NHS England

To: Sam Allen
Chief Executive
North East and North Cumbria ICB

Richard Barker
NHS England
(North East & Yorkshire)
6E54 Quarry House
Quarry Hill
Leeds
LS2 7UE
richardbarker.neyrd@nhs.net

15 June 2023

Dear Sam

I am writing to acknowledge receipt of North East and North Cumbria Integrated Care Board's (ICBs) final system operating plan for 2023/24 and set out next steps.

The objectives set out in 2023/24 priorities and operational planning guidance are framed around three tasks for the coming year. Our immediate priority is to recover our core services and productivity. Second, as we recover, we need to make progress in delivering the key ambitions in the NHS Long Term Plan. Third, we need to continue transforming the NHS for the future.

You have developed your plan during a period of intense pressure on services and in the context of industrial action and uncertainties around pay and inflation. Systems will receive additional funding for the cost impact of the recently announced 2023/24 pay award. The finance and contracting actions that ICBs and NHS providers should take have been set out in the recently published guidance on the 2023/24 pay award.

We have reviewed your submission in this context and I have set out below some of the key elements of your plan that you are committed to deliver on as a system. Where appropriate, I have also highlighted issues for you to keep under review and / or that require specific action. Please could you share this letter with your full Board for consideration.

Emergency care and system resilience

Your plan is for the system to be delivering the 4 hour A&E standard at 80.8% by the end of March 2024 in line with the national planning requirement.

In support the plans indicate an average of a 0.2% increase across 2023/24 in available G&A beds to facilitate this increase in performance and the required system flow. The associated planned bed occupancy rate across 2023/24 is 90.9% which sits positively against the national 92% benchmark.

The virtual ward plans indicate 84.4% utilisation for 2023/24 which will be an important factor in ensuring the wider models of care are used in support of the G&A pathways. Although we note the aspiration, it is important for systems to ensure capacity of virtual wards in in line with the local demand profile and meets the expectations set out in the final planning submission.

The plan for the ambulance category 2 mean response time for North East Ambulance Service NHS Foundation Trust (NEAS), for whom you are the lead commissioner, is 30 minutes which is consistent with the national planning requirement for 2023/24. We note that this is dependent on your continued work with all providers in your system on initiatives to support improved handover times including those detailed in your plan, and those of ICBs who are also served by NEAS.

NHS England has allocated additional resource to increase system capacity for ambulance and emergency care. For 2023/34 North East and North Cumbria ICB has been allocated £13.03m additional capacity revenue funding, and £10.0m capital funding from the Additional Capacity Targeted Investment Fund (ACTIF). £8.6m has been allocated to your ICB as lead commissioner for North East Ambulance Service NHS Foundation Trust to increase ambulance service capacity in 2023/24, including in your system.

We will continue to work with you to ensure that these investments deliver improvements for patients.

Elective and cancer care

Your final plan submission shows a plan to deliver weighted activity in 2023/24 at 112% of 2019/20, against a target of 109%, which demonstrates a compliant and stretching plan in support of the wider elective recovery agenda.

Eliminating waits of over 65 weeks for elective care by March 2024 (except where patients choose to wait longer or in specific specialties) is a key objective for 2023/24. We note that the plan you have submitted does not meet this requirement with a projection of 14 spinal long waiting patients remaining untreated at Newcastle Hospitals NHS Foundation Trust. We expect you to work towards delivery of this objective and will continue to engage with you and Newcastle through the Tier process to monitor progress and where possible provide support to develop plans to get these remaining patients treated.

Your final plan submission shows a plan that delivers your system Cancer 62 day backlog target, delivery of the Faster Diagnosis Standard and that you are planning to deliver the FIT pathway. Underpinning the elective and cancer care plans will be the delivery of timely diagnostic tests and your plan to get to 10.6% patients waiting less than 6 weeks by March 2024 will be a key component to this delivery but an area that we will look for further improvement to ensure that the system gets down to 5% or below by March 2025.

Overall general and acute position

You described the key local goals around delayed discharge and ambulance handovers and delays. The aggregate position can mask local variation which you are tackling through a co-produced oversight framework with organisations in your system. We also challenge you to improve the rigour of outpatient transformation plans.

You consider that cancer performance is getting back on track, with Newcastle being a particular pressure but with a plan and improvements in diagnostics.

Mental health and Learning Disability and Autism

The North East and North Cumbria ICB plans demonstrate compliance with the mental health planning requirements for increase the number of adults and older adults accessing Talking Therapies treatment and recovering the dementia diagnosis rate.

The plans for improving access to mental health support for children and young people (-13.3% variance to trajectory), increasing the number of adults and older adults supported by community mental health services (-17.8% variance to trajectory), improving access to perinatal

mental health services (-25.8% variance to trajectory) are not currently at the levels of the national planning requirements and will be areas of ongoing oversight and focus given the materiality of the current gaps. The plans not to eliminate your inappropriate Out of Area Placements will also be an area of continued focus.

For Learning Disability (LD) and Autism services your plans demonstrate compliance with the requirements for people receiving an annual health check and reducing reliance on inpatient services for under 18s. The plan to reduce reliance on inpatient care for adults with a learning disability and/or who are autistic is slightly behind the target level of 30 patients per million head of population.

In the context of discussions on fragile services, issues in LD placements in your system was brought to attention as an area in view.

Workforce

Workforce optimisation will be key to delivery during 2023/24 including balancing growth with effective deployment of your existing workforce, reducing turnover, agency spend and sickness to support your activity and finance plans.

All ICBs are expected to monitor delivery against their workforce plans and work with colleagues at all levels to consider whether actions to improve substantive recruitment, retention and staff health and wellbeing are sufficient to optimise the use of your workforce and meet workforce demand.

Finance

Delivering system-level financial balance remains a key requirement for all ICBs. We note that you have submitted a deficit plan, with this deficit being in-line with the level recently discussed in the meeting with Amanda Pritchard and Julian Kelly. Given that the level of deficit is in-line with expectations the additional inflationary funding we communicated has been added to your allocation.

Although the level of deficit in your plan is in-line with our expectations at this stage as we have described previously we still expect you to work to mitigate this in-year and strive to deliver a break-even out-turn position. Via regions we will continue to monitor progress.

We expect that all systems and providers continue to apply the following conditions stipulated in 2022/23:

- Commit to recurrent delivery of efficiency schemes from quarter 3 to achieve a full year effect in 2024/25 to compensate for any non-recurrent measures required to achieve 23/24 plans. Within this we expect all systems to be able to describe how this will be achieved by the end of quarter 1.
- Fully engage in national pay and non-pay savings initiatives, in particular around national agreements for medicines and other non-pay purchasing.
- Monitoring of agency usage by providers, and compliance with usage and rate limits.
- Any revenue consultancy spend above £50,000 and non-clinical agency usage continue to require prior approval from the NHS England regional team based on agreed regional process.

We also expect that by the end of quarter 2 every system will prepare a medium-term financial plan, demonstrating how recurrent financial sustainability will be delivered. These plans should provide a clear demonstration how the recurrent exit run-rate from 2023/24 will be consistent with this, and how this run-rate will be improved through 2023/24.

In addition, because your system did not submit a balanced plan, you will also be required to comply with the following conditions (all of which should be shared with Regional teams for oversight and sign-off, with agreed process for assuring implementation):

- Review your current processes and arrangements around the pay controls described in the appendix to this letter.
- Ensure that you have a vacancy control panel in place for all recruitment.
- That you apply the agency staffing and additional payment controls stipulated in the appendix to this letter
- Ensure you have an investment oversight panel in place to oversee all non-pay expenditure, with papers shared with NHSE. Within this process we would not expect approval of any non-funded revenue or capital business cases.
- Where revenue or capital cash support is required the additional conditions described in the appendix to this letter will apply.

Review meetings involving Regional and National colleagues will be held at the end of the first quarter and half year positions. The purpose of these meetings is to review progress to date and adjust actions & requirements for the remainder of the year accordingly.

Triangulation

The work undertaken to develop plans following the draft submission on 23 February 2023 to those submitted on 4 May demonstrated material developments in some areas of plans including the financial plan.

Alongside this we understand the work undertaken to ensure an understanding of the triangulation of activity, workforce and finance plans including where further work is required to strengthen this join up.

Next Steps

Where this has not been done already, ICBs must ensure that all contracts are agreed and completed in line with final plans, and signed as soon as possible.

We will continue to work with you to address the issues highlighted above and ensure you are able to access the necessary development support to strengthen the system's capability and capacity for delivery.

We will review progress through our regular meetings.

If you wish to discuss the above or any related issues further, please let me know.

Your sincerely

Richard Barker CBE
Regional Director (North East & Yorkshire)

Cc:

Sue Jacques	Chief Executive	County Durham and Darlington NHS Foundation Trust
Trudie Davies	Chief Executive	Gateshead Health NHS Foundation Trust

Lyn Simpson	Chief Executive	North Cumbria Integrated Care NHS Foundation Trust.
Helen Ray	Chief Executive	North East Ambulance Service NHS Foundation Trust
Neil Atkinson	Managing Director	North Tees and Hartlepool NHS Foundation Trust
James Duncan	Chief Executive	Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust
Jim Mackey	Chief Executive	Northumbria Healthcare NHS Foundation Trust
Sue Page	Chief Executive	South Tees Hospitals NHS Foundation Trust
Ken Bremner	Chief Executive	South Tyneside and Sunderland NHS Foundation Trust
Brent Kilmurray	Chief Executive	Tees, Esk and Wear Valleys NHS Foundation Trust
Jackie Daniel	Chief Executive	The Newcastle Upon Tyne Hospitals NHS Foundation Trust

Appendix – Standard Financial Controls

Where the system has not submitted a balanced plan the following standard reviews and controls should be applied across organisations in the system.

1. Pay Controls
Review of Recruitment and Processes
1.1 Produce and review a complete reconciliation of staff increases since 19/20 with full justification for post increases based on outcomes/safety/quality/new service models. A review of the value for money of the outcomes of these new posts should be included. Where value for money is not demonstrated a plan for the removal of the post needs to be in place. The overall plan to be signed off by the Board and the ICB.
1.2 Review all current open vacancies to consider where the removal or freezing of posts is appropriate. This should initially focus on posts which have been vacant for over 6 months with a starting assumption that these should be removed or re-engineered.
1.3 Review the establishment to remove partial posts not required and identify unfunded/unapproved posts which should be removed.
1.4 Review current governance arrangements for recruitment and temporary staffing (panels and sign off at all levels of the organisation including groups, terms of reference, SFIs and sign off rights).
1.5 Ensure workforce plans are in place and that these are in a granular level of detail (e.g. by service, workforce type and substantive / temporary) and align to approved establishment levels and budget.
1.6 Ensure that rigorous illness policy and procedure is in place and consistently applied.
1.7 Ensure that retention processes are reviewed – including exit interviews, flexible working options and retentions schemes.
1.8 Ensure that rota processes are reviewed to provide assurance to the Board that they are embedded and operate as anticipated across the organisation.
General Vacancy Controls
1.9 Ensure that a regular vacancy control panel or equivalent is in place to check and challenge recruitment to ensure all vacancies remain within authorised budgetary limits.
1.10 Ensure Vacancy Control Panel terms of reference enable flexibility to avoid operationally delaying opportunities for savings and considering clinical need.
Non-Clinical Posts
1.11 No use of non-clinical agency staff, with exceptions authorised by an executive director and then requiring onward approval by ICB and NHSE regional director.
Nursing
1.12 Review one to one nursing policies, approvals, and tracking process to ensure standardised approach linked to patient need/acuity.
Medical
1.13 Review consultant job planning compliance and policies.
1.14 Benchmark waiting list initiative and other additional payments against local organisations. An enhanced authorisation process for these payments should be in place, ensuring that such payments deliver value for money or are operationally critical before approving.

Agency Controls and Additional Payment Controls
1.15 Established governance process to oversee agency staffing with clear terms of reference (either at overall level or by key staffing group e.g. nursing, medical, corporate) to be chaired by an executive director.
1.16 Limit the authorisation of agency staff to Executives or named senior managers. Executive level sign-off of locum spend and off-framework spend.
1.17 Agree an implementation date for the removal of all non-framework agency staffing with an associated organisation-wide temporary staffing policy.
1.18 Clear Board accountability and reporting of plans and actual spend.
2. Non-pay
2.1 Commitment of additional expenditure over £10,000 which will add to the expenditure run-rate, excluding categories out of scope, to be approved at an executive chaired group.
Non-pay categories of spend out of scope of non-pay controls: Supplies and services - clinical (excl. drugs) Drug costs Clinical negligence fees Audit fees Depreciation and Amortisation
3. Cash
3.1 Where a trust is seeking cash support for their revenue or capital position they will need to continue to provide all of the documentation required as part of this process.