

Integrated Care Board

Date of meeting	13 November 2024
Title of paper	System Recovery and Transformation
Presented by	Sam Proffitt, Chief Finance Officer / Deputy Chief Executive
Author	Stephen Downs, Director of Finance (Recovery and Assurance)
Agenda item	11
Confidential	No

Executive summary

This report provides a status update from the Recovery and Transformation Board to the ICB Board regarding ongoing financial recovery efforts for 2024/25, with support from NHS England (NHSE).

As previously noted, the system has received support from NHSE to evaluate financial risks in the 2024/25 financial plan and to identify necessary interventions to ensure plan delivery.

The financial plan currently faces a high level of risk, quantified at approximately £160 million. This figure reflects the value of high-risk efficiency schemes and mitigations identified.

The initial four-week Phase 1 of NHSE's support has been completed, during which the focus was on assessing financial risks and identifying potential interventions. Following these initial findings the Recovery and Transformation Board has now shifted its focus to prioritise the implementation of the identified opportunities and interventions. Additionally, the Recovery and Transformation Board will oversee any externally commissioned support working within the system as part of the 12-week Phase 2 intervention stage.

There are a number of key opportunities identified in Phase 1 for financial plan delivery:-

1. Accelerating Existing Cost Improvement Programmes (CIP) and Quality, Innovation, Productivity and Prevention (QIPP) Initiatives: Focusing on fast-tracking current efficiency programmes to achieve cost savings and improve service delivery.
2. System-Wide Initiatives in Specific Areas:
Continuing Healthcare (CHC): Streamlining and optimising CHC processes to achieve efficiencies.

Procurement: Enhancing procurement practices to achieve better value and reduce unnecessary expenditure.

Urgent and Emergency Care Pathways: Improving efficiencies within urgent and emergency care pathways to reduce costs and improve patient flow.

3. **Additional Control Measures:** Implementation of further controls across pay, non-pay, and recruitment activities to reduce financial risk and ensure spending aligns with budgeted resources.

The Recovery and Transformation Board will continue to provide oversight on the implementation of these opportunities and will monitor the progress of the 12-week Phase 2 intervention. Regular updates will be provided to the ICB Board to ensure transparency and accountability in delivering the 2024/25 financial plan.

This approach is expected to drive significant improvements in financial resilience and stability, helping to address the current high-risk areas and achieve the desired financial outcomes for the organisations.

Whilst the system is prioritising in-year recovery, it is important that sight on the longer-term transformation is not lost and a focus will remain on longer term system transformation programmes.

Recommendations

The ICB Board are requested to note the content of this report, the current level of financial risk and the approach to mitigating this, both in the short-term and long-term.

Which Strategic Objective/s does the report relate to:		Tick
SO1	Improve quality, including safety, clinical outcomes, and patient experience	
SO2	To equalise opportunities and clinical outcomes across the area	
SO3	Make working in Lancashire and South Cumbria an attractive and desirable option for existing and potential employees	
SO4	Meet financial targets and deliver improved productivity	✓
SO5	Meet national and locally determined performance standards and targets	
SO6	To develop and implement ambitious, deliverable strategies	

Implications

	Yes	No	N/A	Comments
Associated risks	✓			There is £160m high risk efficiencies/mitigations
Are associated risks detailed on the ICB Risk Register?	✓			Delivery of financial targets
Financial Implications	✓			

Where paper has been discussed (list other committees/forums that have discussed this paper)

Meeting	Date	Outcomes
None.	-	-

Conflicts of interest associated with this report				
Not applicable				
Impact assessments				
	Yes	No	N/A	Comments
Quality impact assessment completed			✓	
Equality impact assessment completed			✓	
Data privacy impact assessment completed			✓	

Report authorised by:	Sam Proffitt – Chief Finance Officer / Deputy Chief Executive
------------------------------	---

Integrated Care Board – 13 November 2024

System Recovery and Transformation

1. Introduction

- 1.1 This paper provides an update from the Recovery and Transformation Board on the work being undertaken to mitigate the financial risk in the system.
- 1.2 At the Board meeting in September 2024 an update was provided on the outcome of Phase one of NHSE Support. This phase took place over 4 weeks to stress test the financial plans, identify the risk and opportunities to mitigate that risk.
- 1.3 Phase 1 assessment of risk aligned with the reported risk to the Board and largely concluded that the plans identified were the right ones, but delivery needed to be accelerated. In addition, a number of tighter controls around variable pay, discretionary spend and control measures would be needed to support slippage in the plans as some of the more complex savings schemes take time to deliver.
- 1.4 The focus of the Recovery and Transformation Board has been directed towards the oversight of the Phase 2 which takes the findings of phase one forward to deliver identified interventions. This includes the oversight of any externally commissioned support for the system in the delivery of the interventions.

2. Phase 2 – Interventions

- 2.1 The approach to Phase 2 has consisted of using a blend of external support and existing NHS resources to cover a number of work programmes as described in this section. A system coordination and assurance support team are coordinating all the areas of intervention across the system and reporting weekly through to NHSE and the Recovery and Transformation Board.
- 2.2 The main areas of the Phase 2 intervention are: -
 - Accelerating the existing savings plans

This focuses on the high value and high-risk plans and accelerating delivery through the development and delivery gateways in year, closing the unidentified gap and pulling forward some of the back ended plans.

Additional capacity and capability have been put to support these targeted savings programme areas.
 - Enhanced grip and Control measures

This intervention drives rapid pace to achieve the reduction in expenditure run rate required in the next few months. This includes individual provider support where required and also whole system assurance including enhanced reporting, identifying and sharing best practise and learning. This area focuses on a non-clinical vacancy management, variable pay controls including rostering efficiency and discretionary non-pay management.

- **Strengthening system level interventions**

These areas related to a number of system wide efficiency plans which not only provide savings in year but enable longer term financial sustainability.

As with all savings schemes each organisation is ensuring quality impact assessments are in place for any mitigation plans.

The key focus in this area is across 4 programmes of system level work: -

1. **Commissioning and QIPP.** There are opportunities to strengthen collaboration between organisations on developing commissioning opportunities and ensure an effective operating model is developed for the future.
2. **Urgent and Emergency Care Pathway** *The system plan identified this as a significant area of unfunded cost growth over the last few years and plans have been developed through the UEC Programme Boards and supported by Place Directors working with provider Trusts. There are opportunities to increase and accelerate the UEC de-escalation efficiencies for a number of providers.*
3. **Continuing Healthcare** *This was another area identified in the plan as an outlier on costs. External support is in place to help to review these costs and benchmark against other systems.*
4. **Procurement.** *There are opportunities to tackle expired contracts and contracts nearing renewal across the system.*

3. Update on system efficiency plans

- 3.1 As reported in the Month 6 Finance Report, the system is reporting a saving of £129.3m halfway through the year, which is £8.6m behind plan due to variances largely across three providers. The efficiencies delivered to date and planned for the full year are shown by organisation in **Table 1**.

Table 1 – system efficiencies

ICS System Efficiency Savings	Year to Date : Month 1-6			Forecast : Month 1-12			Savings still to be delivered %
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)	
	£000	£000	£000	£000	£000	£000	
Blackpool Teaching Hospitals NHS FT	10,905	6,801	(4,104)	63,692	63,692	0	89%
East Lancashire Hospitals NHS Trust	11,553	11,553	(0)	59,679	59,679	0	81%
Lancashire & South Cumbria NHS FT	8,954	10,206	1,252	27,000	27,000	0	62%
Lancashire Teaching Hospitals NHS FT	10,765	8,343	(2,422)	58,041	58,041	(0)	86%
North West Ambulance Service NHSE Trust	7,086	7,554	468	15,059	15,059	0	50%
University Hospitals of Morecambe Bay NHS	10,184	6,407	(3,777)	37,311	37,311	0	83%
Providers	59,447	50,865	(8,582)	260,782	260,782	0	80%
Lancashire & South Cumbria ICB	78,393	78,392	(1)	269,992	269,992	0	71%
ICS System Surplus / (Deficit)	137,840	129,257	(8,583)	530,774	530,774	0	76%

3.2 The forecast outturn savings are currently in line with the plan, but significant delivery risks are emerging with 76% of the savings still to be delivered in last half of the year.

4. Managing the risk

4.1 The combined level of high risk across the ICB (£81m) and the Providers (£79m) gives a total system high risk of £160m.

4.2 The phase 2 work is a key focus across the system for all organisations. Pace of the delivery is required, and Month 6 did not show the progress anticipated in reducing the expenditure run rate. If reductions in run rate is not delivered within the next few weeks, it will be very unlikely that the system will meet its financial plan.

4.3 To address this, further support is being provided to all organisations. An NHSE nominated lead for the support programme is currently working with each organisation to support the pace and delivery of the interventions identified in phase 2.

5. Transformation programmes

5.1 Whilst we are prioritising in-year recovery, it is important that we do not lose sight on the longer-term transformation and a focus will remain on longer term system transformation programmes.

5.2 During the current period of focus on in-year recovery, the former system recovery and transformation programmes continue to have oversight by the Provider Collaborative with any benefits realised by those schemes supporting Provider CIP position and/or closing some of the gaps within.

5.3 The exception to this has been the collaborative progress of the Acute Clinical Configuration Blueprint work which will provide valuable evidence-based understanding of the behaviors and needs of acute service users. This work will

inform the blueprint for future services to make the best use of acute services to meet population needs and release some of the trapped value in some of those services.

- 5.4 The focus in the coming weeks, recognising the necessary short-term focus on Investigation and Intervention, will be to set out our 5-year roadmap to achieve our shared vision for clinical services in Lancashire and South Cumbria by 2030. This will build on the ICB vision and will be consistent with indications contained within Lord Darzi's report¹.
- 5.5 This vision will be closely linked to commissioning intentions and will consider all aspects of our services to ensure a coherent vision for Lancashire and South Cumbria by 2030 that makes better use of resources.
- 5.6 In the meantime, work continues within the Provider Collaborative on the establishment of One LSC Corporate Services, hosted by East Lancashire Hospitals Trust, with expected go-live on 1st November. Once established, this will provide the foundation for acceleration of transformational change within those corporate services.

6. Recommendations

- 6.1 The Lancashire and South Cumbria Board is asked to note the content of this report, the current level of financial risk and the approach to mitigating this, both in the short-term and long-term.

Sam Proffitt
Chief Finance Officer and Deputy CEO

¹ <https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf>