

North East and North Cumbria Integrated Care Board

Finance, Performance and Investment Committee

**Minutes of the meeting held on Thursday 4 April 2024 at 10:00hrs
Via MS teams**

Present: Jon Rush, Chair
Levi Buckley, (Chief Delivery Officer / SRO for Mental Health, Learning Disability and Autism).
David Chandler, Chief Finance Officer
Richard Henderson, Director of Finance (Corporate)
Jen Lawson, Head of Governance
Dr Michael Smith, Primary Medical Services Partner Member

In attendance: Phil Argent, Director of Finance (North)
Craig Blair, Director of Strategy, Planning and Performance
Dr Robin Hudson, Medical Director
Emma Ottignon-Harris, Executive Assistant (minutes)
David Stout, Independent Non Executive Member

FPI/2024-25/01	Welcome and introductions The Chair welcomed all those present to the meeting, introductions were made and it was confirmed that the meeting was quorate. It was agreed that the meeting would be recorded for the purpose of minutes.
FPI/2024-25/02	Apologies for absence Ken Bremner (Chief Executive, South Tyneside & Sunderland NHS FT), Dr Neil O'Brien (Chief Medical Officer), Jacqueline Myers (Chief Strategy Officer) and Eileen Kaner (Independent Non-Executive Director).
FPI/2024-25/03	Declarations of interest The Chief Financial Officer raised a conflict of interest regarding item 8.2 Resource Allocation Group and additional funding update as his spouse is employed by Gateshead Health NHS FT as Deputy Director of Finance. It was deemed appropriate to proceed with discussions as no decisions or recommendations would be made at this meeting.
FPI/2024-25/04	Minutes of the previous meeting held on 7 March 2024 A request was made to remove a reference in item FPI/2023-244/166

	<p>regarding the private minutes under matters arising due to confidentiality.</p> <p>RESOLVED: The FPI Committee AGREED that the public minutes of the meeting held on 7 March 2024 were a true and accurate record.</p>
FPI/2024-25/05	<p>Matters arising from the minutes</p> <p>See Private Minutes</p>
FPI/2024-25/06	<p>Action log update</p> <p>FPI/2023/126/01 Independent Sector Review:</p> <ul style="list-style-type: none"> • Additional information regarding mental health spend in the independent sector to be provided in May 2024. <p>FPI/2023-24/155/01 Finance Performance Update:</p> <ul style="list-style-type: none"> • Resource Allocation Group (RAG) paper to include influencing strategy and allocation model on meeting agenda. Action closed <p>FPI/2023-24/156/02 ERF Update:</p> <ul style="list-style-type: none"> • Proposed ERF amendments approved at Exec Committee and noted at Board. Action closed • Revised FPIC Terms of Reference on meeting agenda. Action closed <p>FPI/2023-24/158/01 Capital Oversight Arrangements:</p> <ul style="list-style-type: none"> • Nomination for ICB Strategy and Planning representative on the Infrastructure Board to be identified by Chief Strategy Officer post ICB 2.0. <p>FPI/2023-24/169/01 Performance Update:</p> <ul style="list-style-type: none"> • Dental activity update to be provided in May 2024. <p>FPI/2023-24/169/02 and FPI/2024-24/169/03 Performance Update – Inequalities:</p> <ul style="list-style-type: none"> • Due to more detailed work required, the in-sector spending in prevention programmes and report on the national prevention investment standard will be reviewed in October 2024. • The Committee were made aware that the Clinical Conditions Strategy will be presented to Board in May 2024 in order to identify key outcomes and priorities to building into commission intentions.
FPI/2024-25/07	<p>Notification of urgent items of any other business</p> <p>Finance Group reporting audit recommendation:</p> <ul style="list-style-type: none"> • The FPI Committee were advised that as part of work on the system oversight framework, a recommendation from an internal audit had been made to consider a more formal reporting mechanism from the ICS Directors of Finance (DoF) meeting to the FPI Committee. It was

	<p>highlighted that the ICS DoF meeting is not a decision-making body but a forum for sharing information and discussing financial issues. ERF allocation funding discussions were highlighted as an example of an area which had led to recommendations to FPI Committee and Board.</p> <ul style="list-style-type: none"> • This had previously been discussed with the FPI Committee and it had been concluded that there was a risk such an approach could hinder the effectiveness of the ICS DoF meetings and the open discussions that take place there. • A discussion was held about the potential benefits and risks with regard to a more formal arrangement. It was noted that there is a rigorous oversight process in place for the ICS DoF meetings which included minutes and action logs and there was an ongoing concern that a more formal change could lead to a feeling of a more regulatory type of organisation. • The Chair summarised by concluding that the current arrangements had allowed for open discussions and all relevant issues are included in the financial reports presented to FPIC. Therefore, a decision was made by the Chair to continue with the current reporting arrangements for the ICS DoF meeting and other relevant working groups. <p><u>RESOLVED:</u></p> <p>1) The Committee AGREED to continue with the current ICS Director of Finance meeting reporting arrangements to FPI Committee.</p>
<p>FPI/2024-25/08</p>	<p>ICB financial performance update</p> <p>The Chief Finance Officer introduced the finance report for the period to 29 February 2024 which included the Month 11 financial position.</p> <p>Key points and risks were highlighted:</p> <ul style="list-style-type: none"> • In Month 11 a further funding allocation of £35m has been received from NHSE which is intended to offset deficits within relevant organisations within the system on a proportionate basis as instructed by NHSE and will enable an overall breakeven position to be report for the year. • The level of recurrent ICS efficiency delivery is expected to be c.£62m behind plan which has made it apparent that going forward a process to identify early warning signs of organisations not delivering cost improvement on a recurrent basis is needed. • ERF outturn allocations are in the process of being issued. Due to the timing of data, final actual activity levels will not be apparent until June. The allocation is considered to be of an acceptable amount and an example of the 'cashing up' adjustment process was given for the following financial year. • Public Dividend Capital (PDC) benefits relating to IFRS16 have risen to c.£11m and it was noted that although this is no longer expected to be a significant risk it will continue to be monitored and managed. • The ICB is reporting a YTD surplus of £30.7m and for month 12 the ICB Board have been asked to approve a proposed non-recurrent reduction in

in the ICB surplus of £28m, with relevant provider trusts within the ICS reducing deficit positions by an equivalent amount, leaving the ICB with a smaller surplus of £4m in total.

- Additional non-recurrent funding in 2024/25 will help to offset c.£65m of pressures in prescribing and continuing healthcare costs and it was noted that although these pressures have alleviated slightly they are still identified as a risk.
- An additional £7m of capital funding has been received from NHSE and individual providers have submitted requests for this extra capital which will be agreed via the Provider Collaborative.
- There is a general overall system agreement that there is no longer a risk of an overspend in 2023/24 and it was made clear that the work focus is on financial planning for 2024/25.

There was an opportunity for comments and questions.

- With regard to the point raised regarding learnings from the organisation which had not delivered on recurrent efficiency plans a query was raised if there was reason for concern across other organisations. In response it was explained that this had resulted in a higher SOF rating and assurance was provided that there is overall confidence with the new senior management team. Further work is required regarding assurance and oversight on the wider system deliverables to ensure realistic and achievable plans.
- With regard to ERF and the cashing up option, a question was raised regarding how to plan for additional capacity with acute provider trusts with elective hubs. It was explained that NHSE are carrying out coding and counting checks and initial ICB analysis had indicated that all providers are predicting an increase in elective activity by 1 to 4% in 2024/25. It was suggested that further insights from the Planning and Performance team regarding additional activity would be useful with this financial planning. It was noted that this will also form part of the peer-to-peer process which is underway.
- There was a further discussion regarding the comparison with historic and current systems and coding check process and it was confirmed that that ICB data quality checks will continue on a reduced quarterly basis. Advice and Guidance coding is in place but was a national non-mandatory dataset therefore some Trusts are still to catch up on accounting levels. It was also highlighted that accurate activity and waitlist performance data is just as essential and there was confidence in the robustness of these datasets.

The Chair summarised the discussion by concluding that work will focus on 2024/25 planning.

RESOLVED:

- 2) The Committee **NOTED** the latest year to date and forecast financial position for 2023/24.
- 3) The Committee **NOTED** the reduced level of net risk at month 11.
- 4) The Committee **NOTED** the proposed approach to reduce the ICB surplus

	<p>in month 12, with a corresponding reduction in provider deficit positions, which is subject to ICB Board approval.</p>
<p>FPI/2024-25/09</p>	<p>Resource Allocation Group (RAG) update</p> <p>The Chief Finance Officer introduced the ICS revenue funding paper which provided a summary of the methods used to influence revenue funding allocations into NENC ICS and provided an update of progress to date from the Resource Allocation Group (RAG). The Committee were reminded of the request to support the recommendations at the end of the report in section 7:</p> <p>7.1 The work carried out to date, using the allocation tool, suggests that Tees Valley place, and more specifically the area of Middlesborough, is funded at a level that would be below the target allocation.</p> <p>7.2 It is therefore recommended that the RAG recommends that the FPI Committee approves an additional allocation into the area of Middlesborough of £13.4m to bring the percentage under target allocation down to 5%.</p> <p>7.3 It is recommended that the additional £10m be allocated over a four year pace of change with £2.5m being made available in 24/25.</p> <p>7.4 It is also recommended that the funding be split evenly between the lead acute Trust (South Tees Hospitals NHS FT), the lead mental trust (Tees, Esk and Wear Valleys NHS FT) and the Tees Valley Place within the ICB.</p> <p>7.5 In addition to the above the ICB will carry out further work in partnership with a local university to obtain an academic view on the allocation process.</p> <ul style="list-style-type: none"> • A breakdown and description of the work of three working groups which focussed on ICB core financial allocations to places and areas. It was noted that General Practice allocations are from separate funding streams. • Areas and reasons of over-funding in Gateshead and North Cumbria were highlighted. A deep dive of the Tees patch identified Middlesborough was underfunded by 9.28% which was significantly above the 5% mark traditionally used by NHSE as a margin of error factor. • Further work will take place with Newcastle University to access regional and national NHS resource allocations and consistent coding. • Allocations based on fair share versus gaps, convergence factors and capital were listed as some areas where NENC ICB had been successful in influencing national allocations and opportunities had been taken to develop working relationships with HM Treasury colleagues. <p>There was an opportunity for comments and questions:</p> <ul style="list-style-type: none"> • With regard to areas of over-funding it was clarified that NHSE formulas do take rurality into account but it is a minimum adjustment and further work on rurality is required. Gateshead was historically linked to Newcastle-Gateshead CCG which had received good levels of funding. • It was clarified that the £2.5m 2024/25 allocation to Middlesborough would be funded from the growth allocation budget.

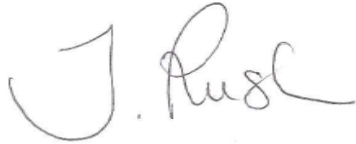
	<ul style="list-style-type: none"> • Further influencing work is required on formulas regarding Primary Care allocations. • There was overall agreement and recognition of the requirement for the additional allocation to the Middlesborough area due to significant levels of deprivation and the health inequality gaps which has led to increased demand in health services and will help with further prevention work. • It was noted and reinforced that the priority work of the RAG is to 'level up' areas and further improvement work regarding services and how they are used would be outside of the RAG remit. <p><u>RESOLVED:</u> The Committee NOTED and COMMENTED on the content of the report and SUPPORTED the recommendations listed regarding the additional allocations to Tees Valley Place and Middlesborough, as listed above and in the report and which will now be considered by the Executive Committee for a final decision.</p>
<p>FPI/2024-25/10</p>	<p>2024/25 planning process update</p> <p>The Director of Finance (North) provided an update in presentation form following the full ICB formal submission on 21 March 2024, which included the financial position, movements from initial plans, risks and mitigations, performance ambitions, workforce positions, cost improvement plans, actions and next steps.</p> <p>Due to a recent update at Board only key changes were highlighted which included:</p> <ul style="list-style-type: none"> • £179m deficit position offset by a surplus in the ICB position, which included a technical PFI adjustment. The ICB position as at 21 March is a non-recurrent surplus of £45m with the balance (£9M) being growth still to be played out. • 0.6% WTE reduction in workforce. • £308m total ICS income risk excluding ERF, offset by mitigations although some are to be identified. • There is a compliant performance plan. Following the recently published planning guidance, further work regarding levels of ambitions for 52 week waits and diagnostic tests within 6 weeks is required and it was noted that the new community diagnostic centres will help to reduce waits. • Performance and finance triangulation and mitigation work will form part of the peer process review. • A query was raised regarding the confidence in levels of staff reduction. In response it was explained that there had been a significant national increase in pre-pandemic staffing levels. More recent workforce controls had not been as robust therefore NHSE have an expectation to achieve an affordable workforce which cannot impact on safety, but it is acknowledged may impact on quality. • It was highlighted that a deficit position of £155m was not expected to be

	<p>accepted by NHSE. In order to improve the position peer reviews and challenging senior ICB system leadership discussions are expected to focus on workforce and general controls and identify areas of services that can be reduced or stopped.</p> <ul style="list-style-type: none"> • A comment was made regarding the link with efficiency plans and the medium term financial plan (MTFP). • Final planning templates will be submitted on 2 May 2024 which will be presented in advance to the Board on 30 April, therefore it was highlighted by the Chair that this would be the final opportunity for FPI Committee to review and support the 2024/25 planning process. <p>RESOLVED: The Chair summarised the discussion by concluding that the FPI committee NOTED and SUPPORTED the plan, had raised some concerns but understood the scale of efficiencies and workforce reduction.</p>
<p>FPI/2024-25/11</p>	<p>ICB performance update</p> <p>The Director of Strategy, Planning and Performance introduced the interim integrated delivery report which provided an ICS overview of quality and performance using data covering January 2024 for most metrics and February 2024 for others, unless otherwise specified. The finance data was for February 2024 (Month 11).</p> <p>Due to time constraints only key points were included and it was noted that this included an updated year end position to some of the data in the report.</p> <p>Elective recovery:</p> <ul style="list-style-type: none"> • There was one 104+ week waiter noted at North Cumbria Integrated Care Foundation Trust (NCIC) in the cancer pathway but the patient has since been booked in for treatment in April. • The end of March 2024 forecast for 78+ wait weeks is zero for all trusts other than Newcastle upon Tyne Hospitals NHS FT (NuTHFT) with a forecast of 14 which is predominantly due to a national corneal tissue supply issue. • There was an unexpected breach at South Tees Hospitals NHS FT (STHFT) due to a complex case patient requiring surgery which was stood down due to industrial action. <p>Urgent and Emergency Care (UEC):</p> <ul style="list-style-type: none"> • A&E waiting times within 4 hours latest position was at 75.7%, although with further validation work it is anticipated that the 76% end of March 2024 target will be achieved. <p>Cancer:</p> <ul style="list-style-type: none"> • General performance has continued to improve but pressures are ongoing in Urology, upper and lower GI and Skin pathways.

	<p>Mental Health</p> <ul style="list-style-type: none"> • The numbers of people accessing Talking Therapies for Anxiety (TTAS) continues behind plan and a change in reporting to reliable improvement and recovery versus access was noted. • Cumbria, Northumberland, Tyne and Wear NHS FT (CNTW) continue to report zero inappropriate out of area placements (OOA) and Tees, Esk and Wear Valleys NHS FT (TEWV) are reporting an improved position. <p>The FPI Committee were assured that Provider Trusts are committed to deliver against the performance standards and is discussed at the weekly Trust COO meeting, but the level of pressures and fatigue across the system was highlighted.</p> <p>The next FPI Committee meeting on 2 May 2024 will include an update on dental activity performance.</p>
<p>FPI/2024-25/12</p>	<p>FPI Committee Terms of Reference revisions</p> <p>The Governance Lead introduced the amendment to committee terms of reference report which recommended several amendments following a review between the FPI Committee Chair and Chair of ICB Executive Committee.</p> <p>It was proposed that two responsibilities were removed and further changes were marked in red and tracked in the appendix document.</p> <p>There was a brief discussion regarding the oversight role of the FPI Committee which led to an action for the Chair to work with the Governance Lead and Finance Director to ensure that the Committee are sighted on all relevant reports and documents to fulfil the oversight role.</p> <p>ACTION: FPIC Chair to work with Governance Lead and Director of Finance to ensure that the Committee are sighted on all relevant reports to fulfil the oversight role.</p> <p>The Committee were advised that an annual committee effectiveness survey would be emailed out and asked that members complete it in advance of the next meeting on 2 May.</p> <p>RESOLVED: The Committee REVIEWED AND SUPPORTED the proposed amendments to the FPIC terms of reference.</p>
<p>FPI/2024-25/13</p>	<p>Any other business</p> <p>There was no further business raised to discuss.</p>
<p>FPI/2024-25/14</p>	<p>Meeting review and date of next meeting</p>

	<ul style="list-style-type: none">• The next meeting is confirmed to take place on Thursday 2 May at 10.00am via MS teams.• A request was made to confirm attendance or arrange a deputy if required.
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Signed:



Position:

Chair

Date:

2 May 2024