

MINUTES OF THE SYSTEM FINANCE, ESTATES AND DIGITAL COMMITTEE
HELD ON TUESDAY 23 APRIL 2024 VIA MS TEAMS AT 1.30PM

Present:		
Jill Dentith	JED	Non-Executive Director (Chair)
Michelle Arrowsmith	MA	Chief Strategy and Delivery Officer/Deputy CEO, ICB
Jim Austin	JA	Chief Information & Transformation Officer, DCHS/Chief Digital Information Officer, JUCD
Jason Burn	JB	Interim Director of Finance - Operations & Delivery/Deputy CFO
Claire Finn	CF	Director of Operational Finance, UHDB
Linda Garnett	LG	Interim ICB Chief People Officer (part)
Keith Griffiths	KG	Chief Finance Officer, ICB
Steve Heppinstall	SH	Chief Finance Officer, CRH
Tamsin Hooton	TH	Programme Director, Provider Collaborative, JUCD
Mike Naylor	MN	Director of Finance, EMAS
Stuart Proud	SP	Non-Executive Director, DCHS
James Sabin	JS	Director of Finance, DHcFT
Sue Sunderland	SS	Non-Executive Director and Audit Chair, ICB
In Attendance:		
Debbie Donaldson	DD	EA to Keith Griffiths, (Minute Taker) ICB
Apologies:		
Chris Clayton	CC	Chief Executive Officer, ICB
Simon Crowther	SC	Chief Financial Officer/Deputy CEO, UHDB
Ian Lichfield	IL	Non-Executive Director, UHDB
Susan Whale	SW	Director of System PMO & Improvement
Item No.	Item	Action
FE2425/369	Welcome, Introductions and Apologies Apologies were received from Chris Clayton, Simon Crowther, Ian Lichfield, and Susan Whale.	
FE2425/370	Confirmation of Quoracy The Chair declared that the meeting was quorate.	
FE2425/371	Declarations of Interest The Chair reminded Committee members of their obligation to declare any interest they may have on any issues arising at committee meetings which might conflict with the business of the ICB. Declarations declared by members of the Finance and Estates Committee are listed in the ICB's Register of Interests and included with the meeting papers. The Register is also available either via the Executive Assistant to the Board or the ICB website at the following link: www.derbyandderbyshire.icb.nhs.uk No declarations of interest were made.	

FE2425/372	<p>Any points arising from previous ICB Board Meeting</p> <p>The Chair reported that the ICB Board Development/Strategy Meeting held on 18 April 2024 had concentrated on the planning for 2024/25.</p>	
FINANCE		
FE2425/373	<p>M12 System Finance Report</p> <p>Jason Burn reported that as of 31st March 2024, the JUCD position was a £58.0m deficit against an original breakeven plan and a H2 reset figure of £44.7m. The main factors driving this were excess inflation and pay award pressures, together with the health care assistant pay settlement and pressure as a result of the removal of the IFRS16 revaluation benefit.</p> <p>The H2 financial reset was submitted at £47.3m against which NHSE gave a stretch target of £5m. The system managed to reduce the expected outturn to £44.7m and had continued to look for additional opportunities to achieve the full stretch target, which was reported as being achieved at the end of March.</p> <p>The System had been subject to additional liabilities previously notified to NHSE, these were on top of the H2 reset target and outside of system control. The first, an expected benefit of £7.2m relating to a reduction in PDC with the revaluation of PFI assets under IFRS16. Due to a change in national policy this benefit could no longer be recognised in the System position and resulted in a total forecast deficit of £51.9m being reported in M11. Secondly, health care assistant re-banding costs of £8.5m, that were previously reported as risks, were expected to materialise and had been included in the year end position.</p> <p>Though JUCD had a deficit in 2023/24, driven by excess inflation and other reductions in income, the deficit represented 1.2% of turnover which made DDICB the second-best performing system in the midlands and puts us well below the national average.</p> <p>The System's efficiency delivery stands at £134.7m of the £136m plan, 99.1%, split into £32.7m behind plan on recurrent efficiencies and £31.4m over plan on non-recurrent efficiencies.</p> <p>Jason Burn reported that regarding capital (2023-24) the final year end position showed an overall underspend of £0.9m and that related to an IFRS16 uplift due to late notifications on the allocations. It was also noted in the report that there remained a query regarding leases for EMAS ambulances, which may increase the underspend by £0.6m if this was realised.</p> <p>Keith Griffiths reported that the ICB had had its quarterly review meeting on 18 April 2024 with NHSE; he stressed the importance of hitting the £42.3m target set in terms of the ICB's credibility.</p>	

	<p>The Finance and Estates Committee NOTED the M12 Joined-Up Care Derbyshire System (JUCD) Financial Position and the actions taken to ensure the delivery of the financial plan.</p>	
<p>FE2425/374</p>	<p>Annual Plan 2024-25</p> <p>Jason Burn gave a power point presentation entitled Planning Position 24/25 Update and highlighted the following:</p> <ul style="list-style-type: none"> • A stocktake had taken place ahead of the Quarterly System Review Meeting (QSRM) meeting on 18 April 2024. • Initially, when we had submitted our planning submission on the 21 March, the System deficit position was £83.6m, and it was noted that we had been challenging ourselves to go further. • After the refresh on the 17 April, it was noted that there had been an improvement of £4.2m. • The System deficit position submitted for the flash report last week was a £79.4m deficit. • There had been a £1.8m improvement from the Providers; £0.9m at both UHDB and at Derbyshire Healthcare and the ICB had managed to move its position by £2.4m to the good. • All the above had contributed to a movement of £4.2m improvement, down to a £79.4m deficit. • The latest CIP target position for 24/25, was just shy of £169m. It was discovered last week that between plans and opportunities we were about 78% (£131m) of the way towards that target. • When we looked at the nature of those plans and opportunities between the recurrent and non-recurrent, we were up at about £94.3m (72%) of those opportunities being identified as recurrent. • The Audit Chair referred to the CIP position and reported that there was quite a difference between the proportions of recurrent to non-recurrent at some Providers. UHDB looked very positive with 72% recurrent, but CRH were forecasting 40%. Given that CRH had struggled to deliver this year, she had concerns about system recurrent delivery; this would be core to a financially stable position. • Steve Heppinstall emphasised that CRH had delivered £12m in the System target this year. Whilst they would have liked to have gone further and delivered more, it was still a substantial saving for an organisation of that size in terms of the split of recurrent and non-recurrent. He reported that CRH were still working through the plan submission, and he would be reviewing the split between recurrent and non-recurrent as part of that plan. • Keith Griffiths referred to the CIP, he reported that amongst the finance community, they had reviewed learning from 2023/24 in terms of how we categorised CIP between recurrent and non-recurrent relative to other Systems. It was noted that we were checking that we had a consistent approach to the definition of recurrent and non-recurrent. • It was noted that schemes put onto ePMO were signed off at the highest level within the finance community to ensure consistency. • Several meetings had been undertaken with region regarding 24/25 Plan and the ICB Board had also met in relation to the Plan. 	

	<ul style="list-style-type: none"> • Keith Griffiths reported that currently we had a £79.4m deficit. National the aspiration was for a deficit below the 2023-24 level. For Derby and Derbyshire ICB that would be in the region of £42-58m. At £79m, we were probably in the region of £30m away from this target currently. • Following the ICB Board meeting held on 18th April it was accepted that further work was needed to achieve which would require further review with possible reductions in head count/pay spend and / or decommissioning of services. • Keith Griffiths had produced slides entitled 24/25 Planning – Summary of outstanding areas needing additional focus, as an aid memoire for operational colleagues to share in a confidential manner to review the position and possibilities. <p>The following areas were highlighted that needed work over the next 5 days:</p> <p>Expenditure reductions/income redistributions and income maximisation:</p> <ul style="list-style-type: none"> • Additional 0.25% Cost Improvement Programme (CIP) with corresponding whole time equivalent (wte)/pay bill reduction. • Value Weighted Activity (VWA) productivity improvement to 10% (from 7%) driving Elective Recovery Fund (ERF) income increase. • Dormitories business case review. • Mental Health Investment Standard (MHIS) review to support Dormitories. • Mental Health Community and non-acute pathway and bed base review. • Derbyshire Healthcare Foundation Trust (DHcFT) residual deficit. • Childrens services coordination. • Musculoskeletal (MSK) Triage and cessation of IS. • Reduction in Chesterfield Royal Hospital (CRH) Deficit • Further 2% reduction in wte (making 4% in total) by March 25. • Review of System Development Fund (SDF) to support exiting spend. • Review of Adult Social Care Discharge Fund to support existing P3 spend. • Provider Collaborative Transformation Schemes. • Review of non-Joined Up Care Derbyshire (JUCD) NHS Provider Contracts. • Estates rationalisation. • Incorporation of GP transformation priorities to support capacity /flow (non- cash releasing) • Balance sheet flexibility. <p>Income Policies:</p> <ul style="list-style-type: none"> • Dental underspend policy – National. • Specialist Commissioning frozen reserve's policy – National. <p>Other Specific tasks:</p>	
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	<ul style="list-style-type: none"> • Review of drivers of University Hospitals Derby and Burton (UHDB) deficit by ICB (Derby and Derbyshire, Staffordshire, Leicestershire). • Review of UHDB Private Finance Initiative (PFI) excess revenue liabilities. • Redistribute the remaining ICB held reserve. • Benefits realisation review of all investments post 1/4/22. • Review of Better Care Fund (BCF) ready for redistribution by 1/4/25. <p>Next Steps:</p> <ul style="list-style-type: none"> • Deadline for completion, including full triangulation across Operational, Workforce and Finance was Friday 26th April. • Profiling of income and expenditure and CIP delivery must reflect actual positions for M1. • All CIP schemes needed to be populated on ePMO by Friday 26th April. • Cash Flow forecasts needed modelling. <p>The Chair requested that a copy of this presentation be emailed to members for reference. Keith Griffiths requested that they remain confidential in terms of further circulation.</p> <p>The System Finance, Estates and Digital Committee thanked Keith Griffiths and Jason Burns for their update on 24/25 Financial Plan.</p>	DD
DIGITAL		
FE2425/375	<p>Digital Update</p> <p>Jim Austin presented Committee with an update regarding the position in terms of the following:</p> <ul style="list-style-type: none"> • Electronic Patient Record (Acute hospitals). • Cyber Improvement Programme. • Optimised Patient Tracking and Intelligent Choices Application (Optica). • Derbyshire Shared Care Record – Interweave System Co-ordination Centres. • Digital, Technology and Analytics workforce planning. • Digital Maturity Assessment process 2024/25. <p>The System Finance, Estates and Digital Committee noted the Digital and Technology Programme update.</p>	
FE2425/376	<p>EPR Business Case</p> <p>Jim Austin gave a short presentation regarding the Electronic Patient Renewal Programmes (EPR).</p>	

	<p>It was noted that University Hospitals Derby Burton (UHDB) alongside Chesterfield Royal Hospital (CRH) had procured a joint EPR solution for both organisations. The business case had successfully secured the required funding investment. Work continued with the implementation of the system.</p> <p>System Finance, Estates and Digital Committee thanked Jim Austin for his presentation.</p>	
TRANSFORMATION/CONTINUOUS IMPROVEMENT		
<p>FE2425/377</p>	<p>Transformation Report</p> <p>Tamsin Hooton presented the Transformation report and highlighted the following:</p> <ul style="list-style-type: none"> • As of this morning we had £73.8m of schemes identified on the ePMO which equated to 44% of our targets. • This was significantly lower than the figure that Jason Burn had indicated of 72%; this was due to the time lag for Providers to put those schemes onto ePMO. • The figure continued to increase, and the figure today was nearly £11m more than reported to ICB Board last Thursday; we needed to keep the momentum. • It was noted that the deadline was Friday 26 April 2024 to get all schemes on ePMO. • In terms of what was on the ePMO currently (balance of delivery between recurrent and non-recurrent), it was not clear whether we could take this as being fully indicative of what the final position would be. • Of the schemes loaded onto ePMO, 61% of these were non-recurrent. It was noted that UHDB's plan was heavily weighted towards recurrent schemes. • All Providers were still completing due diligence and QEIA assessments of their CIPs. We did have a breakdown of the total value across different themes or areas of spend, including the pay and non-pay, estates, etc. • In terms of workforce, currently we had £28.9m worth of workforce efficiencies where workforce was the predominant category within the scheme, and there would be workforce savings in other categories. • We were working with the ePMO supplier to enable us to do more matrix reporting functionality, so that we could split code schemes, but currently we had to put a scheme into one category. • Circa 40% of the schemes on ePMO related to workforce. Tamsin Hooton reported that the split between recurrent and non-recurrent was interesting; almost half of those savings were non-recurrent workforce savings, which indicated that it was about vacancy freeze, rather than transformation of operational delivery and ongoing ability to deliver services with a lower cost or smaller headcount. • In terms of the workflow schemes, they were split across various schemes, with the single biggest category being bank, agency and locum spend as well as vacancy freeze. 	

	<p>Tamsin Hooton went on to give a power point presentation entitled System Improvement and Transformation Plans 2024/2025, a copy of which could be obtained from Deborah Donaldson.</p> <p>Tamsin Hooton highlighted the following:</p> <ul style="list-style-type: none"> • System delivery and transformation programmes had begun to set out their improvement and change plans for 2024/2025 and beyond. • A series of workshops and meetings had taken place with programme leads and providers from January onwards to identify priorities and to work up detail of change programmes. • Work was underway to triangulate transformation programme impact with Provider activity, workforce and financial plans including benefits realisation of transformation programmes. • The slides in the presentation gave a high-level summary of the main change programmes across the key clinical transformation programmes and focussed on the expected benefits and impact. • Programmes included: <ul style="list-style-type: none"> • Urgent and Emergency Care • Ageing Well/Community/Place • Planned Care • Mental Health, Neuro and Learning Disability • Children and Young People (CYP) • Provider collaborative corporate efficiencies • It excluded medicines optimisation, fragile services and enabling programmes. <p>The following key messages were highlighted:</p> <ul style="list-style-type: none"> • Teams needed to be supported to focus on quantifying the impact they had and be clear on what was cash releasing and non-cash releasing benefits. • This needed to be fed into a conversation about the overall focus of our transformation programme on whether we wanted to flex what people were focusing on to concentrate more on financial benefits rather than some of the other outcomes/benefits that had been identified. • The capacity and bandwidth for people to work across all of those schemes shown was challenging. We did need to be more focused about which of those areas of improvement we focus on as a System, and we would probably need to flex our capacity to put people on the most impactful schemes. • Tamsin Hooton was confident that the transformation programme would release significant benefits in terms of reduced avoidable activity and managing demand in different settings and in some cases, we were already able to demonstrate that, but those things only became cash releasing if we flexed the model of care and change how we invested in capacity to realise those benefits. • The Newton model had given us some robust metrics about how we could start to do that. We needed to build that into the system programme, not just the Community programme. 	
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	<ul style="list-style-type: none"> • In terms of next steps, there needed to be a real focus to hit the deadline of 26 April. • We were working with each transformation programme to confirm their impact and part year effect. We were reconciling the Provider Collaborative Schemes to agree what we could input to the ePMO in addition to existing provider values. • We were working to collate a list of additional actions in schemes, including possible options for decommissioning. That would be fed through into a discussion on Thursday afternoon at the System planning meeting. • Clinical engagement and clinical leadership would then review, and that would then inform further actions for transformation programmes and other scheme development for the remainder of this year. • Once we had submitted the plan on the 2 May, there was further work for us to do to look at the evidence base and the profile of our System cost base compared to our peers and the outcomes that we are getting for our spend in Derbyshire to help us identify future transformational schemes. <p>The Chair thanked Tamsin for her presentation, she reported that we were trying to link the Estates Strategy with the transformation work, noting that Simon Crowther would update us at the next meeting.</p> <p>Tamsin Hooton reported that this Committee meeting was clashing with the System Estates Forum today. It was noted that they had had a task and finish group looking at Estates opportunities and Tamsin Hooton was pressing them as to when they could bring those forward for agreement, hopefully in May. In terms of connection between clinical model, transformation, and estates utilisation, that had been identified as something we needed to do through the infrastructure strategy refresh. Tamsin Hooton reported that we were working with a company called Community Health Partners to use a tool called Adept to have some clinically driven workshops that articulated what the changes to the clinical model were. Some of them were already feeding through the transformation plan, and that would then help us to model what our estates requirements were in the medium term, and the next five years. This would help inform a conversation about which facilities we potentially did not need longer term, or conversely where we needed to increase Community estates in places. Chris Weiner was leading on this, and those clinical leadership workshops were planned for the summer (June).</p> <p>Jim Austin referred to estates and reported that one of the Provider Trusts did have £800k already baked into their CIP. It was noted that Digital, across the ICB, did not hold a budget. Jim Austin reported that there had been some digital investments made such as technical acceleration, which had funded things around productivity improvements (virtual wards). This would improve our bed base and improve effectiveness, efficiency, and patient outcomes. It was noted that he was working with Cath Benfield and Dawn Atkinson around contract harmonisation. It was noted that if we could scale some of our contracts differently, there should be benefits to Providers and the</p>	
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	<p>wider System. It was noted that the biggest transformation programme was EPR for the acute programmes.</p> <p>The System Finance, Estates and Digital Committee NOTED the emerging transformation priorities for 2024/2025 and the intention to develop a cross-system approach to benefits realisation. Further work on the plans has been commissioned and will be reported to the May Committee meeting.</p>	
RISK MANAGEMENT		
<p>FE2425/378</p>	<p>Risk Report</p> <p>Jason Burn reported that as of April 2024, the System Finance, Estates and Digital Committee are responsible for three ICB Corporate risks, two of these risks are rated as very high.</p> <p>Risk 06: <i>Risk of the Derbyshire health system being unable to manage demand, reduce costs and deliver sufficient savings to enable the ICB to move to a sustainable financial position.</i></p> <p>Risk 21: <i>There is a risk that contractors may not be able to fulfil their obligations in the current financial climate. The ICB may then have to find alternative providers, in some cases at short notice, which may have significant financial impact.</i></p> <p>Risk 22: <i>National funding for the 23/24 pay award and 22/23 one off payment excluded all staff who were not on NHS payrolls. Consequently, staff employed by DHU, NHS subsidiary bodies, in PFI arrangements and Primary care were not eligible. Consequently, there is an increasing risk of legal challenge as well as real, emerging loss of morale for over 4500 staff across the Derbyshire system which could affect recruitment and retention of critical frontline colleagues.</i></p> <p>The supporting System Finance, Estates and Digital operational risk log was detailed within Appendix 1. Updates for each risk had been added and were detailed in blue text, along with the current and target risk scores populated.</p> <p>Members agreed that Risks 06 and 21 should be carried over into 2024/25. The Chair requested that Jason Burn update Risk 06 from the latest plans/submission in due course.</p> <p>The Chair asked whether Risk 22 was still pertinent in the way it was described, or whether it should be updated. Jason Burn agreed to check/review the wording of this Risk, it was noted that there had been a couple of challenges around pay awards/national funding.</p> <p>It was noted that Committee agreed to roll the above three Risks forward, subject to the comments above, into 2024/25 with scores remaining unchanged. The scoring for these Risks were to be reviewed at the next meeting.</p> <p>The System Finance, Estates and Digital Committee:</p>	<p>JB</p> <p>JB</p>

	<ul style="list-style-type: none"> • RECEIVED both the corporate risks responsible to the Committee and the associated Finance, Estates and Digital Committee risk log. • AGREED to roll Risks 06, 21 and 22, subject to comments above, forward into 2024/25 with scores remaining unchanged. 	
<p>FE2425/379</p>	<p>Board Assurance Report</p> <p>Jason Burn reported that the purpose of this paper was for Committee to discuss and review the Q4 BAF Strategic Risks, which were the responsibility of the System Finance, Estates and Digital Committee.</p> <p>Two strategic risks had been identified which were the responsibility of the Finance, Estates and Digital Committee. These were:</p> <p><u>Strategic Risk 4</u> - <i>There is a risk that the NHS in Derby and Derbyshire is unable to reduce costs and improve productivity to enable the ICB to move to a sustainable financial position and achieve best value from the £3.1 billion available funding.</i></p> <p><u>Strategic Risk 10</u> - <i>There is a risk that the system does not identify, prioritise, and adequately resource digital transformation in order to improve outcomes and enhance efficiency.</i></p> <p>It was noted that updates for Q4 were highlighted in blue, meetings had also taken place during February and March with the relevant Leads to review and update the relevant gaps and actions.</p> <p>The Q4 final BAF position would be reported to the ICB Board public meeting on the 16 May 2024. The closing Q4 BAF position would be agreed as the opening April 2024/25 position.</p> <p>Jason Burn reported that Strategic Risk 4 was recommended to be carried forward into 2024/25 but would be updated in terms of recognising the latest position around allocations and plans.</p> <p>The Chair asked Keith Griffiths whether we should be revising the score for Risk 4 at this stage? Keith Griffiths recommended that the score remain unchanged at this point.</p> <p>Jason Burn reported that Strategic Risk 10 was recommended to be carried forward into 2024/25.</p> <p>The Chair asked Jim Austin whether we should be revising the score for Risk 10 at this stage? Jim Austin recommended that Risk 10 be rolled forward with the score remaining unchanged at this time.</p> <p>The Audit Chair was happy with the scoring for the above two Risks but added that looking at the mitigations for the threats, a lot of them had been classed as continuous and ongoing in terms of due dates. She wondered whether there were any steps we could look at to see that we were making progress or not in terms of mitigating the risks.</p>	

	<p>We needed to be mindful that we needed to reassess how effectively the mitigations were working, and if not, whether we needed to come up with alternatives. The Chair, therefore asked Jason Burn to follow up and coordinate with colleagues named as risk owners.</p> <p>Michelle Arrowsmith reported that following on from the Audit Chair's comment above, she felt that the names on this register did not appear to be consistent; some had names against them, and some had Executive Team against them. We needed to look at the consistency of ownership and tidy this up.</p> <p>The Chair went further to suggest that in terms of action owners, one person should lead with support from others rather than a plethora of names being detailed; we needed to clear who was accountable for those updates. It was noted that when we had identified those lead names, this Committee should hold those individuals to account through this mechanism as well.</p> <p>The System Finance, Estates and Digital Committee:</p> <ul style="list-style-type: none"> • DISCUSSED and reviewed of the Board Assurance Framework Strategic Risks 4 and 10 for Q4 as of March 2024 and AGREED that Risks 4 and 10 should be carried forward into 2024/25 with the scores remaining unchanged. • Jason Burn to coordinate with colleagues and the Corporate Team to implement actions as detailed above. 	JB
MINUTES AND MATTERS ARISING		
FE2425/380	<p>Minutes from the Meeting held on Tuesday 26 March 2024</p> <p>The minutes from the meeting held on Tuesday 26 March 2024 were agreed as a true and accurate record.</p>	
FE2425/381	<p>Action Log from the meeting held on Tuesday 26 March 2024</p> <p>The action log was reviewed.</p>	
FE2425/382	<p>Notes from Financial Sustainability Board</p> <p>The notes from the Financial Sustainability Board held on 16 April 2024 were presented for information.</p>	
CLOSING ITEMS		
FE2425/383	<p>Any Other Business</p> <p>There was no further business.</p>	
FE2425/384	<p>Escalations to Other Committees</p> <p>It was noted that there were no specific issues to escalate to other Committees.</p>	

FE2425/385	Finance, Estates and Digital Committee Forward Planner The Committee forward planner for 2024-25 was noted.	
ASSURANCE QUESTIONS		
1.	Has the Committee been attended by all relevant Executive Directors and Senior Managers for assurance purposes? YES	
2.	Were the papers presented to the Committee of an appropriate professional standard, did they incorporate detailed reports with sufficient factual information and clear recommendations? YES	
3.	Has the committee discussed everything identified under the BAF and/or Risk Register, and are there any changes to be made to these documents as a result of these discussions? YES	
4.	Were papers that have already been reported on at another committee presented to you in a summary form? YES	
5.	Was the content of the papers suitable and appropriate for the public domain? YES	
6.	Were the papers sent to Committee members at least 5 working days in advance of the meeting to allow for the review of papers for assurance purposes? NO	
7.	Does the Committee wish to deep dive any area on the agenda, in more detail at the next meeting, or through a separate meeting with an Executive Director in advance of the next scheduled meeting? NO	
8.	What recommendations do the Committee want to make to the ICB Board following the assurance process at today's Committee meeting? AN ASSURANCE REPORT WOULD BE PREPARED FOR THE ICB BOARD.	
DATE AND TIME OF NEXT MEETING		
Date: Tuesday 28 May 2024		
Time: 1.30pm		
Venue: MS Teams		