MINUTES OF THE SYSTEM FINANCE, ESTATES AND DIGITAL COMMITTEE

HELD ON TUESDAY 28 MAY 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
Jason Burn	JB	Interim Director of Finance - Operations & Delivery/Deputy CFO, ICB
Claire Finn	CF	Director of Operational Finance, UHDB – on behalf of Simon Crowther
Linda Garnett	LG	Interim Chief People Officer, ICB
Keith Griffiths	KG	Chief Finance Officer, ICB
Peter Handford	PH	Chief Finance Officer, DCHS
Tamsin Hooton	TH	Programme Director, Provider Collaborative, JUCD
Rachel Leyland	RL	Deputy Director of Finance, DHcFT – on behalf of James Sabin
Stuart Proud	SP	Non-Executive Director, DCHS
Sue Sunderland	SS	Non-Executive Director and Audit Chair, ICB
In Attendance:		
Debbie Donaldson	DD	EA to Keith Griffiths, (Minute Taker) ICB
Apologies:		
Jim Austin	JA	Chief Information & Transformation Officer, DCHS/Chief Digital Information Officer, JUCD
Chris Clayton	CC	Chief Executive Officer, ICB
Simon Crowther	SC	Chief Financial Officer/Deputy CEO, UHDB
Steve Heppinstall	SH	Chief Finance Officer, CRH
Ian Lichfield	IL	Non-Executive Director, UHDB
Mike Naylor	MN	Director of Finance, EMAS
James Sabin	JS	Director of Finance, DHcFT
Susan Whale	SW	Director of System PMO & Improvement

Item No.	**Item**	**Action**
FE2425/385	**Welcome, Introductions and Apologies** Apologies were received from Chris Clayton, Ian Lichfield, Mike Naylor, Simon Crowther, James Sabin, Jim Austin, Susan Whale, and Steve Heppinstall.	
FE2425/386	**Confirmation of Quoracy** The Chair declared that the meeting was quorate.	
FE2425/387	**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 System Finance, Estates and Digital 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.	
FE2425/388	**Any points arising from previous ICB Board Meeting** The Chair highlighted the following: • The ICB Board meeting was held on 16 May; it was Kathy McLean's first meeting as ICB Chair. Kathy McLean gave a flavour of the kind of things she wanted to focus on and how she wanted to change the dynamics of some of the ICB's meetings. It was noted that Kathy McLean intended to attend some of the ICB Committee Meetings in July/August. • The ICB Board had discussed the delivery of the 23/24 financial targets and received the draft Annual Report. • The ICB Board discussed the challenges in terms of 24/25; this item was also on the agenda for this meeting today. • The ICB Board discussed System and partnership working and how we could capitalise on that, it was noted that the Board would ensure that all the good work that had gone on thus far in Derby and Derbyshire would continue. • Dr Clayton talked about the financial position, challenges, and the ongoing work across the System. • There had been a couple of useful presentations on primary care; one around the primary care model and how this could be linked into the infrastructure (Estates and Digital Strategies arena). The second was a paper regarding the primary care access recovery plan. Keith Griffiths highlighted the following regarding 23/24 outturn: • It was noted that the ICB had its System review meeting with Regional colleagues on 21 May 2024. It was disappointing to note that the Region have now taken a different interpretation of the position regarding the £42m deficit for 2023-24. Due to technical issues around IFRS16 and the equal pay issue, the ICB were now deemed to not to have hit the target for 23/24. As a consequence, the ICB were not deemed to have hit the target, and which would have a negative impact in 2025-26. However, there would be no impact in 2024-25. • Keith Griffiths reported that he was seeking clarification in writing, in this regard. Subject to formal clarification in writing, the ICB may escalate this matter further. It was noted that this would not change anything for the Accounts. The Chair agreed that this issue should be robustly challenged. • Keith Griffiths agreed to bring an update to this Committee in due course. • It was noted that colleagues across the System were not aware of this issue, and this was the first time it had been shared.	KG

FINANCE		
FE2425/389	**M1 System Finance Report** Jason Burn presented M1 System Finance Report and highlighted the following: **23/24 Final Position:** • As at 31st March 2024 JUCD had delivered the H2 reset position of a £42.3m deficit, inclusive of the stretch target requested by NHSE. With technical adjustments (IFRS16, £9.0m and Health Care Support Worker re-banding, £8.5m), the reported figure was £59.8m. • This was an accepted deviation from the original breakeven plan due to excess inflation, underfunding of the pay award, the change in national policy on revenue support for cost of capital and insufficient funding to cover contractual obligations for Primary Care. • At M11 it was identified that a £7.2m benefit due to IFRS16 revaluation was no longer able to be included in the position due to an NHSE policy change. The 2023/24 outturn position initially reported in April was therefore £58.0m, however the final impact of the IFRS16 technical adjustment was increased by £1.8m for UHDB, resulting in a final outturn position of £59.8m for 2023/24. **M1 Finance Report:** • This paper presented the financial position of JUCD for the period ended 30 April 2024. It highlighted the key areas where there were particular income and expenditure challenges, as well as summarising the capital position across the JUCD system. • On 2 May 2024 JUCD submitted a financial plan for 2024/25 to deliver a planned deficit of £68.8m plus an additional £6.5m for a technical adjustment relating to UK Generally Accepted Accounting Practice (GAAP) treatment of the PFI, giving a total deficit position for the year of £75.3m. • After the 2 May submission, at the System plan review meeting with the national team (10 May), JUCD was challenged to improve the position further. Options had been discussed between System partners, and a framework had been agreed that reduced the deficit position to £50.8m, excluding the impact of UK GAAP, bringing the plan for 2024/25 in line with the outturn for 2023/24 and meeting the ask from the national team. • Plans would be amended to reflect the movement to the agreed £50.8m deficit but given the timing, this report focuses on performance against the plan submitted on 2nd May. • As of 30 April 2024, the JUCD position had a £11.4m deficit against a planned £11.0m deficit. The main reason for the £0.4m variance to plan was under delivery of efficiency in M1. Organisations remained committed to delivering the planned position for the financial year. The variance had been predominantly driven by EMAS and an under delivery against an	

	efficiency target set by themselves. Details regarding efficiencies were described in table 3.4 in the papers. • Achieving the plan would require the delivery of £169.7m of efficiencies during the year, with £102.8m of these being recurrent efficiencies. As at M1 the year-to-date delivery was £2.4m behind plan in total, split into £2.8m behind plan for recurrent efficiencies and £0.4m above plan for non-recurrent efficiencies. All organisations were expecting to achieve the full efficiencies required by the end of the year. • The Audit Chair expressed her concerns around the amount of work that was still to be done in terms of identifying efficiencies and getting them into schemes. She asked whether there was a planned schedule across the System to resolve the gaps, as some of them were quite significant in terms of opportunities and those that remained unidentified. She then enquired about the balance between recurrent and non-recurrent and the difference across some of the Providers in terms of the proportion that was showing as planned to be recurrent or non-recurrent and how organisations were trying to shift the balance. • Tamsin Hooton reported that there was no defined timeframe to close that gap as such. We needed to recognise the significant challenge of a 5% CIP plan, fully worked up and loaded onto the ePMO represents for all our Providers. There was also the work needed on some of the cross-cutting collaborative schemes and how they fall across different organisations; we were making sure we were not double counting for what individual Providers were already assuming under some of their schemes. We needed to recognise the huge amount of work that had gone into getting to the position presented, more than 3% CIP value identified. 5% was a stretch, which will take time, to be fully confident that we have a robust plan. The aim was to achieve this as quickly as possible, but to do it properly. • In relation to the recurrent and non-recurrent split and the difference in profiles across different organisations it was felt that this reflected the extent to which organisations were confident of getting their plans. There would be a need to mitigate some of the difficulty in getting 5% recurrent efficiencies with a non-recurrent balance. • The Audit Chair highlighted her concern regarding the ambition of plans versus delivery. If we started off with a plan that did not have sufficient recurrent elements, then it did not bode well for the remainder of the year and into the longer term. She felt this was something that the DoFs needed to take outside of this meeting and explore further. The Chair agreed with this suggestion. • Stuart Proud recognised that we were not where we wanted to be in M1; it was early days. He felt it was helpful seeing in the paper the scale of how that challenge ramps up over the year, we could not afford to get too far behind on these plans as we tried to find opportunities. The second half of the year appeared to be really challenging. He referred to table 3.2, and asked whether we were trying to hit the best case of what we could get to or were we looking at a plan which was most likely? He believed relating it back to the previous conversation that	KG with DoFs

	currently we would most likely be slightly off plan because we would not meet all our efficiencies and that there would be a worst-case position. • Keith Griffiths reported that we were still trying to get a plan that we agreed with from region (as highlighted earlier in this meeting). It was noted that we had never achieved 5% CIP before, and coming up with plans to deliver that was a significant ask. There was work going on behind the scenes to tie that into workforce and headcount. It was noted that 5% CIP was £170m, we needed to manage expectations and we should not expect to have a defined plan by 31 May that we could then track. • Claire Finn referred to the best, likely and worst-case scenarios. She reported that Providers we reviewing the consistency of how we were treating risks, so that we could present a more accurate prediction of best, likely and worst case. Regarding the level of recurrent and non-recurrent efficiencies identified – we needed to deliver and mobilise on some of the recurrent schemes but recognise that to get through this financial year there would be an element of non-recurrent that we would have to play in that would be larger now than we would like. What we should not do was try and refocus our attention on converting some of the non-recurrent to recurrent at the detriment of getting some of the recurrent schemes over the line. • The Audit Chair reported that this had been helpful feedback, but asked what was going to make the difference so that we were not having this same conversation this time next year. Were we confident that we could do something during this year that meant that next year we were able to start delivering on some of those more transformational schemes; she felt that this was something that we needed to revisit as we go through the year. **The System Finance Estates and Digital Committee NOTED the M1 Joined-Up Care Derbyshire System (JUCD) Financial Position and the actions taken to ensure the delivery of the financial plan.**	
FE2425/390	**24/25 Planning** Keith Griffiths gave a presentation on 24/25 Planning and highlighted the following: • DDICB was invited to Birmingham on 10 May 2024 for a meeting with Julian Kelly, the regional team and Amanda Pritchard to talk about 24/25 plans. • At that point we had a gap of £68m, and Julian Kelly requested that we get to a £50m deficit position. • DDICB expressed its concern that in doing so we may require some decommissioning of services. • Julian Kelly then suggested the System would need to be put into financial turnaround and appoint a Turnaround Director if this position was not improved. • We had been on a journey since that meeting to understand what it would take to get to £50m and understand the politics and	

	relationships that were at play in that meeting and the pros and cons of going into turnaround.
	• There had been a sequence of meetings with Chief Executives and Chairs and referenced at the Board meeting last week.
	• Ultimately the System Chief Executives and Keith Griffiths did agree last Monday evening that we would submit a plan of £50m. The plan was now going through normal governance architecture and each organisation, and the position was confirmed to region on Tuesday last week.
	• We now had a planned deficit of £50m for 24/25. This presentation gave an indicative feel for how it would sit by organisation; we still needed to work through some of the specifics, particularly given that some of our assumptions related to the use of SDF and Adult Social Care Discharge Funds (ASCDF).
	• The presentation described the decisions taken by the Chief Executives to get from £68m down to £50m.
	• The presentation indicated an ICB surplus of £23m, this was a timing issue as some of the decisions reflected would ultimately affect the income stream that comes into the ICB or the cost that would be incurred by the ICB. It was noted that we would look to allocate monies to Providers in due course in line with accounting principles.
	• Therefore, the position of each individual organisation could change again through the course of the next couple of months as we mobilised this reduction from £68m to £50m.
	• The 24/25 JUCD Financial plan of £50.8m trading deficit was agreed through CEOs on the 21 May – an £18m improvement from the 2 May submission. The £18m improvement was made up of:
	
	  • £7m – ICB Balance sheet/Section 117/Other
	  • £1.5m – ASCDF NHS Additional slippage
	  • £1.5m – ASCDF Local Authority P3 beds
	  • £2m – SDF Slippage
	  • £4m – Mental Health investment reduction (SDF/Other)
	  • £1m – CRH Value Weighted Activity (VWA) increase to 108%
	  • £1m – Decommissioning Q4
	  • System colleagues were working through how these movements would be reflected in the planning templates and therefore the Organisational split may be adjusted following this.
	  • It should be noted that this excluded the technical accounting adjustment related to the UHDB PFI which was still being worked through with regional finance support.
	
	• It was noted that this plan would avoid the System being put into turnaround by the national team. There had been conversations between Dr Clayton and Keith Griffiths regarding the need to get to breakeven within the next two years as a System.
	• It was noted that we would welcome support in a couple of areas from the regional and national team to help us mobilise some of the challenges for the System, e.g. fragile services which	

	affected CRH and the Mental Health Trust regarding CAMHs, and also help to understand the dynamics between the Staffordshire position and UHDB in relation to the volume, capacity and costs at Burton and the two community hospitals. • Peter Handford reported that it had been a very difficult planning round for a variety of reasons and there were a lot of lessons to be learned. He wanted to put on record his thanks to Keith Griffiths for his help in presenting the plan to NHSE on the Providers behalf. • The Chair asked whether Local Authorities had been engaged in these conversations; they too were in financial difficulties. • Keith Griffiths reported that despite the plan having gone in, there was more work to do with partners. It was noted that the pressures had been immense in both sectors. We needed to galvanise the two Systems together; we had had joint ICS meetings and Local Authorities had highlighted some of their issues, but we had not had the chance to specifically understand what those consequences might be; there was more work to be done in this arena. • The Chair asked specifically if DHcFT were in agreement with the plan that had been submitted. Keith Griffiths reported that DHcFT Powell had concerns about the implication for the organisation and particularly its service users. There was more work required to understand whether there would be any unintended consequences on the service users or the operational safety within that organisation because of these decisions. • Stuart Proud felt it had been a very difficult planning round, he felt it would be useful to do a learning exercise before the next round. • Keith Griffiths reported the DoF finance community had agreed to meet in June off site and face to face to do a reflection on the journey and get some OD support regarding how we worked together when times were increasingly tense. • Rachel Leyland referred to Mental Health, not all its funding goes into Derbyshire Healthcare, some goes into other organisations. She asked whether there were any timescales around formal submission of individual plans. • Keith Griffiths reported that he had been discussing this with region, there was no definitive date, but the quicker we did it the better. It was noted that respective Boards needed to know exactly where they stood as quickly as possible. Jason Burn reported that we needed to prepare ourselves over the next week, but nothing official had been received yet. • Michelle Arrowsmith reported that it would not just be the finances that would need resubmitting, there would be workforce and operational performance. She requested that finance colleagues go back and talk to their planning leads, COOs, and Linda Garnett regarding any changes. • The Chair reported that the ICB had called for a System Development meeting on 11 June where some of these issues would be picked up. Committee looked forward to an update at next month's meeting.	All

	The System Finance, Estates and Digital Committee thanked Keith Griffiths for the presentation on 24/25 Planning and looked forward to an update at next month's meeting.	
FE2425/391	**Summary of the Systems 24/25 Capital Plans** Claire Finn reported that this paper provided an overview of the System capital plan for 2024/25, outlined key risks and provided an overview of next steps. The following was highlighted: • Operational capital – our allocation as a System was £60.1m, this included £51m of standard operational capital. • Within this we had specific ambulance funding which was ring fenced. • We had £5.6m of capital that was related to performance in 23/24 for UEC and revenue performance. We had £1.8m in terms of ICB allocation, so at the point when we submitted our capital plan, we assumed that we would receive some of the performance capital and we also, as all organisations could do, utilised an overprogramming allowance at circa 5%. • Since we submitted the capital plan, we had received notification that we would not be receiving any performance capital, this meant that our plans were £4.1m higher than the capital allocation. • We could still utilise our overprogramming allowance, but we were higher than that currently, so all Providers would have to scale back plans to be in line with the capital allocation value of £52.7m. • We had been provided with an allocation uplift for IFRS16 and that was to manage the CDEL implications of lease requirements. That allocation was £12.4m. Providers initially put forward plans totalling £30.3m - £18m higher than the allocation available. If lease requirements were higher than the allocation available, we were expected to utilise operational capital to manage those. It was noted that we were already £4.1m higher for our operational capital. • The largest element related to the EMAS fleet. EMAS were part of the national ambulance fleet contract and they had already committed to their fleet requirements which totalled £12.3m. • The System IFRS16 allocation would be taken up by the EMAS fleet, which we were committed to. • There was some sympathy from the national and regional team regarding this. It affected all ambulance services and there was some indication that we may receive a further uplift to our IFRS16 allocation. Even if we were to have a further uplift, we still had lease requirements for other Providers that exceeded£12.4m. • We needed all Providers to review what had been committed or what would be committed within this financial year to make sure that we had got a clear and robust understanding of the lease requirements that we would be putting through this process. • Finally, there were nationally strategic funded schemes; they totalled currently at £42.57m. They largely related to Digital EPR	

	schemes, the acute front door at UHDB and the eradication of Mental Health dormitory programmes. • At this point, we were expecting further funding of £21m for the Outwoods Programme, this was not included within the £42m, but we were awaiting national confirmation. • It was noted that in terms of the eradication of Mental Health dormitories, the organisation was currently facing a further pressure of £7.5m which was not included within any of the plans currently. This would need to be worked through and mitigated so that this scheme could continue. • Ring fenced depreciation funding – this had been recognised by the national team because of the increased capital investment that had gone into ICBs and Systems for some of the strategic programmes that inevitably lead to increased cost of capital and increased depreciation charges. That had been recognised via some ring-fenced depreciation allocation of £7.3m which had come into the System to support Providers where they had increased depreciation charges. • There was a risk, due to some technical benefits, that we may not receive all that allocation in line with the national calculation. All Providers were carrying out an exercise to work through what the depreciation costs would look like for 24/25 to make sure that we could mitigate that risk as much as possible. • The Audit Chair referred to the IFRS16 lease requirement allocation against the plan. She understood that we had allocated it on a particular basis, but when she looked at the allocations against the planned requirements, they seemed odd. CRH had a plan of £250k and an allocation of £2m. • Claire Finn responded that the allocation distribution was indicative distribution at a point in time. We knew that CRH's requirements were £250k and therefore the remaining allocation would then be redistributed across other Providers, and it had been included for illustrative purposes. It was noted that as a group of Providers, we would need to review what had been committed, what was contractually committed, and how we would distribute the allocation on that basis. The distribution was based upon the way that the national team had calculated the IFRS16 allocation, which was based upon the operational capital. We knew that it would impact disproportionately on some of the Providers, and we needed to make sure that we come together to minimise any risks. There would be a remaining pressure that we needed to work through and manage. • Claire Finn reported that regarding IFRS16 over the past two years, our lease requirements included within plans had not necessarily aligned with the actual position. There would be challenge back from regional and national colleagues to ensure that we knew what our lease requirements were. Providers were working collaboratively on this. • Organisations were challenged by the capital position. UHDB was one of the largest Providers, their share of capital was bigger and may mean that it would be easier for them to manage some of that risk. Some of the smaller organisations e.g. DHcFT and Community Trusts, where some of them had larger schemes	

	and especially some of the strategic schemes, were impacting on operational capital. Organisations needed to have a conversation about prioritise and affordability. We did not know what next year's settlement was going to be. This year had been particularly challenging, simply because we would not have access to performance capital. • Peter Handford reported that DCHS was one of the smaller Providers, but they had a large and extensive portfolio with 70+ different establishments which they needed to maintain, and the availability of capital funding allowed them to make the best use of those assets for providing services. It also allowed for the opportunity to transform the way in which they operated and without the availability of the capital finance they would find it very difficult. He agreed there was a need to work together as a System to make sure that we could deliver not only over the short term, but also the medium term. We needed a proper plan regarding what we wanted to do with our capital as a System over the next 2-3 years to ensure that we could deliver in the best way possible. • Keith Griffiths suggested that we review the backlog maintenance that sits behind plans. It was noted that equipment and buildings were deteriorating due to lack of investment. It was noted that this also drives additional revenue costs in immediate maintenance which hits I&E as well as the clinical risk and the risk of closure of services. There was also a material pressure for example CRH did not have a dedicated day case theatre. This impacted on the way they could mix and match patients to go through their main theatre suite. Day cases were high volume, low cost that we needed to pass through to generate ERF income; there had been huge connections between their patient safety and operational performance over the last few years. The pressure on capital had direct consequences on other areas, I&E pressures as well as performance and safety issues. This plan would continue to be reviewed. We would be ambitious, working with the rules, to maximise the resources we had. • The Chair reported that this was a good paper in terms of giving us an outline of where we were. The paper made good points in terms of the capital spend and how it could affect both the operational and transitional work that we were trying to achieve. The Chair noted that Committee got feedback on this as part of the monthly report but felt that we probably needed a more detailed conversation and suggested that this could be done when we had the estates and digital conversation. She asked Keith Griffiths and Claire Finn (outside of this meeting), to discuss how Committee could receive more focus regarding the reporting on capital, possibly once a quarter, and linking it into the backlog maintenance as well as the infrastructure strategy. **The Finance, Estates & Digital Committee NOTED the System Capital Plan 2024/25, the risks within the plan and the actions.**	KG/CF

TRANSFORMATION/CONTINUOUS IMPROVEMENT		
FE2425/392	**Transformation Report** Tamsin Hooton explained that this paper provided a summarised report on the System transformation programmes and efficiency delivery during M1 2024-25. The following was highlighted: • Current plans and efficiencies on the ePMO totalled £125m against a target of £179m. • This assumed that all the opportunities were converted into detailed schemes that delivered. • In terms of M1 and considering that phasing was backloaded towards the end of the year, we had a plan of just under £9m to be delivered, and only 3.4% of that had been achieved. • It was noted that we should not take M1 position as indicative and there had been an offset in most organisations to counterbalance that. • DoFs were still in the process of identifying their 5% plans. It was noted that some of those plans may be assessed as unlikely to deliver to the full extent and we would need to find compensating plans as we go through the year. • To support the transformation programmes and plans, the teams were working with them to try and get them to quantify more measurably what impact those plans would have. • Transformation plans – there was a recognition that the plans, projects, and programmes sitting underneath the current Delivery Board structures had largely focused on operational and performance improvement rather than genuine cross cutting System transformation. So, whilst we had a structure that had delivered in respect of that, we had not necessarily got a structure that had helped people come together and think about some of the medium term real strategic changes to the operating model that would get us to a sustainable financial position; this was what we now had to concentrate on. • Conversations with each of the transformation programme leads were taking place to try and pull-out what were the big themes and high impact changes, as these did not really map neatly to individual Delivery Boards, and then to try and describe how that transformation agenda looked and to develop the detailed plans underneath that. • It was noted that in addition, there was a focus around corporate efficiencies and back-office functions in the Provider space. In parallel, it was noted that we continued to support the coming together of different teams to identify some of the more tangible 'here and now' opportunities on either procurement or estates. • It was noted that we had established a shared procurement group and governance structure across the Providers to identify what their shared opportunities were and to harmonise contracts and do procurements at scale.	

	• Regarding fragile services, ophthalmology and CAMHs, Keith Griffiths had agreed to try and secure regional support for these areas. • It was noted that it had been agreed with Keith Griffiths to bring more detailed reporting on some of the corporate efficiencies and infrastructure work into the Financial Sustainability Board going forward. This had not been a defined plan on the ePMO but was being developed. • The Audit Chair referred to the Delivery Boards and their engagement with the whole programme of efficiencies and asked for an update. Tamsin Hooton reported that there had been a review of the current Delivery Board structure, and this would change going forwards. The view of the Delivery Boards was that the efficiencies were wider driven efficiencies and the work done in the transformation space supported those Provider layered efficiencies to be transacted and supported, whether it was productivity or shifting demand management. We had not given the Delivery Boards an efficiency target over and above the Provider target, as this would be double counting; what they were doing was in service of the Provider figures. • The Audit Chair asked whether Delivery Boards understood the financial constraints we were working with and how important it was that transformation was delivering financial efficiencies as well. Tamsin Hooton reported that they understood fully, they were Chaired by Chief Executives who were clear on the outcomes required. • Stuart Proud felt this paper gave Committee a helpful update and reported that the work on ePMO was maturing. He found the detail identifying opportunities and schemes by theme and by Provider to be interesting. He asked whether we were looking at things that Providers were doing for example in procurement that were replicable that could be shared across the System to do things in a better joined up way that might give bigger savings. • Tamsin Hooton reported that we were. We needed to get consistent classification on ePMO, this was still a work in progress; it was hoped over the next few weeks that this would improve. • The Chair highlighted the large reduction in non-medical staff student placements impacting on tariff income - loss estimated at £3.4m. She asked whether we were clear on this, or whether it was still a work in progress. Jason Burn agreed to take this away and coordinate a response. • The Chair requested a further update on Delivery Board achievements to Committee in June/July. **The Finance, Estates and Digital Committee NOTED this report and looked forward to a further update at the next meeting. It was NOTED that there would be an update on Delivery Board achievements to Committee in June/July.**	 JB TH

RISK MANAGEMENT		
FE2425/393	**Risk Report**	
	Jason Burn reported that as at May 2024, the Finance, Estates and Digital Committee were responsible for three ICB Corporate risks, two of these risks were rated as very high.	
	The following was highlighted:	
	• The Risk Register wording had been updated following its presentation at the last meeting. The Register recognised that we were now in the new financial year, and it addressed the size of the challenge within 24/25.	
	• Risk 6 now recognised the level of CIP required for 24/25 at just short of £170m (5%) and the narrative alongside that had been updated.	
	• The appendix that went alongside the report provided more details of the individual updates and those were all highlighted in blue text.	
	• Risk 22 was proposed to be decreased in risk score from a very high score of 16 (probability 4 x impact 4) to a high score of 12 (probability 3 x impact 4). The reason for the proposed decrease in risk score was that although there was still a live issue around the eligibility for funding, this was now against a reduced number of Providers resulting in lower financial risk.	
	• RL01 had a revised risk description: risk that the System does not deliver its agreed planned deficit in 24/25.	
	• In relation to Risk 6 the Chair felt this may need to be increased following the discussion today. In relation to Risk 22 – she felt the wording had much improved and more accurately reflected the situation. However, she asked whether the word 'necessarily' needed to be used in the first sentence but was happy with its score.	
	• The Audit Chair reported that there was a danger with these finance risks that they just moved from one year to the next. It was noted that we were doing quite a lot of work, but the risk scores did not appear to change. She asked whether there was anything we wanted to do differently this year; where were we aiming to get to by the end of the year that would have moved us on significantly towards financial sustainability and was that reflected in the actions that we had.	
	• Jason Burn reported that regarding Risk 22, the word 'necessarily' was not required. He agreed that it would be removed from the sentence for the next meeting.	JB
	• Keith Griffiths referred to the scoring of Risk 6, there was a level of anxiety regarding delivery of 5% CIP and the operational improvements required together with the reduction of workforce to deliver that. He felt we did need to be realistic, and he was not averse to increasing the overall score, as we had never had a 5% CIP to deliver before; this was an unprecedented year. The suggestion was that this risk be increased from 20 to 25.	JB

	• Committee agreed that the score should be raised from 20 to 25. Keith Griffiths reported that we could review it again at the end of Q1 when the CIP plans may feel a bit more comfortable. • The Chair referred to the Audit Chairs comment above and asked that Jason Burn construct a form of words to be brought back next month to try to address her comments. Jason Burn suggested that it might help Committee if Risk 6 was separated into two. The first risk around delivering the current years requirements, recognising the significant ask around CIPs etc. The second risk regarding the sustainability over the two-year period and the move to breakeven. We could then almost be tracking the future risk around the two-year delivery and whether we were on our way to sustainability, this would then create the nuance that Committee was looking for. • The Chair felt that this suggestion was sensible and asked Jason Burn to craft the wording required. • Keith Griffiths suggested, on the back of the capital conversation, that he speak with Claire Finn to see if they could strengthen the wording regarding the risk around capital formally into this Risk Register with the help of Jason Burn for the next meeting. **The System Finance, Estates and Digital Committee:** • **APPROVED the decrease in risk score in respect of Risk 22. Remove the word 'necessarily' in the first sentence of the description of Risk 22.** • **APPROVED the increase in risk score in respect of Risk 6 from 20 to 25.** • **Jason Burn to review and split Risk 6 as detailed above, with assistance from Keith Griffiths and Claire Finn.**	JB/KG/CF
FE2425/394	**Board Assurance Report** Jason Burn reported that two strategic risks had been identified which were the responsibility of the System Finance, Estates and Digital Committee. The BAF had been updated to recognise and make it relevant for the new financial year by updating the descriptions. It was now more consistent and indicated more clearly the action owners. **Strategic Risk 4** - *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 £3.4 billion available funding.* The risk description had been amended to update the funding from £3.1 billion to £3.4 billion for 2024/25. This risk was scored at a very high 20. **Strategic Risk 10** - *There is a risk that the system does not identify, prioritise, and adequately resource digital transformation in order to improve outcomes and enhance efficiency.*	

	This risk was scored at a high 12. It was noted that updates for Q4 were highlighted in blue, meetings had also taken place during May with the relevant Leads to review and update the relevant gaps and actions. Jason Burn reported that the due date column often had the statement 'ongoing' against some of the risks, these would now be subject to quarterly reviews, with the dates of the quarterly review clearly indicated. Strategic Risk 4 was currently scored at 20, it was noted that this should be increased to 25 as had been the case for the Risk Register. The Chair asked Jason Burn to check on the time score diagrams/graphs for this report, they were currently running from April 23 to May 24, she asked why it was not running as a financial year. Jason Burn agreed to review this with the Governance Team. **The System Finance, Estates and Digital Committee APPROVED the increase in score for Strategic Risk 4 from 20 to 25. Strategic Risk 10 score was to remain unchanged.**	JB
	MINUTES AND MATTERS ARISING	
FE2425/395	**Minutes from the Meeting held on Tuesday 23 April 2024** The minutes from the meeting held on Tuesday 23 April 2024 were agreed as a true and accurate record.	
FE2425/396	**Action Log from the meeting held on Tuesday 23 April 2024** The action log was reviewed.	
FE2425/397	**Notes from Financial Sustainability Board** The notes from the Financial Sustainability Board held on 21 May 2024 were presented for information.	
	CLOSING ITEMS	
FE2425/398	**Any Other Business** There was no further business.	
FE2425/399	**Escalations to Other Committees** The Chair reported that the following would be escalated: • The assurance report from this meeting would be presented to ICB Board. • Issues regarding capital. • 23/24 Financial Position, depending on timing.	

FE2425/400	**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 25 June 2024
Time: 1.30pm
Venue: MS Teams