at the next Board meeting.</p> <p>ACTION: Executive Director of Finance to seek NENC ICB Board ratification / notification of the FPI Committee approval to the proposed amendments to the application of the locally agreed approach to Elective Recovery Funding 2023/24.</p> <p><u>RESOLVED:</u> The Committee REVIEWED and APPROVED the proposed amendments to the application of the locally agreed approach to Elective Recovery Funding for 2023/24.</p>
<p>FPI/2023-24/158</p>	<p>2024/25 planning process update</p> <p>Due to meeting time constraints, it was agreed that the Committee would receive the Planning 2024/25 presentation via email and any questions to be followed up outside of the meeting. A further update would be provided at the next Committee meeting on 7 March.</p>

	<p>The Director of Finance (North) left the meeting.</p>
<p>FPI/2023-24/159</p>	<p>Capital oversight arrangements</p> <p>A reminder was given that the FPI Committee has delegated responsibility by the ICB Board in relation to capital related issues to seek assurance on the development of a system capital programme, approach to prioritising capital funding bids and to monitor capital spend against the funding allocation and seek assurance on delivery of the system capital programme.</p> <p>The Executive Director of Finance introduced the ICS Capital Governance paper which described the ICB delegated responsibility of a significant element of this role to the Provider Collaborative, via the NENC Infrastructure Board, to support the proactive planning and monitoring of spend across provider organisations. The NENC Infrastructure Board will receive reports from the Capital Collaborative Group. It was confirmed that it does not include Primary Care. Updates will be provided to the FPI Committee on a quarterly basis and any issues by exception.</p> <p>An addendum had been made to the Provider Collaborative Responsibility Agreement to provide clarity on the specific roles and expectations and a governance chart was included in the report.</p> <p>With regard to delivery of the wider strategy, a request was made to highlight the lack of ICB and Provider Trust Strategic Planning roles in the membership and link to Foundation Trust and Primary Care capital requests in the Infrastructure Board Terms of Reference.</p> <p>ACTION: Executive Director of Finance and Director of Corporate Governance and Board Secretary to highlight the lack of ICB and Provider Trust Strategic Planning roles in the membership and the link to Foundation Trust and Primary Care capital requests for revision in the Infrastructure Board Terms of Reference.</p> <p>RESOLVED: The Committee NOTED and RECEIVED the governance arrangements for capital related issues for assurance.</p>
<p>FPI/2023-24/160</p>	<p>ICB performance update</p> <p>The Executive Chief of Strategy and Operations introduced the integrated delivery report which provided an ICS overview of quality and performance using data covering October 2023 for most metrics and November 2023 for others, unless otherwise specified. The finance data was for December 2023 (Month 9).</p> <p>Due to meeting time constraints a request was made to prioritise an update on cancer and mental health wait times.</p>

	<p>Cancer:</p> <ul style="list-style-type: none"> • Latest data reported that the number of patients waiting over 62 days had reduced to 1036 which was encouraging against the end of March 2024 plan target of 817. Urology remains a challenge which accounts for approximately 35% of the backlog, however a description of the improvement work underway was given and how the NENC ICB System Performance Oversight and Improvement group are in discussions regarding operational work towards delivering the clinical strategy. • The Clinical Leads within the Cancer Alliance have been tasked with prioritising Cancer types which require treatment within 62 days and a plan per tumour site is in development. <p>Mental Health:</p> <ul style="list-style-type: none"> • A robust data set of time intervals at all ages and in specific Mental Health waiting times and pathways is now available, which has reported a declining position. Transformation work is ongoing around graduated pathways for ADHD and Autism diagnosis, Talking Therapies for Anxiety (TTAD) and a community Mental Health support model. A detailed paper regarding transformation plans and funding will be presented to the Board in March. <p>In response to a request for Prevention, Healthier and Fairer 2024/25 planning and data, it was suggested that this should be picked up in Quality discussions.</p> <p><u>RESOLVED:</u> The Finance, Performance and Investment Committee RECEIVED the content of the report for information and assurance</p>
<p>FPI/2023-24/161</p>	<p>Any other business</p> <p>There was no further business for discussion.</p>
	<p>Meeting review and date of next meeting</p> <p>The next meeting is confirmed to take place on Thursday 7 March at 10.00am. Meeting concluded.</p>

Signed:



Position:

Chair

Date:

07 March 2024