NHS
North East and North Cumbria

North East and North Cumbria Integrated Care Board

Finance, Performance and Investment Committee

Minutes of the meeting held on Thursday 5 October 2023, 10:00hrs Via MS teams

Present:

Jon Rush, Chair
Levi Buckley, Executive Director of Place Based Delivery (North and North Cumbria) / Executive Lead for Mental Health, Learning Disability and Autism
Richard Henderson, Director of Finance (Corporate)
Eileen Kaner (Non Executive Director)
Jen Lawson, General Manager and Governance Lead
Jacqueline Myers, Executive Chief of Strategy and Operations
Neil O'Brien, Executive Medical Director (via MS teams)

In attendance:

Emma Ottignon-Harris, Executive Assistant (minutes)
Lis Dunning, Deputy Finance Director and Head of Customer Finance (NECS)
David Stout, ICB Audit Committee Chair
Charles Welbourn (North Cumbria)

FPI/2023/104	**Welcome and introductions** The Chair welcomed all those present to the meeting. The Committee were informed that Dr Michael Smith had been added to the FPI membership but noted his apologies to the meeting. The meeting was quorate.
FPI/2023/105	**Apologies for absence** • Ken Bremner Chief Executive, South Tyneside & Sunderland NHS FT • David Chandler, Executive Director of Finance • Dave Gallagher, Executive Director of Place Based Delivery • Rajesh Nadkarni, Executive Medical Director, Cumbria, Northumberland, Tyne & Wear NHS FT • Michael Smith, ICB Board Primary Care Partner
FPI/2023/106	**Declarations of interest** Eileen Kaner declared a conflict as an employee of NIHR ARC NENC, as the NENC ICB had confirmed its involvement and in-kind match funding to support research.

	Jon Rush declared a conflict due to a recent appointment as Trustee to Cumbria CVS. Both declarations were noted but were deemed not to be material and therefore were able to take part in the discussions.
FPI/2023/107	**Minutes of the previous meeting** **RESOLVED:** The FPI Committee **AGREED** that the minutes accurately reflected the meeting held on 7 September 2023.
FPI/2023/108	**Matters arising from the minutes** There were no matters arising from the minutes.
FPI/2023/109	**Notification of urgent items of any other business** • Capital allocation for community diagnostics in the north.
FPI/2023/110	**Action log update** **FPI/2023/80/01** Committee Membership. Chair confirmed conversations had taken place across ICB regarding deputies, needs to discuss further with provider colleagues. **Action ongoing** **FPI/2023/88/01** FPI Terms of Reference amendment regarding financial oversight arrangements. Version 4 had been circulated to committee members by email which included a new paragraph in section 6.4 financial monitoring information and the addition of an ICB Board PCN partner to the committee membership and there has been an overall governance check for consistency. It was agreed that if there were no further changes required then the updated terms of reference would be submitted at the next Board meeting. It was noted that an alternative deputy will need to be identified for the Executive Medical Director from January 2024. **Action closed**. **FPI/2023/101/01** Risk Management. It was proposed that risk NENC/0035 will be closed due to an agreed balanced financial plan and that the narrative and risk score for the current risk regarding delivery of the financial will be amended further to comments from the previous meeting. **Action closed.**
FPI/2023/111	**ICB financial performance update** The Director of Finance (Corporate) presented the finance report for the period to 31 August 2023 which included the Month 5 financial position. Key points and risks were highlighted:

	• The ICS reported an overall year to date deficit of £72.6m compared to a planned deficit of £45.9m, an adverse variance of £26.7m. This overspend included an £18m pressure in provider positions predominantly linked to under achievement on Elective Recovery Funding (ERF) performance of £13.8m, costs associated with industrial action of £3.4m as well as pay award and other excess inflation cost pressures. It is expected that this will be brought back in line with plan by the end of the year but this position reflected the current financial uncertainty and the national ERF position. It was explained that Provider Trusts have reported as under trajectory for ERF although the system had delivered on target due to the level of activity by the independent sector. • The ICB reported a year to date surplus of £4.8, an adverse variance to plan of £8.55m linked to growth in prescribing and continuing healthcare costs. • Unmitigated net risks for the ICB had increased from £21m to £24.5m which reflected a significant increase in gross risks relating to prescribing costs. It was emphasised that this has been partially offset by additional mitigations identified within the ICB, resulting in the overall £4m increase in net risk. • The ICB reported a breakeven year to date position for running costs with a small vacancies underspend forecast, which was offset against risk around potential restructuring costs relating to ICB 2:0 with work around the 30% reduction in running costs ongoing. • ICS capital position was in line with plan but included an allowable 5% over-programming, hence the forecast was £9.33m in excess of the ICS capital departmental expenditure limit (CDEL) allocation which will need to be managed over the remainder of the year. • A net unmitigated risk of £97m was reported across the ICS which is broadly in line with plan and the M6 position will be reviewed with Provider Trusts. A risk reduction is anticipated, however there was a general consensus that it is too early to confirm any change in forecast due to the uncertainty of the elective recovery fund and industrial action related impact. For the ICB this included an unmitigated net risk of £24.5m predominantly related to potential pressures in continuing healthcare and prescribing costs, although it was noted that there had been a slight improvement since M4. There was a lengthy discussion regarding potential changes to forecast plan: • It was noted that other systems across the county are facing similar pressures as NENC and recent analysis indicated NENC had one of the lowest year to date variances to budget. The Committee were advised that at this stage of the year there was still relatively limited information in a number of budget areas. It was felt that all organisations within the system were committed to delivering planned positions and noted that any change in forecast positions would need to follow the agreed NHSE protocol with resulting impact on financial controls and related action plans.

	• In response to concerns raised regarding timescales and evidence for any actions that may be required it was highlighted that mitigation work is ongoing which included spending controls and hold on vacancies and that Provider Trust DoFs had recently been requested to provide more detail to give assurances around specific financial controls. • The importance of routine financial deep dives at M6 will allow for early insight into potential financial issues and to gain tight, sustainable financial control in order to deliver the best possible care in a financially constrained environment was emphasised. • Assurance was provided that the provider performance and oversight arrangements include scrutiny of trust recovery plans. The Committee were advised that the NENC ICB had recently been recognised as a trailblazer for its oversight arrangements which will be piloted for system oversight framework (SOF) 3 Trusts. • Work is ongoing with Deloitte to identify other practical clinical savings on a longer-term basis but it was recognised that this will be a challenge and required further engagement with clinicians. • Patient safety and quality was raised as a concern due to vacancy holds. An explanation was given that this provided an opportunity to re-establish and utilise staff to ensure quality and safety goals are met which had previously been done during the pandemic. It was agreed that quality and financial discussions are paramount with regard to safety critical posts although it was thought that these type of roles had not been withheld within the ICB. A quality impact assessment is expected at all Provider Trusts. **RESOLVED:** 1) The Committee **NOTED** the latest year to date and forecast financial position for 2023/23, 2) The Committee **NOTED** there are a number of financial risks across the system still to be managed.
FPI/2023/112	**Medium Term Financial Plan (MTFP)** The Deputy Finance Director and Head of Customer Finance (NECS) introduced a condensed presentation to what had been emailed to the Committee prior to the meeting. The slides provided information regarding the MTFP timetable, underlying financial position, system recovery and transformation schemes, governance and risks. Key points highlighted were: • This had provided an opportunity to fully understand what is driving the financial pressures across the system, but programme pace was noted as a concern. • A formal MTFP had been submitted to Region and had been accepted as a scenario model and not a detailed plan. • The ICS underlying financial position had remained at £424m and will be

	kept under review due to emerging risks and other pressures such as prescribing costs. • Work is ongoing to identify specific drivers of deficit by organisation. • The plan was built on national assumptions and the Do Nothing Model forecast that deficit would increase to £1.2bn by 2027/28. • The Likely Model is deemed as a realistic plan which included assumptions around utilising a proportion of growth monies to offset pressures. Deloitte have been appointed to support identification of significant system savings. • The Compliant model rules are not expected to be met and are deemed unrealistic particularly in the first year. • Other areas to highlight in the presentation for more in depth detail included the peer review with other NEY ICBs and the system saving opportunities which had been identified by the Deloitte work to date. Further work is required particularly around workforce savings and to expand and continue engagement across senior leaders and clinicians. There was an opportunity for comments and questions: • The role of the FPI Committee which was highlighted in the system governance slide as an element of the programme resource. • With regard to efficiency savings, comments were made to encourage the use of non-recurrent resources for invest to save initiatives and whether Deloitte had the expertise to focus on potential alternative clinical pathways and transformation of services, and if there are learnings from other ICBs in the country that could be taken into account. In response the Committee were advised that Deloitte had engaged with the Strategic Elective Care Board to focus on high volume clinical pathways, but other areas such as admission avoidance and urgent and emergency care in particular, are challenging due to the ongoing and significant demand in system pressures. Assurance was given that dialogue and work is underway regarding potential new clinical service model pathways. • The inter-relationship between pathway and efficiency improvements versus the opportunity to address the historic long waiting lists which are at their worst position in years with in excess of 400,000 patients waiting over a year for treatment, cancer performance and UEC pressures was highlighted. There was a description of an improvement to the spinal models pathways which had been done where savings had been utilised to gain a reduction in patient waitlists which led to a question regarding if using resources released to be spent on pathway efficiencies had been considered. In response if was explained that elective productivity is difficult to measure whilst COVID structures are still in place and there are block contract restrictions. However due to ERF funding if acute providers are able to increase activity this could reduce the system spend within the independent sector. Work is ongoing with the DoFs on the principles of the operating framework, identifying performance priorities and wider system working.

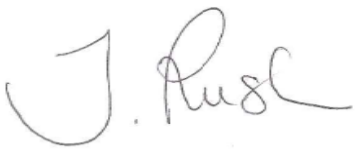
	• A comment was made that further clarify from NHSE is required with regard to acceptable performance standards whilst trying to deliver the challenging financial efficiencies. It was concluded that the FPI Committee were in agreement with the areas of discussion and acknowledged this was an opportunity to transform ways of working in order to achieve financial success.
FPI/2023/113	**Prescribing Cost Risks** The Director of Finance (North Cumbria) shared a presentation which contained data regarding the key issues driving increasing Primary Care prescribing costs for 2023/24. • This is a national issue as the planning assumption for 2023/24 at 2.4% volume growth and flat cost growth had increased to 12.8% driven mainly through uncontrollable price increases. • NENC are currently ranked highest in cost growth at 13.5% but volume growth had improved relative to other systems. • Frequency of prescribing is high which is a historic trend of higher volumes, for example patients on multiple medications and therefore this issue needs to be addressed in the long-term to deliver efficiencies. • A list of high growth medicine areas was given which included Cardio Vascular Disease (CVD), Central Nervous System and Endocrine. There is also cost growth attributable to non-medicines prescribing so further work is required on the overall patient whole pathway and associated costs. • Price concessions are running nearly three times higher than the historical average driven by a national shortage of drugs, particularly lipid lowering statins. • An historical place-based approach has moved to one methodology for quality innovation productivity and prevention (QIPP) tracking which incorporates implementation times for longer-term planning and the Medicine Optimisation team meet on a bi-weekly basis to monitor progression of workplans. • A description of challenges faced due to changes in drugs driven by cost included the clinical capacity required with patients effected and the risk of a having to reverse decisions should drug costs change again. • It was emphasised that due to the size of the overall prescribing budget a 1% variance is a significant sum. Work is ongoing with modelling scenarios which reflect the likely level of ICB risk currently at around £52m for M5, in a very volatile national position. There was an opportunity for questions and comments: • The quality versus financial element was emphasised in planning work due to the clinical time that will be required with patients who will require medication changes, the sensitivity of explaining it would be for a financial

	reason, and the risk of new drug price increases which could result in further changes, including potentially reversing the original change. • It was commented that this could be an efficiency opportunity for patient medicine reviews. It was confirmed that polypharmacy de-prescribing is part of the medicine optimisation work. • In response to a question regarding who is responsible for drug change decisions it was confirmed that there is a systemwide governance process in place which includes the ICB Medicines sub-committee, Northern Treatment Advisory Group (NTAG), guidance and decision support tools. Any significant new drug changes and costs are escalated to the ICB Executive Committee for approval and guidance however the ultimate decision is between clinician and patient.
FPI/2023/114	**ICB performance update** The Executive Chief of Strategy and Operations introduced the shortened version of the integrated delivery report which provided an ICS overview of quality and performance using data covering July 2023 for most metrics and August 2023 for others, unless otherwise specified. The finance data was for August 2023 (Month 5). Key points highlighted were: **Urgent and Emergency Care:** • Accident and Emergency (A&E) waiting times within 4 hours was slightly below plan at 78.8% but had ranked third from top UEC performing ICS in the country. Interventions had been put in place at South Tees Hospitals NHS FT (STHFT) and County Durham and Darlington NHS FT (CDDFT) which included peer visits and changes to onsite pathways in order to improve and prepare for the winter. A description of a paper that had been produced in the ICB that detailed local, regional and national interventions over the past eighteen months was given which had led to the peer to peer approach and further outcomes are awaited. • Category 2 ambulance average response time was at 35.6 minutes which had deteriorated to ninth in the ambulance service ranking table and continues to be a concern. A meeting has been scheduled with North East Ambulance Services (NEAS) for insight of internal action plans to improve efficiency and manage demand and share the updated target estimates for the next six months. The NEAS quality improvement group has expanded its scope to cover formal oversight of the Category 2 response time recovery plan. **Elective Care:** • After a positive start to the year concern has increased with waits of over 65 weeks. It was noted that the latest reported figure indicated 2300 patients waiting against a target of 1577 by the end of the month. Elective Care, particularly in Newcastle upon Tyne (NuTH) and STHFT, had been significantly impacted by industrial action and the report did not include data during the recent joint junior doctor and consultant strike. There is a

	similar concern with waits of over 78 weeks. **Cancer:** • The clearance of backlog position had deteriorated. North Cumbria Integrated Care Foundation Trust (NCICFT) had confirmed that this was partially due to tracking issues and the Dermatology pathway, which was higher due to a seasonal peak, and activity at NuTH had been significantly impacted due to industrial action. Recovery plans are being sought via the Cancer Alliance for the Trusts who are off plan for their recovery trajectory. **MHLDA:** • The ICB Investment Oversight and Vacancy Control Panel had recently approved two business cases to recruit additional therapists for the Talking Therapies for Anxiety (TTAD) service. • The total number of inappropriate Out of Area (OOA) bed days had worsened to 840. Work is in hand to ensure we have near to real time data reporting, so more timely escalation of delays for individuals can occur. Work is ongoing to accelerate repatriations back into area or supported community placements. • Reliance on impatient care for adults remained higher than target. Increasing capacity and community solutions is part of the MHLDA transformation plan and a reminder of the ongoing system work to improve discharge management and oversight arrangements was given. There was an opportunity for comments and questions. • The FPI Committee were advised that the Summary Hospital-level Mortality Indicator (SHMI) issue detailed in the report had been addressed within the ICB Quality and Safety Committee. • There is a significant concern regarding the current adult gender dysphoria services due to a variety of reasons including the temporary closure of the CNTW service, the high number of patients waiting between 3 to 11 years for treatment and no available service in the North West of the country. Communications regarding which services are accepting referrals have been sent to GPs across the NENC region and a request has been made to Specialised Commissioning to establish the services in place in York and Sheffield. A deep dive will be carried out to include what can be managed within Primary Care and a review of independent sector diagnoses with no shared care arrangements. It was suggested that once further information was available then it would be brought back to the FPI Committee at a future meeting. • It was noted that a concern had been raised with NHSE Specialised Commissioning and the Partnership Board regarding the lack of notice for the temporary closure of services at CNTW. The Executive Medical Director and Eileen Kaner (NED) left the meeting. **RESOLVED:**

	The Finance, Performance and Investment Committee **NOTED** the content of the report for assurance
FPI/2023/115	**Capital allocation for community diagnostic centres in the north** • The FPI Committee were advised of a risk due to a bid which had recently been submitted for additional capital support at Queen Elizabeth Hospital Gateshead for community diagnostics centre (CDC) development. Final contractor costs had increased from £15m to £20m therefore an additional £5m is required which will also impact on timescale to 2024/25. System mitigation work is ongoing with the CDC workstream and an update will be provided at the next FPI Committee meeting. **Action: Executive Director of Place Based Delivery (North and North Cumbria) and Chief Executive, South Tyneside & Sunderland NHS FT to provide an update on community diagnostics centre capital allocation at the next FPI Committee meeting on 2 November 2023.** **RESOLVED:** The Finance, Performance and Investment Committee **NOTED** the update.
FPI/2023/116	**Any other business** There was no further business for discussion.
FPI/2023/117	**Meeting review and date of next meeting** The next meeting is confirmed to take place on Thursday 2 November 2023 at 10.15am at Pemberton House. Meeting concluded.

Signed:



Position: Chair
Date: 2 November 2023