Lancashire and South Cumbria Integrated Care Board

Approved at the meeting held on 2 March 2023

Minutes: Finance and Performance Committee

Monday 16 January 2023 at 10.00am, Virtual Meeting – MS Teams

	Name	Job Title
Members in attendance	Roy Fisher (Chair)	Non-Executive Member
	Debbie Corcoran	Non-Executive Member
	Sam Proffitt	Chief Finance Officer
	Asim Patel	Chief Digital Officer
	Roger Parr	Director of Performance and Assurance
	Katherine Disley	Director of Operational Finance
	Jim Birrell	Non-Executive Member
	Debra Atkinson	Company Secretary / Director of Corporate Governance
	Andrew Harrison	Director of Place and Programme Finance
	Stephen Downs	Director of Strategic Finance
Attendees	Terry Whalley	Delivery Assurance Director (interim)
	Sarah O'Brien	Chief Nurse
	Jane Brennan	Director Adult Health and Care
	Pam Bowling (notes)	Corporate Office Team Leader
Apologies	Maggie Oldham	Chief Planning, Performance and Strategy Officer

Item	Note	Action by
Welcome and introductions		
1.	Roy Fisher welcomed everybody to the Finance and Performance Committee.	
Apologies for absence		
2.	Maggie Oldham	
Declarations of interest		
3.	There were no declarations of interest received.	
Minutes from the last meeting held on 28 November 2022 and Matters Arising		
4.	The minutes of the last meeting held on 28 November 2022 were agreed as a correct record. A review of actions was undertaken. It was agreed that in future actions would be recorded in a separate action log. **Action**: Discussion to be had about the performance element of the agenda and if this needs to be covered within both Quality Committee and Finance and Performance. **Outcome**: Reference was made to the forthcoming Board session on 'Making Data Count' and a recent meeting attended by ICB colleagues on the Nottinghamshire Model. It was agreed that this action be put on hold until further discussions held on performance reporting moving forward.	**Secretary** **Secretary – for action log**

	Action: to include Chief Digital Officer within the membership of the Committee **Outcome**: Action complete. Asim Patel was welcomed to the meeting. **Action:** Include Contracting Report as a future agenda item. **Outcome:** Added to planner and will be standing item with effect from next meeting. **Action:** Sam to review and seek clarity on the two recommendations that were put forward within the MIAA slides. **Outcome**: Sam confirmed that she was looking at these with the DoFs as part of the recommendations. **Action:** Maggie Oldham and Roger Parr to have a meeting with David Levy to discuss how to improve Primary Care data reporting. **Outcome**: Meeting took place with Peter Tinson and his team and a clinically led balanced score card for primary care is being developed and how this can be utilized to ensure that measures are meaningful. **Action:** Undertake a deep dive on 2/3 areas e.g. A&E Performance to understand how the ICB is performance managing and bring back the details to the next meeting. **Outcome**: Performance Report at today's meeting includes additional detail on Urgent and Emergency Care. In future will co-ordinate plan of deep dives with Quality Committee. Debbie Corcoran referred to the need to ensure a holistic approach and connectivity to looking at performance and insight across all committees and advised that the Quality Committee have agreed that PIEAC will look at patient experience. Concern was expressed regarding the performance report as it did not appear to have progressed since the last meeting and narrative/exception reporting was requested. Due to the current challenges facing the NHS, it was important that the committee received the right information at the right time to enable it to understand the position and what can be done about it. It was recognised that there is currently a small performance team and the ICB is working on improvements in this area. It was agreed that this be included in the Triple A report to the Board as an Alert. Roger Parr responded that progress has been made since the report was produced and following on from the meeting regarding the Nottinghamshire model, the report is being adapted to include more narrative/commentary. It was also agreed that all committee agendas should include a standing agenda item to consider items that should be included on the ICB Risk Register.	**D Atkinson**
Month 8 Financial Report		
5.	Katherine Disley presented the month 8 (November 2022) financial performance for the Lancashire and South Cumbria (LSC) Integrated Care Board (ICB) and requested feedback from members on the format of the report and suggestions for additional information to be included. At month 8, the ICB is reporting a year-to-date deficit of £18.9m which represents a small improvement of £1.6m on the deficit inherited from the quarter 1 CCG reported position of £20.6m. The current position is driven by significant pressures on Continuing Health Care / Hospital Discharge costs and under delivery against QIPP schemes against the profile of savings required. The ICB continues to forecast a break-even full year position, however at month 8, the net risk associated with a	

	balanced year end position is £42.8m. As such, the forecast assumes full delivery of the ICB Recovery Plan in order to mitigate the risk position in full. Katherine highlighted the following key areas from the report: - Table 1 – summary income and expenditure position - Key areas of pressure – acute (IS contracts), MH services, CHC, underspend against CIP contributing towards deficit. - Revenue resource limit – forecast balance at year end. - Cash limit – overdrawn by £90m. £44m inherited from quarter 1. - Table 4 - balance sheet – BCF payment for November is outstanding which puts pressure on cash resource but working with LCC to get this resolved. - Provisions (current and non-recurrent) - £10m set aside in quarter 1 in respect of local authority legal claims – now settled. - Section 5 – allocations reconciliation. - Efficiencies. £15m behind plan at month 8. Full year forecast to achieve. - Risk – net risk of £42.8m which represents less than 1% of total ICB allocations. Assumptions to mitigate pressures – ERF income, delivery of efficiency target, SDF slippage and technical forecast movements. Committee members expressed their thanks for the additional and comprehensive information which remained at a high level and the following suggestions were made in terms of additional information required: Table 1 – summary income and expenditure position – to include detail of what is included in each area; suggestion of a notes table to accompany the diagram, explaining how the costs are built up and oversight from a governance perspective; a clear view on risks and mitigations; a one page 'heat map' on specific risks and issues. Debra Atkinson provided an update on the corporate risk register. The Board approved the BAF and risks regarding Strategic Objectives in December 2022 and is subject to ongoing discussions with the Audit Committee Chair. A desk top review is also under way and a mapping exercise of risks from CCGs has been undertaken. A further update will be provided to the Board in March 2023. Sam welcomed the points made and confirmed that further work will be undertaken on the format of the report and the information to be included. **RESOLVED:** **That the Finance and Performance Committee note the content of this report alongside agenda item 9 detailing the actions required to mitigate the financial risk.**	K Disley
Month 8 Provider Position		
6.	Stephen Downs presented the paper and set out the position reported by Providers at Month 8 and the latest financial forecast. Stephen advised that in December, discussion took place with NHSE about an acceptable ICB position for the North-West. The position agreed with providers is to deliver a £30m aggregate deficit by utilising the CCG historic surpluses of £27m. In December, the provider recovery plans showed a risk of £45m with an expectation to bring this down to £40m. Specialist commissioning have an underspend of £5m which will come into the region, which reduces the £45m to £40m. Further discussions are ongoing with providers to bring the risk down and it is clear that some providers have more opportunities than others. There is also some other brokerage that NHSE have agreed that can be kept. It was noted that this is a one-off technical arrangement	

	which pushes the problem in to the next financial year and reduces flexibility. The key message from NHSE is that the position has to be delivered. Attention was drawn to a letter from Richard Barker which set out the consequences for the system in not achieving the plan include consideration of organisation's SoF ratings. The need to ensure all allocated capital resource is spent by year end, was also highlighted as an issue. Operational pressures in terms of not being able to take G&A capacity out and to clear the 78-week waiters were highlighted. Roy Fisher highlighted pressures around spending the discharge fund in a time limited way and the issues highlighted in the paper at LTHFT. Jim Birrell congratulated the team on reaching this position and on gaining the support of NHSE but highlighted the need for the Trusts to continue to deliver. Discussion took place about LTHFT and concern was expressed about its position in terms of finance and performance. Members asked for this to be given more focus and it was noted that there is a Board to Board meeting between the ICB and LTHFT in March 2023 where these issues will be discussed. Sam agreed with the need for a focus on LTHFT and confirmed that she would be having further discussions with the CEO at LTH and the ICB Executive team. Debbie Corcoran expressed concern about the impact on next year and referred to the work being undertaken by Ruth Carnell on the provider collaborative and the Board's role in facilitating it. Debbie added that this work cannot be done in isolation of the financial position and the need for more radical transformation. Stephen added that it is clear where the costs need to come out but until they can be taken out there is a need for this technical arrangement. The view of providers is that the pressures of 'no medical reason to reside' causes them considerable financial issues. Stephen confirmed that there was full transparency with the providers in terms of securing this additional funding and effectively using the CCG historic surplus which was set aside for transformation and to address health inequalities. Roger Parr added that in terms of 'no medical reason to reside' the Lancashire system performs well when benchmarked with other systems and the challenge could be longer length of stay. Andrew Harrison reiterated the need for the matter around the use of the surplus to be clearly made to the Board in order for them to recognise that this money was set aside to deal with and improve health inequalities in Lancashire and if this could be done it may deal with length of stay. **RESOLVED:** **That the Finance and Performance Committee note the contents of the Report**	S Proffitt
ICB Recovery Plan		
7.	Andrew Harrison presented an update on the 'Get Well' financial recovery plan for the ICB. The plans to recover the potential deficit of £42.8m for the ICB were reported to be in train. A number were complete with positive contributions, a number remained	

	partially complete with ongoing work, and some have been resolved as unable to leverage savings for the current financial year. In summary the total value associated with complete actions is £12m, and a further £20m in progress. Andrew shared a slide on 'Mapping of Mitigations to Risk' which he agreed to share after the meeting. It was noted that work being undertaken included a series of reviews on the ICB balance sheet. Jim Birrell referred to the need to integrate the papers to provide a clear overview and understanding of the detail. Jim highlighted the lack of delivery of CIP and QIPP and transformational change as an Alert to the Board. The 10% gap for the next financial year was of concern and that whilst the financial position had improved, this was due to creative accounting primarily and not actions. Jim also referred to the section in the paper on Primary Care Costs and performance based quality measures and suggested that the previous system, pre-pandemic, should be reinstated. Stephen advised that he would be looking at ICB internal assurance delivery as well as provider as the ICB is delivering less recurrent CIP than providers. Members were thanked for their comments and it was agreed that finance colleagues would work together on an overview to ensure there is a clear understanding of what is being described. **RESOLVED:** **That the Finance and Performance Committee:** **1) Note the contents of the report** **2) Endorse the approaches taken to mitigating the ICB financial position** **3) Approve the continued action to complete the In Progress activity to increase the value of the mitigations identified.**	
Month 8 Performance Report		
8.	Roger Parr presented the current performance of the ICB highlighting key remedial actions. The report included an Urgent and Emergency Care (UEC) focus on issues and actions undertaken during a period of significant system pressures. The following key issues were highlighted. All LSC hospitals struggling around discharge and flow. Blackpool reporting an increase in number of attendances at front door. Increase in delayed discharge and length of stay over 14 days and over 20 days. Constitutional targets under significant pressure. Operational risks around covid, flu and industrial action which was not foreseen at the start of planning and workforce pressures. Escalation into different areas of hospitals which will have a financial impact. Awaiting derogations on the industrial action. Key messages from the slide deck: • Attendance up to previous position in general practice • GP referrals into secondary care are down on pre-Covid levels. • Waiting list increases • More face to face in primary care and patient experience good. • Electives – 1,000 over 78-week waiters.	

	• A&E performance deteriorating, with BTHFT having best performance. • 12-hour waits remain high • Longer length of stay • Bed occupancy very high at over 96% • Not meeting criteria to reside - relatively good but could be improved. Sam noted further work to be done on the format of the report and the Chair asked that specific questions on the report be forwarded to Roger outside the meeting. Sam highlighted that the information in the report infers an increase in patients going straight to A&E and there was a need to focus on the 'front end' of the hospital as well as focusing on the discharge element. Jim Birrell raised the issue of productivity and potential savings and the need to focus on this as a topic. Debbie Corcoran recognised the further work to be done on the report and asked that consideration be given to the inter-relationship between performance oversight at Board and at this committee in terms of the level of detail and purpose of each. Asim responded that the key message from Nottingham was about having clarity around the performance management framework and how oversight flowed from the different groups and clinical networks and how this plays into the Finance and Performance Committee and the Board. The need to have a robust performance management team in place was highlighted. Roger thanked colleagues for their helpful comments which will be taken on board in terms of preparation of a report for the next meeting. **RESOLVED:** **That the committee note the current performance and the actions being taken to mitigate the pressures and risks in the system.**	R Parr
ICB 2023/24 Planning Update and Assumptions		
9.	Stephen Downs presented the paper which set out the 2023/24 Financial Planning guidance and the initial work undertaken. The two key submissions dates are 23rd February 2023 for draft plans and w/c 27th March 2023 for final plans, a tight timescale. The ICB will receive 3% growth, which is less than the national average of 3.3% because of the "convergence factor". Initial financial bridge work has indicated a 10% financial gap in the providers and a significant financial challenge for the ICB. Stephen presented a set of slides and provided further detail on the following: • National Draft planning timetable (subject to change) • ICB and system finance business rules • ICB Funding – baseline adjustments, net growth and convergence, core allocation, primary medical care • Elective Recovery Fund – ERF • Key financial commitments/assumptions • Exit run rate bridges – Providers (1), Providers (2), ICB Jim Birrell referred to the letter from Kevin Lavery and Kevin McGee which indicated a need to make savings of over 5% to effectively standstill, whereas the presentation referred to a 10% financial gap. In response it was stated that this will be clarified as part of planning moving forward as it is about closing down non-recurrent spend as well as efficiencies.	

	Debbie Corcoran commented that it would be helpful to have a short briefing note on the provider picture in terms of budgets, funding, assumptions, leavers, and governance around financial performance management of providers. In response Sam Proffitt referred to the work ongoing on the system operating model, architecture, framework and governance. **Resolved:** **That the Committee note the contents of the paper.** *Asim Patel left the meeting.*	S Proffitt
Establishing an Effective System PMO – Priority Programmes for Financial Sustainability		
10.	Terry Whalley presented the paper which set out the reason why an effective, single system Programme Management Office (PMO) is essential to improving delivery of the operational plan, financial recovery plan and longer-term transformation objectives. It included emerging thinking on a streamlined approach to projects and programme delivery, focusing on doing well a smaller number of things that will deliver operational, financial and quality improvements in line with the agreed quadruple aim. The paper also provided some indicative thinking on how the PMO will help to support the agenda of the Finance and Performance Committee. It was noted that the ICB has established a Transformation Team to take forward key work programmes collaboratively, with the full range of system partners, and drawing on the expertise of multi-professional clinical leaders. It is envisaged that the PMO will become a system wide shared centre of excellence enabling the ICS to deliver the 5-year strategic plan, 10-year vision, the quadruple aims and further actions that will close the gaps in the 2023/24 operational plan and the balanced financial plan. There will be a core team complemented by additional internal and where necessary, external partners. Terry welcomed comments and questions about how the ICB would like to receive assurance as this moves forward and the role of the Finance and Performance Committee. Roy Fisher asked where the programme PIDs would be considered and Terry advised that this was work in progress but the ICB Programme Delivery Board and System Finance Group would have a role. Roy commented on the need for strong governance around this, with NED involvement. Jim Birrell suggested that the committee await further development before it decides on how it can support and sought clarity on the quick wins. Terry confirmed that the PMO is about the procedures and processes for bringing some grip and control to this rather than delivery of interventions through any specific portfolios. In response to a question about funding of the PMO and co-ownership it was stated that there is resource across the system currently driving 84 programmes of work, many in providers and former CCGs, and this is being brought together in a centre of excellence. Debbie Corcoran welcomed this more robust transparent approach and asked about the public, patient and carers voice and the links across areas of business to the People and Communities Framework to ensure these were tied in and offered the	

	support of the PIEAC. In response Terry advised that each initiative will be Quality Impact Assessed. **RESOLVED:** **1) That the Finance and Performance Committee note the contents of this report and support the next steps as set out in the paper.** **2) That the Finance and Performance Committee request an update report at the next meeting.**	T Whalley
Business Cases		
11.	**Continuing Health Care Business Case** Sarah O'Brien and Jane Brennan joined the meeting and updated the Committee following the ICB Board's approval for investment in a new model of delivery with the aim of providing assurances of investment to save. The Board had agreed in principle but felt that the information in the paper on invest to save was not strong enough and asked that an additional paper be brought back to the Finance and Performance Committee as to how £4.2m could be delivered from within the service savings. The paper also referred to options around any savings on CHC in this current financial year. Sarah outlined the reasons for CHC overspending which included an ageing population with challenging demographics. The paper also demonstrated the current issues in the service, with no retrospective reviews and a varied model of delivery across the patch. It was noted that LSC is an outlier across the Region and that the Care Homes in LSC are increasingly asking for 1:1 nursing and the intention is to be able to challenge these costs. Sarah drew the attention of the Committee to paragraph 2 in the report and the potential to achieve circa £700k saving this financial year from the backlog of reviews. The view of the Committee was also sought on the potential to achieve an additional £121k relating to reducing/stopping the 28-day grace period as described in the paper. It was noted that the paper demonstrated robustly that the new operating model would generate over £7m recurring savings. Sarah highlighted a further anomaly in LSC relating to the transforming care agenda and removing people with learning disabilities from in-patient settings. In LSC this is funded by health, which is unusual, and is potential for further cost savings which would be followed up with the Local Authority. In summary Sarah sought confirmation from the committee that the paper provided the additional assurance that the Committee were seeking in terms of invest to save. *Debbie Corcoran left the meeting.* Thanks were extended to Sarah, Jane, Andrew and colleagues for the comprehensive report. Jim Birrell commented that despite the numbers it was slightly speculative but supported it and asked that performance be monitored in the way in which the £7m target has been assessed with a progress report at 6 and 12 months. Sam Proffitt responded that it is slightly speculative, however the more information that is provided and the more evidence that LSC is an outlier supports the view that it needs to change. There is also a need to focus on the framework and decision-making.	

	Sarah O'Brien and Jane Brennan valued the oversight and scrutiny and confirmed that a further update is in progress and will be brought back to the Committee. A finance CHC oversight group is being established to track against what is proposed in the paper. In terms of the overspend a deep dive into the high costs will be undertaken with finance colleagues and CSU. Andrew Harrison commented that there is still some way to go in terms of savings and this will be refined further. In terms of monitoring, there will be a need to deconstruct the run rate from the demographic change. **RESOLVED:** **That the Finance and Performance Committee:** 1. **Note the current risks associated with CHC and the case for change** 2. **Note proposed in year savings from backlog of reviews and agree to stop the 28-day grace period.** 3. **Note the proposed new model of delivery for CHC and indicative consequential savings of £7,033,111 for the investment of £4,205,695** 4. **Note the risks associated with the transition to the new model and mitigations around these risks.** 5. **That performance monitoring come back to this committee.** 6. **That consideration be given to an Appeals Panel.** *Jane and Sarah left the meeting.*	
Any other business		
12.	Consideration of issues to report to the Board: **Advise:** • Month 8 (November 2022) financial position • Month 8 Provider Position. • Financial recovery plan for the ICB • Performance • System Programme Management Office **Assure:** • Financial Planning Guidance • Continuing Health Care Business Case **Alert:** • Performance Management – a need to strengthen the performance management team to improve reporting and investigation. • 2023/24 Planning Update and Assumptions - projected 10% gap next year.	
Date and time of next meeting		
Date of time of next meeting is to be confirmed. It was agreed that further consideration be given to future meeting dates and times outside the meeting. **Action: Chair/Secretary**		