

**North East and North Cumbria Integrated Care
Board**

**North East and
North Cumbria**

Finance, Performance and Investment Committee

**Minutes of the meeting held on Thursday 5 January 2023, 10:00hrs
Via MS Teams**

Present:	<p>Jon Rush, Chair Ken Bremner, Chief Executive, South Tyneside and Sunderland NHS FT David Chandler, Interim Executive Director of Finance Dave Gallagher, Executive Director of Place Based Delivery Eileen Kaner, Vice Chair Jacqueline Myers, Executive Chief of Strategy and Operations Rajesh Nadkarni, Executive Medical Director, CNTW Neil O'Brien, Executive Medical Director</p>
In attendance:	<p>Richard Henderson, Director of Finance David Stout, ICB Audit Committee Chair Gillian Sheppard, Executive Assistant (minutes)</p>

FPI/2023/01	<p>Welcome and introductions</p> <p>The Chair welcomed everyone to the Finance, Performance and Investment Committee (FPIC) meeting.</p>
FPI/2023/02	<p>Apologies for absence</p> <p>Apologies for absence was received from Jennifer Lawson, Governance Lead.</p>
FPI/2023/03	<p>Declarations of interest</p> <p>There were no declarations of interest declared. The Chair reminded members that should a specific conflict of interest be evident during the course of the meeting for the two Provider representatives, they will be dealt with by the Chair as and when they occur.</p>
FPI/2023/04	<p>Minutes of the previous meeting (1 December 2022)</p> <p>It was AGREED that the minutes accurately reflected the meeting with the exception of the following amendment:</p> <p>Agenda item 'FPI/2022/12/13 Terms of Reference': page 6, paragraph 4, deputy cover for this committee is Nic Bailey.</p>
FPI/2023/05	<p>Matters arising from the minutes</p>

	<p>There were no matters arising from the minutes</p>
<p>FPI/2023/06</p>	<p>Action log update</p> <p>The action log was reviewed and agreed that the following actions can be marked as complete:</p> <p>FPI/2022/11/07/01: 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. Committee agreed to close action.</p> <p>FPI/2022/12/08/01: Jacqueline Myers confirmed that the amendment to section 6.4 ICB Financial Oversight Arrangements had been amended to state the FPIC is supported by a monthly ICS finance meeting which includes directors of finance from both the ICS and the ICB, where the financial position is reviewed collectively. Committee agreed to close action.</p> <p>The following updates were provided:</p> <p>FPI/2022/11/07/04: – action is ongoing. Conversations with providers on model and narrative plan for ERF is progressing and final version is imminent. A further update to be given at February 2023 meeting.</p> <p>FPI/2022/11/07/05: – action ongoing. The inclusion of MHLID information in the performance pack is in development with specific metrics to be agreed. A further update to be given at February meeting.</p> <p>FPI/2022/11/08/01: – action ongoing. ICB Director of Finance, Lynne Walton to carry out a deep dive into contracts of largest independent sector providers to review whether overperformance is contributing to elective waiting times.</p> <p>FPI/2022/11/09/01 – action deferred to February 2023 meeting.</p> <p>FPI/2022/12/11/01 – ongoing. The Interim Executive Director of Finance confirmed notice had been given to NHSE that the ICB will incorporate the £17.5m guaranteed drawdown from CCG historical agreements into the 2022/23 plan. A further update will be provided at a future meeting.</p> <p>A question was asked if the £17.5m drawdown for historic surpluses was a confirmed allocation in month 8. The Interim Executive Director of Finance said this was a technical allocation and is recorded as a cumulative surplus but is not available to spend in year.</p> <p>FPI/2022/12/12/01 – ongoing – lead to be amended to Jacqueline Myers and update to be provided at February meeting.</p>

<p>FPI/2023/07</p>	<p>Notification of urgent items of any other business</p> <p>There were no urgent items of any other business raised.</p>
<p>FPI/2023/08</p>	<p>Finance update 2022/23 and Financial Planning update 2023/24</p> <p>The Interim Executive Director of Finance presented a brief update for the North East and North Cumbria Integrated Care Board (ICB) and the Integrated Care System (ICS) for the period to 30 November 2022 and focused on an overview of financial planning for the 2023/24 financial year.</p> <p>For the financial year 2022/23 the ICS, including the Q1 position of the NENC CCGs, is on track to deliver the planned breakeven position reporting a small surplus of £0.04m at month 8. The ICB is reporting a year-to-date overspend of £3.15m and a forecast outturn overspend of £5.55m, prior to expected retrospective funding adjustments of £11.22m. Once expected retrospective funding has been received, the ICB will be reporting a forecast surplus of £5.7m, in line with the previous month.</p> <p>In brief for month 8, there has been limited change from the previous month's position and financial risks, with £35m remaining in unmitigated risk for the ICS. Any variances for the ICB relate to risks and pressures around the independent sector, prescribing, and pay award pressures-risk for the providers. The financial position of both the ICB and the wider ICS will continue to be reviewed, in detail, on a monthly basis.</p> <p>There were no questions raised for the month 8 financial position.</p> <p>A presentation was given on the progress of 2022/23 year end planning and achieving targets, as there is £35m of unmitigated risk across the ICS. A session has taken place in December 2022 with Directors of Finance across the ICS to discuss the pressures faced by each organisation and to agree the working principles between now and the end of the year. All of the organisations agreed they are aiming to increase income into the ICS, reduction variation to plan and reduce deficits.</p> <p>The discussion highlighted a number of potential risks to the wider ICS financial position within Foundation Trusts (FT's), including financial pressures associated with the pay award of £20m, alongside risks relating to general cost pressures and delivery of cost savings in a number of FTs totalling £10m. To help mitigate these risks it was agreed the ICB requested from NHS England (NHSE) additional non recurrent funding of £23m in financial support with flexibility on year end reporting m10 position and a light touch pragmatic approach to the change in forecast protocol.</p> <p>It has been confirmed that NHSE have agreed to allocate the ICB £19.9m of non-recurrent financial support, providing the ICS achieves a balanced position at year end and minimise variations across the system. NHSE also reserve the right to pull back any monies in 2023/24 should there be</p>

additional surplus or deficit delivered over the m10 forecast.

A question was asked if the £23m financial support request was specifically to address the pay award increase. The Interim Executive Director of Finance said the non-recurrent financial support provided by NHSE was not specifically to fund the pay award for 2022/23 but to recognise the ongoing pressures within the system and to support the ICS to a break-even position. If the system remains in balance, it will also then receive a fair share of additional capital monies in 2023/24 across the system, not to individual organisations.

The Interim Executive Director of Finance was asked if the non-recurrent financial support allocation could impact on the £17.5m CCG historic surplus monies, it was confirmed that this was not linked and would have no impact.

In terms of next steps, the Directors of Finance across the ICS will meet further to discuss and agree a collective approach for month 10 forecast outturns and the overspend protocol to ensure the ICS will reach a balanced position. There are three organisations that are at risk of going into deficit plans and there is a need to agree how to support each other collectively.

A summary of the 2023/24 financial planning guidance update was presented, the key highlights included:

Allocations:

- NENC ICB receives lowest % growth in England
 - deemed over-funded and low population growth
- Headline Core Combined Allocation Headline Growth of 4.28%
 - includes a convergence reduction of -0.71%
- Like for Like Growth of 2.9%
 - COVID-19 funding set at £24m - down from £127m – equivalent to reduction of 1.8%
 - Elective Recovery Fund (ERF) set at £140m - up from 106m – equivalent to increase of 0.6%
 - Bed Capacity £18m & ICB Discharge funding £14m
- Primary Care Allocation Growth is 5.41%
- Running Cost Allocations Flat – real terms cut of c7%.
 - Expect reductions in 24/25

Other:

- System Development Funding (SDF) simplified (and reduced) - £68.7m in allocations (Mental Health largest at £37.7m) for 23/24
- Elective Activity moves to Payment By Results (PbR)
 - can agree variations for things like Waiting List Reductions Schemes
- NHS Contract Inflation is 1.8% (includes 1.1% efficiency)

	<ul style="list-style-type: none"> ○ More funding should flow if pay / non pay pressures prove higher than estimates ● Mental Health Investment Standard (MHIS) – continues and Ringfenced Allocations for 23/24 ● Specialised Commissioning – Joint Committees with ICB to manage delegated budgets <p>A discussion took place on PbR and it was acknowledged that it will be challenging to identify the activity that is removed from block contracts for elective activity and into PbR. It will be a challenge to raise elective volume to the suggested 130% above ERF targets required before there is access to additional funding. It was acknowledged that the amount of growth allocation and spend in system will be difficult to achieve and may be a financial risk. There is work ongoing to understand this in contracting groups taking place across the ICS.</p> <p>The first draft plan is due to be submitted on 26 February 2023 with the final plan due to be submitted 31 March 2023.</p>
<p>FPI/2023/09</p>	<p>Performance - Operational Planning Guidance update 2023/24</p> <p>The Executive Chief of Strategy and Operations presented an update on the national planning guidance for 2023/24. The operational plan focus will be to recover core services and productivity, make progress in delivering the key ambitions in the NHS Long Term Plan and to continue transforming the NHS for the future.</p> <p>The key priorities for the operation plan were highlighted:</p> <ul style="list-style-type: none"> ● Urgent and Emergency Care ● Community Health Services and Primary Care ● Elective Care, Diagnostics and Cancer ● Maternity ● Use of resources and Workforce ● Mental Health ● People with a learning disability and autistic people ● Prevention and health inequalities <p>The operational plan objectives for each of the above key areas was briefly summarised and the overarching approach detailed within the presentation circulated. The need for finance and performance to work closely together to deliver the ask within the financial envelope was emphasised.</p> <p>There is specific guidance in the requirement for a joint forward plan 2023/24 – 2028/29 to be completed, the format and content of which will be the responsibility of the ICB and partner NHS trusts.</p> <p>The plan will be constructed from draft local authority place plans and draft</p>

	<p>thematic plans in consultation with partners and public, including ICP, Health and Wellbeing Board, NHSE, Healthwatch and providers. The plan will be updated by the end of March each year and will be fully aligned with the wider system ambitions. A draft of the joint forward plan is to be submitted late March 2023, with the final version submitted end of June 2023.</p> <p>It was noted that commissioning intentions for each sector need to be very clear on the planning priorities as an ICS, in addition to the national ask. Thematic leads will work collectively to agree on the planning process and priorities so that providers are clear from the start.</p> <p>The provider level plans to capture performance trajectories, workforce and finance plans will be coordinated through the 4 local ICP footprints.</p> <p>There is some further guidance still to be released, including publishing of long term workforce plan, strategic recovery plan for general practice and urgent and emergency care, single maternity plan and cancer.</p> <p>A discussion took place regarding funding for winter planning and it would be welcomed if NHSE would release funds for winter planning at an earlier stage in the financial year to build into the operational plan from the beginning.</p>
<p>FPI/2023/10</p>	<p>FPIC Cycle of Business</p> <p>The focus of February 2023 meeting will be on the 2023/24 planning guidance.</p>
<p>FPI/2023/11</p>	<p>Any Other Business</p> <p>The Interim Executive Director of Finance informed committee members of the ICB Financial Sustainability Group that has been newly established. This group will be Chaired by the Chief Executive on a monthly basis and will work with places to ensure plans are clear and there is a strong PMO in place to deliver. A discussion is needed to agree which committee the group will report any findings to, this will be either FPIC or the Executive Committee.</p> <p>Action: The Interim Executive Director of Finance to discuss and agree with the Chief Executive the reporting committee for the ICB Financial Sustainability Group and agree by 2 March 2023.</p>
<p>FPI/2023/12</p>	<p>Review of the Meeting</p> <p>All committee members agreed the meeting worked well online and the focus on operational planning had been most informative.</p> <p>Date of the next meeting confirmed as 10:00hrs on Thursday 2 February 2023 at Pemberton House, Sunderland.</p> <p>Close</p>

Signed:



Position:

Chair

Date:

2 February 2023