



**North East and
North Cumbria**

**North East and North Cumbria Integrated Care Board
Extraordinary Audit Committee**

**Minutes of the meeting held on Wednesday 23 April at 13:00
via MS Teams**

Present: David Stout, (Chair), Non-Executive Director, ICB
Jon Rush, Non-Executive Director, ICB
Eileen Kaner, Non-Executive Director, ICB

In Attendance: David Chandler, Chief Finance Officer, ICB
Deborah Cornell, Director of Corporate Governance & Board Secretary, ICB
Richard Henderson, Director of Finance (Corporate), ICB
Lynda Hutchinson, Head of Corporate Governance
Mark Kirkham, Partner, Forvis Mazars
Diane Harold, Senior Manager, Forvis Mazars
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2025-26/026 Welcome and introductions

The Chair welcomed all those present to the meeting.

AC/2025-26/027 Apologies for Absence

Apologies for absence were received from Sharon Fatkin, Senior Internal Audit Manager, AuditOne, Claire Riley, Chief Corporate Services Officer, ICB, April Coulson, Associate Director of Internal Audit, AuditOne, and Gareth Davies, Counter Fraud Manager, Audit One.

AC/2025-26/028 Confirmation of Quoracy

For the meeting to be quorate, a minimum of two independent non-executive members were required, including either the Chair or Vice-Chair.

It was agreed the meeting was quorate.

AC/2025-26/029 Declarations of Interest

There were no declarations of interest.

The Chair confirmed that if any interests were raised during the meeting, they would be acted on accordingly.

AC/2025-26/030 Draft Annual Report 2024/25

The Director of Corporate Governance and Board Secretary presented the Draft Annual Report 2024/25 for information and highlighted the key points.

This was the first draft of the annual report, drafted and developed in accordance with the direction and guidance from NHS England and in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual.

The report followed a similar format to previous years and included a timeline for key milestones and activities. Several areas highlighted in yellow indicated where further updates or information were required, and these would be updated for the final version to be presented to the committee on 12 June 2025.

NHS England will use the 2024/2025 annual report of each ICB as the main source of evidence for undertaking the annual assessment. NHS England had issued a checklist to be completed, structured around four core purposes of an ICS (plus system leadership) with the eight duties aligned to the key lines of enquiry (KLOEs) to support the assessment against the ICB's statutory duties and inform the annual assessment outcome letter.

The annual assessment of ICB's for 2024/25 will not result in an overall rating/classification. However, a review against the KLOEs would be undertaken to ensure the annual report reflected all necessary requirements before its draft submission to NHS England on 25 April 2025.

It was reported that the performance data would be updated in early May, and the Chair's Foreword and Statement from the Chief Executive were under review by the Communications Team.

It was acknowledged that the report was comprehensive, relevant and accurate, and the Chair took the opportunity to congratulate and thank everyone involved in the production of the annual report.

A question was raised regarding whether there had been any initial feedback from the Health and Wellbeing Board and whether feedback was routinely sought. It was advised that feedback had been requested last year with positive responses provided. No feedback had been received to date; however, this would be followed up, and a further opportunity for feedback would be provided.

A comment was made around the acronym for the Health and Wellbeing Board being different on the cover sheet compared to the main report. This would be addressed by the Governance Team.

ACTION: Head of Corporate Governance to review the report to ensure accurate and consistent use of the acronym for the Health and Wellbeing Board (HWBB).

It was highlighted that content around the research elements within the report needed to be finalised. The suggestion was made to refer to the group rather than mentioning the co-convenor by name.

In relation to membership of committees, it was noted there was inconsistent mention of Vice Chairs across different committees. The suggestion was made to consistently mention the Vice Chair for good governance.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the first draft ICB annual report 2024/2025.

AC/2025-26/031 Draft NAO Checklist

The Director of Corporate Governance and Board Secretary advised that the National Audit Office (NAO) Checklist had been received as part of the annual report preparation process and demonstrated that all necessary requirements had been achieved.

The checklist had been completed to reflect the first version of the annual report and would be updated in line with the final version of the annual report.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** National Audit Opinion (NAO) disclosure checklist.

AC/2025-26/032 Accounts Briefing Note and Annual Accounts

The Director of Finance (Corporate) presented the Accounts Briefing Note and Annual Accounts and highlighted the key points.

The purpose of the briefing note was to provide a basic understanding of the ICB annual accounts for 2024/25, including an explanation of any significant balances or movements. It was noted that the briefing note should be read alongside the annual accounts.

It was highlighted that this was a draft submission with potential for change, and the numbers were subject to audit.

It was reported that the accounts were based on a standard national template, and the general form and content had not changed significantly from last year. There were four primary statements with supporting notes in the accounts.

The Statement of Comprehensive Net Expenditure showed all income and expenditure of the ICB in the year, and all of the figures detailed in the notes. This was not inclusive of the ICB's main funding allocations.

There had been a small increase in operating income from last year due to a general increase in fees, predominantly prescription fees and dental charges.

Staff costs had increased due to the 5.5% pay award allocation. There were no exit packages this year, unlike last year.

There was an increase in operating cost expenditure due to growth funding and in-year allocations from NHS England. A detailed review of all income and expenditure had been undertaken to explain the movements.

The Statement of Financial Position showed assets and liabilities as of 31 March 2025. It was usual for ICBs to have a net liability position in the balance sheet due to funding from NHS England. Balances were mainly receivables and payables. There were movements in the balances due to timing of payments, but nothing of great significance to highlight.

The Accounting Policies Note was standard and remained unchanged from last year. Note 1.1 indicated a going concern basis was being applied in preparation of the accounts. Consideration had been given to the recent NHS England announcement of a 50% reduction in ICB running costs. This may lead to changes in the role of the ICB and how it would operate; however, it was acknowledged the ICB would still have a role as a strategic commissioner, therefore this would not impact the going concern principle.

Note 1.5.1 and 1.5.2 set out critical judgements and key estimates around prescribing and pharmacy spend and CHC spend not invoiced at 31 March 2025.

Note 11 on contingencies highlighted a contingent liability related to the primary care clinical waste procurement and the subsequent legal challenge. At this stage, it was still too early to determine likelihood of success or the potential financial impact, therefore it had been disclosed as a contingent liability. This applied to multiple other ICBs, and a standard form of wording had been agreed. The maximum exposure was estimated by the solicitors between £500k and £2m although this was based on a number of assumptions.

Note 16 showed related party transactions, a standard disclosure showing transactions with organisations identified as related parties or Board members. All transactions were undertaken in the normal course of business.

Note 18: events after the reporting period noted the delegation of specialised commissioning to the ICB from April 2025. Final confirmation of the funding allocation figures was awaited.

Note 19: performance against financial duties showed the ICB had achieved all financial duties and delivered an overall surplus of just under £12.2m, which was in line with expected position, including an underspend on running costs of just under £6m.

Frustration was expressed in relation to the legal case, and it was hoped that a central way of managing such claims affecting many ICBs could be established.

A question was posed about when the actual numbers for prescribing and continuing healthcare would be available. It was advised that prescribing numbers would be finalised by the end of the audit. CHC numbers in the accounts were estimated, and actual costs would take longer to reconcile.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the first draft ICB financial statements prior to submission to NHS England by 25 April 2025.

AC/2025-26/033 ICB Chief Finance Officer Update

The Chief Finance Officer provided an update which covered a number of key issues.

Work continued on the ICB efficiency plan for 2025/26, with a full commitment to delivering £125m in efficiencies.

The main area of risk was related to CHC, with the ICB's Chief Nursing Officer leading the recovery programme.

In relation to the ICS plan, a review was recently undertaken with NHS England, and feedback received indicated reassurance around the plan.

There were concerns raised around several foundation trusts in deficit, support mechanisms were being explored to support two of the foundation trusts.

In relation to the reduction in running costs and staff programme costs, it was advised that NENC ICB was required to achieve a 33% reduction in expenditure. The reporting in the Health Service Journal did not provide a true and accurate reflection.

It was reported that elective caps were being replaced with something similar. More work was required to agree on the commissioned amount of activity needed for the independent sector, given the affordability envelope.

A question was raised about the impact on efficiency savings due to the reduction in management cost envelope. It was advised that the ICB would be more challenging, and delivering financial efficiencies had been highlighted as a top priority for the year. It was understood there was sufficient capacity to enable in-year delivery; however, CHC was a risk in relation to delivery of the strategic change programme. The foundation trust sector was working on reducing corporate services and returning growth to pre-covid levels. Work was underway with NHS England to provide an idea of where the system would be by the end of May 2025.

RESOLVED:

The Committee **RECEIVED** the ICB Chief Finance Officer update.

AC/2025-26/034 Draft Head of Internal Audit Opinion 2024/25

The Director of Corporate Governance and Board Secretary presented the second Draft Head of Internal Audit Opinion 2024/25 prepared for submission on 25 April 2025 as part of the national timetable.

The document set out the current status of work but did not contain an overall assurance level, as a result of the audit work still ongoing.

It was reported that the assurance level table in section 2.2.3, page 6, had been revised to reflect the current position due to the completion of fieldwork.

RESOLVED:

The Committee **RECEIVED** and **NOTED** the Head of Internal Audit Opinion (draft) for information.

AC/2025-26/035 Any Other Business

ICB Annual Assessment

The Head of Corporate Governance advised that Key Lines of Enquiries (KLOEs) would be sent to NHS England by 25 April 2025. A review would be undertaken, and feedback will be provided to highlight any anomalies. The ICB Chair would receive a letter of assurance from NHS England to confirm all of the key indicators were met as an ICB.

Governance Statement

The Director of Corporate Governance and Board Secretary advised that the Governance Statement would be signed by the ICB's Chief Executive, and a further review would be undertaken after the accounts had been audited. Any necessary updates would be reflected in the Governance Statement.

AC/2025-26/036 Review of the Meeting

The Chair requested feedback on any learning points following the meeting.

AC/2025-26/037 Date and Time of next meeting

The next meeting of the Audit Committee was scheduled to take place on Thursday 12 June 2025, 10:00 a.m. to 12:00 noon via MS Teams.

Meeting Closed: 13:40 p.m.

Signed:

A handwritten signature in black ink, appearing to read 'A. Stout', is written over a horizontal line.

Position:

Audit Committee Chair

Date:

12 June 2025