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 6 July 2023, 10:00hrs Via MS TEAMS

Present:
Jon Rush, Chair
Levi Buckley, Executive Director of Place Based Delivery (North and North Cumbria)
David Chandler, Interim Executive Director of Finance
Dave Gallagher, Executive Director of Place Based Delivery (Central and Tees Valley)
Jen Lawson, General Manager and Governance Lead
Jacqueline Myers, Executive Chief of Strategy and Operations

In attendance:
Phil Argent, Director of Finance (North)
Richard Henderson, Director of Finance (Corporate)
Emma Ottignon-Harris, Executive Assistant (minutes)

FPI/2023/67	**Welcome and introductions** The Chair welcomed everyone to the Finance, Performance and Investment Committee (FPIC). A change to the order of agenda was made as the Executive Director of Finance was only available for the first part of the meeting.
FPI/2023/68	**Apologies for absence** Ken Bremner, Chief Executive, South Tyneside and Sunderland NHS FT Eileen Kaner, Non Executive Director Rajesh Nadkarni, Executive Medical Director, Cumbria, Northumberland, Tyne and Wear NHS FT Neil O'Brien, Executive Medical Director David Stout, ICB Audit Committee Chair
FPI/2023/69	**Declarations of interest** There were no declarations of interest, but the Chair highlighted a conflict under item 8.2 Elective Recovery Funding Approach 2023/24 for Provider Collaborative committee members, who were absent from the meeting, and suggested that in future for similar papers it would be appropriate to contribute to meeting discussions but not in decision making.
FPI/2023/70	**Minutes of the previous meeting (4 May 2023)**

	The Chair requested an amendment to item FPI/2023/54 to state that there had been a brief discussion regarding meeting quoracy and would be added to the next meeting agenda. It was **AGREED** that the minutes accurately reflected the FPIC meeting held on 4 May 2023.
FPI/2023/71	**Matters arising from the minutes** There were no matters arising from the minutes.
FPI/2023/72	**Action log update** The action log was reviewed and the following updates were provided: **FPI/2023/18/01**: Risk management on meeting agenda and a development session took place prior to the meeting. Action closed. **FPI/2023/51/02**: Paper on Children and Young People (CYP) Mental Health Services access deferred to September meeting when both Provider Trust Committee members will be in attendance. **FPI/2023/61/01**: NHSE provider percentage comparative document of all 42 ICSs to be shared at August meeting. **FPI/2023/66/01:** Check Committee terms of reference to ensure no items for committee business. **FPI/2023/66/02: ACTION: Chair to request a meeting with the NENC ICB Chair, CEO and Chairs of Committees regarding investment and financial issues at appropriate Committees.**
FPI/2023/73	**Notification of urgent items of any other business** There were no urgent items of any other business raised.
FPI/2023/74	**Elective Recovery Funding Approach 2023/24** The Executive Director of Finance highlighted the key points within the Elective Recovery Funding Approach 2023/24 paper and asked the Committee to approve the proposed model for allocating Elective Recovery Funding (ERF) and its in-year operation, whilst highlighting the approach and concerns raised by colleagues. The ICB received an allocation of £140.2m to deliver the NENC ICS activity target of 109% against 2019/20 cost weighted activity levels which was an approximate increase of £35m from the previous year. An explanation of how the targets were set was given and national funding has been allocated to commissioners to deliver a national average target of 107% of 2019/20 levels of value-weighted elective activity.

	The options for allocating the full £140m allocation were described, including the issue that only circa £82m was required to actually deliver the Elective Recovery stretch targets, with the apportionment of the remaining allocation a key issue. There were 5 options detailed in the paper which described how to allocate the funding and Option 4C had gained the most support from NENC DoFs and Provider Trust Chief Executives as it maintained a link to actual performance for the full sum of the allocation as well as incentivising additional activity over 19/20 baseline, which is key to reducing wait times. This option included a top slice for former CDC site activity, an allocation for NEAS to cover increased PTS costs resulting from increased Elective activity, and majority support for the remaining £43m 'residual' funding to be allocated to incentivise activity above 19/20 levels. The Committee were asked to acknowledge and consider the complex issues faced during planning rounds and concerns raised by Provider Trust colleagues which led to only majority agreement, rather than unanimous consensus, to achieve a final proposal. Examples of some of the challenges raised were explained which included concerns over whether the proposal fully adhered to national policy and risks of higher cost of excluded drugs and devices for organisations with more complex case patients not being fully reflected in shares of the residual resource. The Executive Director of Finance summarised by recommending: • A formal letter be sent to the Head of Elective Recovery NHSE to request confirmation that the proposal is aligned to NHSE guidelines. • Wider pathway costs and High cost drugs/devices will continue to be monitored, and where there is believed to be a material issue in-year arising from the approach we have adopted then the Finance, Performance and Investment Committee will be asked to consider that issue and formally approve any required adjustments. Assurance was provided that mitigations had been put in place to ensure a fair allocation and the ability to adjust allocations if required. In response to a question regarding potential gaps in Community Diagnostics funding, a description of national funding was given and assurance that the national CDC scheme will continue for those eligible trusts. The approach adopted in this paper was to allow continuation of funding for those CDC sites that no longer attract national support due to hospital site locations. A further risk was highlighted with the movement of unbundled diagnostics onsite activity to Community Diagnostic Centres (CDC) and that the Diagnostic Programme team are working with Trusts to attract national funding. Assurance was provided that a local reporting mechanism will be in place to maintain a link to the national guidance, ensuring that any activity counted against the CDC topslice locally would follow the same prices, rules and definitions as the national scheme to avoid confusion with routine

	unbundled diagnostic activity. Responses were provided to three further questions that were raised: Will evidence be provided from NEAS to demonstrate that the £3m allocation has been used for PTS? A monitoring process can be built in. A reminder was given that there was a requirement to source recurrent funding. PTS re-procurement planning process is underway which will provide an opportunity to reconsider the expectations of a PTS service and a paper will be submitted at the next Executive Committee meeting. What is the ICB approach to clawback? It was explained that some of the alternative options included fixed sums with no clawbacks. Option 4C assumes that all ERF target activity is paid at 100% of tariff based on actual performance, and that the additional "residual balance" is a fixed total that will be linked to actual performance compared to 2019/20 levels and reapportioned based on relative performance against this baseline. In this way the residual funding is also deemed to be an incentive to encourage extra activity. It was noted that the principle of incentivisation had resulted in some organisations receiving higher national targets and therefore greater shares of the residual funding stream. Is there an ability to build in a methodology to develop a sustained infrastructure and lever for improvement activities? It was explained that this will require consideration but due to the challenging financial position it had not been factored in and that the ERF focus had been on activity levels and not waiting lists sizes. A suggestion was made for the Executive Chief of Strategy and Operations and the Executive Director of Place to continue discussions outside of the meeting regarding the elective recovery system work which is led by the Provider Collaborative to support better elective recovery delivery. It was proposed that in future earlier dialogue is required regarding ambitions and intentions for financial long term planning arrangements. There was a discussion regarding use of the Independent Sector (IS) and short term assurance was provided that if the 109% target was achieved, which would be dependent on Independent sector activity, then any additional expenditure above target levels would result in additional allocations from NHSE. It was clarified that the IS were on a 100% tariff model and would not receive a share of the residual £43m allocation. From an operational perspective better contract management with IS providers will be required, and issues with differential waiting times and access from an inequalities perspective was noted. The Committee were therefore asked to approve Option 4C which was detailed in section 5 on page 9 in the paper: The £140.2m ERF allocation for the ICB has been apportioned into starting

contract baselines, split in the following way:

Funding to achieve Elective Activity target, apportioned based on 23/24 activity target relative to 19/20 baseline:	**£'000**
National target	76,955
Locally agreed stretch targets	3,976
Fair share apportionment for out of area providers	825
CDC funding for those sites who will not receive national funding in 23/24	11,391
NEAS funding for additional impact of Elective Recovery, to cover the additional cost of discharge vehicles and patient transport	3,063
The remaining "residual" funding allocation has been apportioned to baselines in the same way as the Elective Target funding, based on 23/24 activity target relative to 19/20 baseline, to cover wider pathway costs	43,990
	140,200

RESOLVED:
The Finance, Performance and Investment Committee **NOTED** the content of the report for assurance and **APPROVED** Option 4C.

The Executive Director of Finance left the meeting

FPI/2023/75

ICB BAU capital plan 2023/24

The Director of Finance (North) introduced the paper which proposed a split of the Business as Usual (BAU) fair share capital allocation between Primary Care Estates and Digital schemes for 2023/24, together with a strategy for estates to access alternative funding through in-year slippage.

There is an ICB capital allocation of £5,458,000 for 2023/24: £3.9m for digital capital and £1.6 to estates capital. This split represents a circa £1m movement towards estates expenditure compared to previous year allocations.

The overall scheme was oversubscribed therefore funding has been prioritised for urgent equipment or network upgrades required in digital and primary care premises improvements required to bring estate in line with CQC regulations. It was noted that the estates allocation will be required to go through the Premises Improvement Grant process. All schemes will therefore require NHSE approval with more detailed business cases and will be funded in part (33%) by the practices themselves.

Appendix 2 on page 7 in the paper listed several more expensive estate schemes which do naturally fit with the small premises improvement grant process so it was proposed to utilise alternative opportunities for capital which included 24/25 BAU capital, wider CDEL allocation slippage, and inter ICB

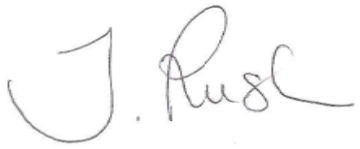
	slippage in 2023/24. A request was made to identify schemes by place on the table of premises, It was noted that work was required to improve the lengthy approval process where possible, and that in future schemes could also include a focus on non-GP providers. The Committee were asked to APPROVE the proposed split of the BAU capital allocation, allowing projects to comment. **RESOLVED:** The Finance, Performance and Investment Committee **NOTED** the content of the report for assurance and **APPROVED** the split of the BAU fair share capital allocation of £3.9m to Digital and £1.6m to Estates.
FPI/2023/76	**ICB financial performance update** The Director of Finance (Corporate) presented the finance report for the period to 31 May 2023 which included the Month 2 financial position (a text error was noted that the report title stated M12 data). The Committee was asked to: • Note the latest year to date and forecast financial position for 2023/23, • Note there are a number of financial risks across the system still to be managed, • Note the NHSE letter and in particular the expectation around financial controls which will be reviewed across the ICS. Key points and risks were highlighted: The ICS is reporting an overall year to date deficit of £30.46m compared to a planned deficit of £28.66m, an adverse variance of £1.8m, which reflects pressures in provider positions relating to costs associated with industrial action and achievement of elective recovery funding. This variance is expected to be brought back in line with plan by the end of the year. It was noted that this position was based on limited data due to the new financial year. The ICB is reporting a year to date surplus of £5.38m, broadly in line with plan, with a forecast surplus for the year of £32.4m. There are significant potential risks to delivery of both the ICS and ICB financial positions. At month 2, net unmitigated risks amount to £102.5m in total, which is in line with the final plan submission. This included a number of mitigations to be identified. ICS Capital spending forecasts are currently in line with plan, however this includes an allowable 5% 'over programming', therefore the forecast is £9.4m in excess of the ICS capital departmental expenditure limit (CDEL), which will

	need to be managed over the financial year. There is an unmitigated ICB net risk of £26m, predominantly relating to potential pressures in continuing healthcare and prescribing costs, and non-delivery of stretch efficiency targets. The NENC ICB Executive Committee had agreed to implement financial restrictions on discretionary spend to mitigate risks in addition to NHSE controls. Additional net unmitigated risk across providers amounts to over £75m. Work has commenced on the development of a medium-term financial plan incorporating a financial recovery plan. A letter from NHSE which contained feedback and next steps to the ICB's final system 2023/24 operating plan was referenced (Appendix 1). The ICB are in level 2 of national controls which allows a level of flexibility. Further DoF discussions are required to apply additional NHSE requirements which are listed on page 4 in the letter. A further update will be provided to the Committee at a later stage. In response to a question regarding delivery of the plan, it was established that due to the limited data available at this early stage of the financial year it is difficult to provide a realistic overall financial position, but it will be extremely challenging to manage the unmitigated provider risk. Assurance was provided that financial controls will be embedded and reviewed across the system to control spend and the Executive team continue to receive financial updates. **RESOLVED:** The Finance, Performance and Investment Committee **NOTED** the content of the report for assurance.
FPI/2023/77	**ICB performance update** The Executive Chief of Strategy and Operations introduced the Integrated Delivery report which provided an ICS overview of quality and performance using data covering April 2023 for most metrics and May 2023 for others, unless otherwise stated. Finance data was for February 2023 (Month 2). Key issues highlighted were: North Cumbria Integrated Care Foundation Trust (NCICFT) had formally been removed out of Tier 1 scrutiny for Cancer backlog although it was noted that overall Cancer performance across the system will require further monitoring. At this point in time, there were no NENC Trusts within the national tiering system for Cancer, but Newcastle upon Tyne Hospitals FT (NuTHFT) remains in Tier 1 for elective care referral to treat 18 week standard and were unable to provide a trajectory to eliminate the 65 week wait standard. A comprehensive action plan is in place. NuTHFT has received formal notification to move from segment 1 to segment 2 in the NHS national oversight framework due to ongoing challenges in

	relation to elective recovery and quality issues. A second oversight meeting has been scheduled. **Urgent and Emergency Care:** There have been some concerns with Accident and Emergency (A&E) 4 hour waiting time which was slightly below system plan at 77.1% and detailed scrutiny on individual trust performance is underway, however it was noted that this was better than the national position and that a future update on the position will be provided to the Committee. Ambulance handover delays have continued to improve for 30-60 minutes although the 60+ minute delays had not been eliminated. Category 1 ambulance response time performance is strong and Category 2, where the majority of activity is seen, was ahead of plan at 33.9 minutes but there were some concerns with a recent dip in performance. Work is underway to develop a protocol and script for healthcare practitioner referrals and a NEAS deep dive on average ambulance handovers. UEC system improvement work is progressing and a Winter Plan paper will be presented to the Board. There was a query regarding accessibility to data for North West Ambulance Service (NWAS). The Executive Chief of Strategy and Operations offered to explore if this could be provided within the Integrated Delivery Report in the future. **ACTION: Executive Chief of Strategy and Operations to explore availability of performance data for NWAS in future integrated delivery performance reports.** A reminder was given of the online portal that is in development by NECS and in the interim the Director of Performance and Improvement has created a teams channel to access more detailed performance reports. **Elective Care:** Elective Care performance is ahead of plan for 52 and 65 week waits. Industrial action had impacted on the ability to achieve the 78 week waits and a weekly monitoring process is in place for 78 and 104 week wait lists. The 78 week wait list position for June 2023 is predicted to improve with 103 breaches from NuTHFT but there was an unexpected 16 breaches from South Tees Hospitals Foundation Trust (STHFT), therefore a recovery plan related to pressures in their pain service has been implemented with an expectation to improve by August. There were 20 breaches in the 104 week May position related to NuTHFT and the June position is expected to improve with 13 breaches. Two further sets of industrial action by junior doctors and hospital consultants

	are planned in July which will significantly further impact the recovery plan. In response to a question raised regarding when elective recovery funding improvements might be evident following industrial action, it was noted that funding had not yet been allocated and the focus had been on waiting lists and further work on activity levels was required. **Cancer and Diagnostics:** Reducing 62 day backlog in Cancer and Diagnostics was behind plan at 1123 versus 1007 across the system, and recovery plans are in development with Trusts where there are particular issues due to pressures in diagnostics for Endoscopy and Non-Obstetric Ultrasound (NOUS). Work is underway across the Cancer Alliance for the Urology pathway with support from a GIRFT Lead. **Mental Health - Adults:** NHS Talking Therapies for Anxiety and Depression (TTAD) access remains well below plan due to capacity issues. Insufficient funding has been flagged in the national planning submission and there is an action to develop a further investment plan and deliver more activity within the existing contracts. Work is underway through the Mental Health and Learning Disabilities (MHLDA) sub-committee to finalise contract monitoring arrangements, oversight framework and discussions have been held with MH Provider Trusts regarding governance. There is also a significant concern with Children and Young People (CYP) capacity issues; a paper regarding data metrics will be presented to the Committee in September and a wider Board Development session has been scheduled later in the year. 900 out of area (OOA) placements were reported which was deemed to be inappropriate, therefore an investment has been made to improve capacity for complex case management, transfer ICB staff with specialist experience into the nursing directorate and an arrangement to create a stronger service with support within NECS. Transformation programme resource will remain to avoid unnecessary hospital admissions and improve hospital discharge. **RESOLVED:** The Finance, Performance and Investment Committee **NOTED** the content of the report for assurance.
FPI/2023/78	**Risk management report** Prior to the Committee meeting a risk management development session was held to assess the risk appetite, gaps in knowledge and to further understand the ICB risk setting appetite. Jen Lawson, the Governance Lead for FPI Committee, gave a brief overview of the Risk Management Report and highlighted the risk register in Appendix 1 which provided an update on those risks relevant to the remit of the

	Committee. The Committee were asked to acknowledge that the following risk had a previous score of 6 G (low), which had been increased to a residual score of 16 A (high) due to 30% real terms reduction target. • NENC/0032 – management of ICB running cost position. One risk relating to finance, performance and investment was highlighted as overdue: • NENC/0007 – Delivery of NHS Constitutional standards. There is a risk of failure to achieve NHS Constitutional standards for our patients. Failure to deliver the standards has the potential to adversely impact on patient care, as well as posing as a reputational risk for the ICB. The risk is scored at 16 A (high). The Executive Chief of Strategy and Operations confirmed that this risk would be updated on the ICB Risk Register as soon as possible. **ACTION: Executive Chief of Strategy and Operations to arrange for Risk NENC/0007 Delivery of NHS Constitutional Standards to be updated on the ICB Risk Register on SIRMS.** **RESOLVED:** The Finance, Performance and Investment Committee **ACCEPTED** the content of the report for assurance.
FPI/2023/79	**Any Other Business** There was a discussion regarding Committee membership and the Chair made a request to ensure that nominated deputies were identified and listed in the terms of reference. The Chair confirmed an action to liaise with the ICB Medical Director for a nominated deputy. A reminder was given that it had previously been agreed that Provider Trust committee members had deemed it inappropriate for a deputy from the individual organisation, but the Committee agreed that consideration should be given to request a deputy from a mental health and provider collaborative perspective to enable a richer discussion. **ACTION: Chair to liaise with committee members regarding nominated deputies for future meetings.**
FPI/2023/80	**Meeting Review and date of Next Meeting** The next meeting is confirmed to take place on Thursday 3 August at 10.00am via MS teams. A number of apologies had been received due to annual leave but it was confirmed that the meeting would be quorate.

Signed: 

Position: Chair
Date: 3 August 2023