

Integrated Care Board

Date of meeting	15 January 2025
Title of paper	System Recovery - Investigation and Intervention
Presented by	Kevin Lavery, Chief Executive
Author	Stephen Downs, Director of Finance (Recovery and Assurance)
Agenda item	11
Confidential	No

Executive summary				
This paper provides an update on the next phase of the investigation and intervention (I&I) process. Whilst there is a significant financial risk to the delivery of the financial plan, positive progress has been made in reducing the level of high-risk QIPP in the ICB, tighter control of spend in all-aged continuing care, and agree the roadmap priorities for 2025.				
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	✓			
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
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Integrated Care Board – 15 January 2025

System Recovery Investigation and Intervention – Next Steps

1. Introduction

- 1.1 This paper provides an update on the next phase of the investigation and intervention (I&I) process.
- 1.2 At the Board meeting on 13 November 2024 an update was provided on the work to mitigate financial risk as part of Phase 2 interventions.
- 1.3 A Recovery and Supplier Management Oversight Board has met fortnightly since early September 2024, taking over the role of the Recovery and Transformation Board, to oversee the I&I process and specifically the agreed packages of work provided by consultancy suppliers.

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 deliver 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 Supplier Management Oversight Board.
- 2.2 An update on the main areas of the Phase 2 intervention is as follows:

a. Accelerating the existing savings plans

ICB

- 2.3 The ICB has continued to run an 'Incident Management' (IMT) approach to ensure delivery of 2024/25 QIPP and robust planning for 2025/26 QIPP through the six Delivery Units. The IMT approach has been in place for approximately 12 weeks and has demonstrated a positive impact on reducing financial risk and delivery of 2024/25 QIPP targets.
- 2.4 IMT and the supporting processes were mobilised w/c 9th September. At the first IMT the total value of high-risk schemes was £144m. The high risk schemes are now £51.3m demonstrating the impact of the IMT process. Further mitigations have been identified that reduce the risk position to c£20m and will be monitored through the IMT arrangements.

Providers

- 2.5 Blackpool Teaching Hospitals and East Lancashire Hospitals have both engaged with PA Consulting to support the delivery of their efficiency programmes – the latest position is reported in section 3. Lancashire Teaching is in the process of

agreeing the scope of external support and obtaining management consultancy approval from NHS England.

b. Enhanced grip and Control measures

- 2.6 As part of the IMT approach, additional controls have been implemented to provide increased scrutiny and oversight on expenditure. This includes tightening processes around resource requests managed through the Resource Management Group and monthly reporting of 'breaches with controls' via IMT, leading to specific action to address the breaches.
- 2.7 Specifically for providers, with support from PA Consulting, they have been proactively focused on freezing non-clinical vacancy management, variable pay controls including rostering efficiency and discretionary non-pay management. The impact of this intensive work has been variable across the providers over the last 12 weeks, with marginal improvements in some areas with significant work still to be realised.

c. Strengthening system level interventions

- 2.8 This relates to system wide efficiency programmes deliver savings longer-term financial sustainability.
- 2.9 The key focus in this area is across four programmes of system level work:

- ***Commissioning and QIPP***

The work to develop the ICB commissioning operating model supported by PA Consulting has progressed well and to timescales with clear next steps to develop the model even further, such as looking at finance and back office functions. Work is ongoing to understand the next phase and timelines for delivery.

There is a "block contract" review underway across the ICB focused on acute, community and mental health service lines. This is to understand a baseline of services across the ICB to ensure that funding is prioritised and targeted.

- ***Urgent and Emergency Care (UEC) Pathway***

UEC improvement plans are in place at UEC Delivery Board (UECDB). Delivery against plan is overseen at the Collaborative Improvement Board (CIB) where each UECDB provides an update on progress against the improvement plan and issues requiring escalation that are impeding delivery.

Attendance at the CIB has been problematic due to competing pressures, which creates difficulties in holding the right people to account for delivery of those plans.

Whilst there is significant work underway in each place, the system continues to be under immense pressure and the impacts of the action being taken is not translating into reduction in costs or efficiencies being realised.

A discussion took place at the Recovery and Supplier Management Oversight Board on 12 December 2024 where concerns were escalated to the ICB Chief Operating Officer regarding CIB attendance and the slow progress on reducing excess costs.

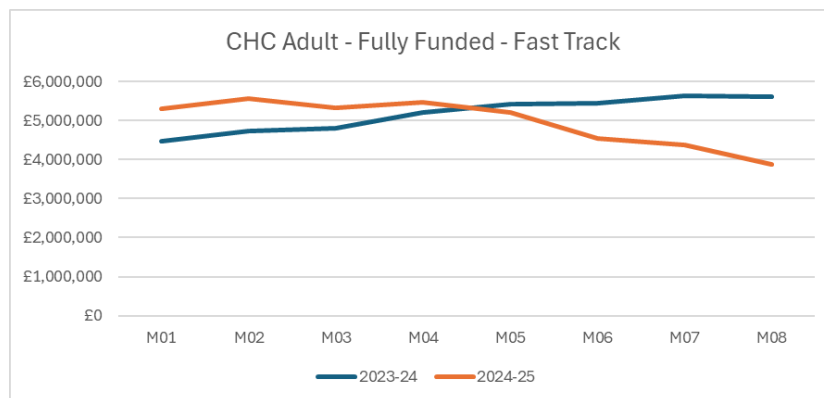
- **All-aged Continuing Care (AACC)**

AACC is a designated delivery unit within the IMT that is focused on delivery of QIPP and wider cost reduction. To strengthen this, a turnaround approach has been agreed with a Turnaround Director and a Finance Director joining the Senior Leadership Team for an initial 6-month period alongside the AACC Director to:

- Accelerate the pace of delivery to maximise benefits in the last quarter of the financial year.
- Improve the exit run rate heading into 2025/26.
- Set out clear plans for 2025/26 that will enable achievement of an agreed budget, reduce outlier status in a number of key metrics and so maximise the use of one of the biggest areas of spend within the ICB's control.

There have been some real positive improvements with this approach as evidenced in Month 8 data.

Overall patient case load is slightly down once again, with Fast Track cases down by 25% year-on-year and the rate of new Fast Track referrals down by almost 20%. This is translating into a clear downward trajectory for Fast Track spend as can be seen in the graph below with spend in month 8 down by around 31% in 2024/25 compared to 2023/24.



While Fast Track cases has been a priority, work has progressed on several areas including reducing the backlog overdue AACC reviews and market management with supply side controls starting to reduce some of the unwarranted variation in rates. All of this has led to a reduction in the overall cost of packages in month 8 which, if sustained, will enable the ICB to make far better use of the £400m+ spend.

- **Procurement**

The Provider Collaborative Board have engaged with Ecovate to provide procurement support through to April 2025 while key vacancies are recruited to. This is a fixed fee proposal with the following timetable:

- Initiation & Planning: by end November 2024
- Quick win tactical opportunity identification and implementation – Dec-Jan
- Medium term savings projects delivery requiring procurement process – Jan-March
- Finalise all ongoing savings initiatives and handover – April 2025

3. Update on system efficiency plans

3.1 As reported in the Month 8 Finance Report, the system is reporting savings of £197.2m year to date, which is £37.7m behind plan due to variances largely across the acute providers. The efficiencies delivered to date and planned for the full year are shown by organisation in **Table 1**.

Table 1 – Efficiencies by Organisation

ICS System Efficiency Savings	Year to Date : Month 1 - 8			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 Foundation Trust	25,455	9,637	(15,818)	63,692	63,692	0	85%
East Lancashire Hospitals NHS Trust	23,745	17,316	(6,429)	59,679	59,679	0	71%
Lancashire and South Cumbria NHS Foundation Trust	14,350	13,867	(483)	27,000	27,000	0	49%
Lancashire Teaching Hospitals NHS Foundation Trust	20,705	13,608	(7,097)	58,041	58,041	0	77%
North West Ambulance Service NHS Trust	9,735	10,281	546	15,059	15,059	0	32%
University Hospitals of Morecambe Bay NHS Foundation Trust	17,708	9,272	(8,436)	37,311	37,311	0	75%
Providers	111,698	73,981	(37,717)	260,782	260,782	0	72%
Lancashire & South Cumbria ICB	123,205	123,205	0	269,992	269,992	0	54%
ICS System Total	234,903	197,186	(37,717)	530,774	530,774	0	63%

3.2 The forecast outturn savings are currently in line with the plan, but significant delivery risks are emerging with 63% of the savings still to be delivered in the final 4 months of the year.

4. Managing the risk

4.1 The ICB has £51.3m of high-risk savings to manage by the year-end to deliver a balanced position. The providers have £133m of high-risk savings plus a further £33m of risk, taking the total risk to the year-end forecast to £166m. Therefore the total system risk is £217m, after the receipt of £175m deficit support funding.

4.2 The ICB continues to pursue all options to reduce the level of risk and close the financial gap.

4.3 For the Providers, given the magnitude of the risk, a balance plan will not be achieved but all options are being pursued in the final 4 months of the year to minimise the variance from plan.

5. Embedding Learnings from Investigation and Intervention (I&) – Self Assessment

- 5.1 It is vital that we continue to embed the learnings from I&I as part of business as usual that sets the ICB on a clear path towards becoming a high performing organisation through strong leadership and culture, effective and efficient operational processes and management, and a commissioning operating model that underpins efficiency, best outcomes and value, and financial sustainability.
- 5.2 As part of the IMT approach, ICB executives will undertake a self-assessment against the learnings from NHSE I&I guidance, to understand the current situation within the ICB against each of the areas and consider short-medium-longer term action that can be implemented at pace. Detailed actions will sit behind the self-assessment to ensure that outputs are implemented and will be woven into the commissioning operating model and organisational development pieces of work. Actions will be tracked by the ICB PMO, and support provided to Executives and their teams to ensure a smooth and effective process that leads to improvement.
- 5.3 Formal reporting will be routed through the ICB Finance and Performance Committee to provide assurance on:
- The ICB response to the I&I learnings and guidance – through the self-assessment process.
 - The outputs of the Executive led self-assessment – what is this telling us about how we need to improve.
 - The process for ensuring implementation of outputs from the self-assessment through specific actions with delivery owned by ICB Executives and progress tracked via the ICB PMO.
 - Ongoing assurance of delivery against actions.
- 5.4 **Transformation programmes (LSC 2030)**
- 5.1 Whilst we are prioritising in-year recovery, it is important to recognise that longer-term transformation is key to improving population health, reducing health inequalities, and making the best of the resources available to the system.
- 5.2 We know why we must transform; the case for change is clear. We have already agreed our high-level ICB vision *“To have a high quality, community-centred health and care system by 2035. Everything we do is for the benefit of improving the health and wellbeing of the population and our people. We are committed to integrating health and care services to improve outcomes, reduce health inequalities and enhance productivity and value for money”*
- 5.3 Work is now under way to articulate with clarity a more detailed vision for the way future services will be configured to meet the needs of the population we serve and to set out the roadmap that will take us toward that vision.
- 5.4 This is a transformational journey over time, not a quick tactical fix, but we must need to make an impact in 2025 through delivery of early elements of the *LSC 2030 vision and roadmap*. The roadmap will set out how we get from where we are to where we aspire to be through 3 lenses;
- **Stabilise** – improving today’s operations
 - **Recover** – delivering emerging opportunities
 - **Transform** – strategic new models of care for **LSC 2030**

- 5.5 Following a system workshop in late November a small number of key areas of focus have been agreed to progress in Q1 2025;
- **Primary Care Transformation Roadmap** with a focus on the definition and implementation of **Local Enhanced Services (LES)** and quantification of what this will enable as we seek to achieve the move of care closer to home as signaled in the recent State of the NHS report by Lord Darzi.
 - Building on great examples in areas such as Morecambe Bay, we will focus on scaling up / replicating **Integrated Neighbourhood Teams (INTs)** with a particular focus on supporting the elements of our population who are in palliative, end of life or frail life stages to ensure advanced care plans are in place that meet the needs, and wants, of those people while making the best use of resources.
 - Working closely with the Acute Trusts in the Provider Collaborative, we will accelerate plans that tackle the challenges and fragility in some of the more **vulnerable vital services**, looking at new models of care that maximise the strengths in our system to best meet the needs of our population.
- 5.6 A series of facilitated system transformation planning workshops will take place in January with colleagues responsible for elements of our LSC 2030 roadmap. This will inform the costs and benefits of the enabling 3-year financial plan, and ensure close alignment with commissioning intentions and the annual planning now under way.

6. Recommendations

- 7.1 The Lancashire and South Cumbria Integrated Care 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.