

**Appendix 3 - PESTLE analysis of the operating environment for the North East and North Cumbria Integrated Care Board (ICB)**

<b>P</b> Political	<b>E</b> Economical	<b>S</b> Social	<b>T</b> Technological	<b>L</b> Legal	<b>E</b> Environmental
<p><b>NHS 10-year plan due to be published imminently:</b> The three strategic shifts (from treatment to prevention; hospital to community; and, analogue to digital) will form the foundation of transformation and redesign.</p> <p><b>Model Integrated Care Board – Blueprint v1.0 published:</b> a shift to strategic commissioning. Further clarity over core functions and activities, including functions ICBs should grow/invest over time; functions ICBs should retain and adapt; functions and activities ICBs should look to transfer over time.</p> <p><b>NHS England to be abolished:</b> establishment of Regional Teams in development. Regional teams will provide oversight and performance management of providers and ICBs. Work to describe the "model region" underway.</p> <p><b>Devolution and Local Authority Engagement:</b> The North East and North Cumbria area covered by the ICB includes fourteen local authorities, two established Combined Authorities (with proposals in Cumbria in development), each with varying priorities. Effective collaboration is essential to align health strategies across the ICB footprint.</p>	<p><b>Budget Constraints:</b> The NHS faces financial pressures, and the ICB must manage resources efficiently to meet the region's health needs without compromising service quality. Expectation that ICBs reduce running and programme costs by 50% by quarter three 2025/26 (32% for NENC ICB).</p> <p><b>Regional Economic Disparities:</b> The North East and North Cumbria have areas of socioeconomic deprivation, impacting health outcomes and increasing demand for certain health services.</p> <p><b>Workforce Economics:</b> Recruitment and retention of healthcare professionals are ongoing challenges, influenced by national pay structures, cost of living, and local employment opportunities.</p>	<p><b>Demographic Changes:</b> An aging population in the region increases demand for chronic disease management, social care services, and age-related healthcare provisions.</p> <p><b>Health Inequalities:</b> Socioeconomic factors contribute to disparities in health outcomes. The ICB must address these through targeted interventions and community engagement.</p> <p><b>Public Health Challenges:</b> Issues such as obesity, smoking, and mental health prevalence require comprehensive public health strategies.</p>	<p><b>Artificial Intelligence:</b> AI has many potentially transformative applications within the ICB and wider system. From improved diagnostics, early detection and predictive modelling, through to more practical operational efficiencies and administrative automation – improving accuracy and productivity.</p> <p><b>Digital Transformation:</b> Implementing electronic health records and data analytics enhances care coordination but requires significant investment and training.</p> <p><b>Interoperability:</b> Ensuring different IT systems across providers can communicate effectively is crucial for integrated care delivery.</p> <p><b>Cybersecurity:</b> Protecting patient data against cyber threats is a growing concern, necessitating robust security measures.</p>	<p><b>Regulatory Compliance:</b> The ICB must adhere to healthcare regulations, data protection laws, and employment legislation, impacting operational procedures.</p> <p><b>Clinical Governance:</b> Maintaining high standards of care and accountability is legally mandated, requiring continuous monitoring and quality assurance.</p> <p><b>Contractual Obligations:</b> Managing contracts with service providers and partners involves legal considerations, especially in procurement and service delivery agreements.</p>	<p><b>Sustainability Goals:</b> The NHS aims to achieve net-zero carbon emissions, influencing the ICB to implement environmentally sustainable practices in healthcare delivery.</p> <p><b>Infrastructure Resilience:</b> Adapting healthcare facilities to withstand environmental challenges, such as extreme weather events, is increasingly important.</p> <p><b>Resource Management:</b> Efficient use of resources, including energy and medical supplies, aligns with environmental and economic objectives.</p>