Derby and Derbyshire
Integrated Care Board

MINUTES OF THE SYSTEM FINANCE, ESTATES AND DIGITAL COMMITTEE

HELD ON TUESDAY 23 JULY 2024 VIA MS TEAMS AT 1.30PM

Present:		
Jill Dentith	JED	Non-Executive Director (Chair)
Cath Benfield	CB	Deputy Chief Finance Officer, DCHS
Jason Burn	JB	Interim Director of Finance - Operations & Delivery/Deputy CFO, ICB
Simon Crowther	SC	Chief Financial Officer/Deputy CEO, UHDB
Keith Griffiths	KG	Chief Finance Officer, ICB
Peter Handford	PH	Chief Finance Officer, DCHS
Steve Heppinstall	SH	Chief Finance Officer, CRH
Tamsin Hooton	TH	Programme Director, Provider Collaborative, JUCD
Jennifer Leah	JL	Director of Finance (Strategy and Planning), ICB
Georgina Mills	GM	Assistant Director of Finance, ICB
Lee Radford	LR	Chief People Officer, ICB
Sue Sunderland	SS	Non-Executive Director and Audit Chair, ICB
Susan Whale	SW	Director of System PMO & Improvement
In Attendance:		
Debbie Donaldson	DD	EA to Keith Griffiths, (Minute Taker) ICB
Apologies:		
Michelle Arrowsmith	MA	Chief Strategy and Delivery Officer/Deputy CEO
Jim Austin	JA	Chief Information & Transformation Officer, DCHS/Chief Digital Information Officer, JUCD
Chris Clayton	CC	Chief Executive Officer, ICB
Ian Lichfield	IL	Non-Executive Director, UHDB
Mike Naylor	MN	Director of Finance, EMAS
Stuart Proud	SP	Non-Executive Director, DCHS

Item No.	Item	Action
FE2425/416	**Welcome, Introductions and Apologies** Apologies were received from Michelle Arrowsmith, Jim Austin, Chris Clayton, Ian Lichfield, Mike Naylor and Stuart Proud.	
FE2425/417	**Confirmation of Quoracy** The Chair declared that the meeting was not quorate. It was noted that any decisions made today would be agreed in principle and then emailed out to absent members to ask whether the proposed decisions could be ratified.	
FE2425/418	**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.	
FE2425/419	**Any points arising from previous ICB Board Meeting** The Chair highlighted the following from the ICB Board Meeting: • The face-to-face ICB Board Meeting had taken place on 18 July 2024. • The meeting had focused on the new political landscape with the recent change in Government. • The meeting had received an update on the Joint Forward Plan and Operational Plan for 24/25. • Board received the ICB staff survey results, which had been positive, although there was still work to be done. • Board received a citizen's story about a hypertension project which detailed how the ICB would work with voluntary sector colleagues to roll this out across the population.	
	FINANCE	
FE2425/420	**M3 System Finance Report** Jason Burn presented the M3 System Finance Report and highlighted the following key points: • It was noted that we had an initial plan submission in May 2024, and there had been a resubmission in June 2024. The reporting from M3 onwards was against the 12 June submission for which the Derby and Derbyshire System had a planned £50m deficit, which was in line with our revenue financial plan limit set by NHSE. • At M3 against 12 June plan, we were reporting an adverse variance to plan of £0.9m, this did include overspends against drugs and pass through costs. It also included the recognition of industrial action costs of £1.3m. • Planning guidance had indicated that we should not assume industrial action costs at this stage which had been excluded from the planning round submitted on 12 June. • Table 2.1 and 3.1 provided details of the summary position by organisation at M3, and a breakdown of the variances to plan by organisation. • In terms of efficiency at M3, we had seen an improved delivery and were recognising £22.6m worth of CIPs against a base profile of £21.7m. • Two key areas had changed. Firstly, the ICB was reporting to be £1.7m ahead of plan. This was because some schemes had started more quickly than expected in terms of how we had phased the profile, and we had recognised actual delivery against that. The second area was EMAS, and although they	

	were behind plan, they were reporting a much-improved position compared to M2. • All organisations were committed to delivering their full efficiency targets for year end and were forecasting full delivery at this stage. • In the current forecast there was an increase against the recurrent delivery, and against what had been originally planned on 12 June. If we managed to deliver that, it would have an implication in terms of a benefit going into 25/26. • In terms of the overall I&E position all organisations were committed to deliver the plan submitted on 12 June and the current forecast at M3 was delivering a position in line with plan at year end. • Section 7 – we had seen additional funding for the right of use assets under IFRS16 (leases), the allocation had gone up to £16.8m, but the System plan was around £30.3m, this left us with a risk of £13.5m to manage. We were still in dialogue with NHSE colleagues about further funding. One of the big drivers for this was the ambulance fleet, which was a known issue. • Discussions continued regarding potential risk and cost pressures around the Dorms Business Case, which had been currently assessed at £7.5m. • In terms of cash, it had been highlighted within the report that the plan submitted on 12 June was in line with our revenue financial plan limit. • Under the arrangements for 24/25 those Systems that had submitted a plan would be subject to non-recurrent revenue support funding to an equal level, effectively taking them to a breakeven position. Current plans and reporting had asked to exclude that, which was why we were reporting against 12 June plan. We had been advised that funding would come forward from M4 onwards, although nothing had yet been formally received. The ICB had advised organisations (particularly Acutes), that when they submitted cash support requests, they continued to do so to de-risk issues regarding cash flow, until we had the certainty of that revenue support funding flowing through nationally. • The Chair asked whether the System would receive support to help cover the industrial action. • Keith Griffiths reported that from a discussion with Julian Kelly two weeks ago, that there would be no extra funding to cover industrial action and that we would need to absorb the cost within our plan. It was noted that Keith Griffiths had this morning informed region that the ICB would struggle to meet the ask. • Keith Griffiths reported the actual impact of industrial action in June was small because it fell at the end of June early July. We would therefore need to ensure that the costs identified in this report for industrial action wholly related to Q1. This had been discussed with DoF colleagues, and we were following the same principles of calculation that were followed last year. • The Chair reported that there were indications that there would also be over inflation pay rises for the NHS, according to national	

	reports and talks around junior doctors pay, that we would also need to take account of. • It was noted that item 7 on the agenda "Underlying System Deficit - Pay awards" would cover some of these issues. If the pay award was not fully funded that would add to our deficit. The Audit Chair concurred with the comments. She added that we had absorbed a lot, and we had a huge challenge to deliver the plan we had agreed and signed up to. The Chair asked Keith Griffiths to keep Committee informed of any feedback received from regional discussions. **The System Finance, Estates and Digital Committee NOTED:** • **The year-to-date position and commitment to deliver in line with the 12 June plan submission.** • **The expectation that the System would receive a non-recurrent deficit support allocation in 2024/25 effectively taking the position to breakeven, but this was repayable.** • **The risks associated with delivery of the planned £50.0m deficit including efficiency delivery, drugs costs, industrial action, baseline income (including local authority Adult Social Care, Service Development Fund and Better Care Fund income) and pay costs.** • **The risks associated with the capital plan including the IFRS16 risk and the Derbyshire Healthcare cost pressure of £7.5m in relation to the eradication of mental health dormitories.** • **JUCD was yet to receive formal confirmation of the outturn position for 2023/24. This had implications for the reputation of JUCD and on the 2025/26 financial plan.**	KG
FE2425/421	**Primary Care and POD Financing** Georgina Mills gave a presentation entitled Primary Care Services Growth (over the last 5 years). The Chair requested that the presentation be emailed out to members after this meeting. The following was noted: • Keith Griffiths thanked Georgina Mills for the work she had done to unravel what was a complex set of historic current and non-recurrent payment flows particularly across primary care. • A 3.7% increase was significantly higher than that which NHS Foundation Trusts had received by way of inflation. • Delivery of QOF was proving more difficult because primary care practitioners were diverting more time to appointments rather than dealing with QOF. • The ICB had agreed to underwrite any shortfall in QOF payments, which was £500k; this had been a local decision.	DD

	• Keith Griffiths felt that consideration should focus on getting back to financial balance; with a System view one discretionary payments. • Core funding has increased by 3.7% increase, but account needed to be taken of non-recurrent monies, which may appear to indicate primary care was getting paid less now than a couple of years ago. It was important for transparency here, that we looked at the recurrent core, to understand the relative position of GPs and primary care compared to NHS Providers. • Regarding Dental it was noted a £5m expected underspend. This had not been built into our plans just yet, and we needed to wait to see whether that stabilised. It was noted that some local areas had local pay rates. • Keith Griffiths reported possible tensions between the different primary care providers. This was creating tension across some of these professional groups. • The presentation gave a flavour of the scale and complexity of the underlying dynamics that sat behind payment mechanisms and the services that were being provided. • The Chair felt that it was important to have an update on this either quarterly or every other month going forwards. • The Audit Chair found the presentation helpful. She noted that the enhanced services was where we had an opportunity to encourage certain priorities. She asked whether this was something that we needed to keep under review to ensure we focused on priority areas? It was noted that colleagues in Primary Care were considering using for CIP this year. However, it was noted that they had decided that was probably not the best course of action and were looking elsewhere. • The reasons for bringing this presentation to this Committee was to check that we were being as diligent in this space as we were on other areas of discretionary spend. • The Audit Chair agreed and noted it was important to keep this under review as priorities changed. • The Chair asked, in terms of efficiency, if discussions were being undertaken (where we had some discretion), looking at where practices could work together or in Place to try and capitalise on this. Tamsin Hooton reported that they were. • The Chair asked whether we needed to highlight a risk regarding the primary care budge, noting that Risk 21 was regarding primary care contracts not being fulfilled. She felt that a new risk was more about financial precariousness. Keith Griffiths did not think that was required at present. • Simon Crowther found the presentation useful and noted that we often looked at things by organisations rather than pathways. He went on to suggest that for future Committee meetings, we could have a focus on all the PODs. • Tamsin Hooton reported that the Transformation report had noted that we were still in the process of developing the programme budget that was produced last year. Although not PODs, this would look at urgent emergency care, planned care and spend across the System and would try to triangulate with the workforce resource. It was felt that the reports Cath Benfield	

	produced last year were helpful in bringing out some of the pressures that were specific to those different areas of spend. Simultaneously, there was also a piece of work to do to look at the total System spend by Place. Tamsin Hooton reported that we could get into that kind of programme POD type discussion in the next month or so. • Cath Benfield reported that work had commenced around programme budgets on the back of the Q1 results. She confirmed that something could be brought back to the Committee in September that looked at that. There was also early thinking about how we might start to develop Place level thinking. Cath Benfield agreed to put this on the forward planner for September. • Peter Handford referred to the earlier discussion around GPs and extending out into Pharmacy, Ophthalmic and Dental, he asked how robust the market was and what needed to be done to keep it in a vibrant state to be able to deliver the levels of service. It was noted that both CRH and DCHS hosted some GP practices. DCHS had four GP practices as a result of this. • Peter Handford asked how the market was likely to develop and change over the next 3-5 years; with an ability to triage and provide more clinically cost-effective care. He wondered how the System could help keep it as robust and vibrant as possible and what that meant in the medium term. • The Chair agreed to speak with Richard Wright, Chair of Population and Strategic Commissioning Committee, to escalate the above with him and to see how much focus that Committee gives to it. • The issues of GP workforce fragility were also noted, including questions regarding the GP partnership versus salaried model. Keith Griffiths felt that Lee Radford may need to do some work on workforce projections. • The Chair asked that Keith Griffiths think about how this item could come back to Committee, whether it needed something specific or whether Tamsin Hooton could pick it up through the efficiency reports going forward. **The System Finance, Estates and Digital Committee thanked Georgina Mills for her presentation.**	CB JED KG
FE2425/422	**Underlying System Deficit - Pay Award** Keith Griffiths gave a short presentation entitled Underlying System Deficit – Pay Award and highlighted the following key points: • There was a look back on the cost of pay awards for the last two years and the funding received, this was primarily to influence any decisions on allocation of resources in 24/25. • The report highlighted that contributing to our £50m deficit was an £8m recurrent shortfall in funding for the pay award and if the same methodology was applied nationally this year, this would increase to £12m next year.	

	• The ICB were having challenging, but constructive, conversations with region to try and influence how that national formula for allocation of funds for the pay award would be applied. It was noted that we were trying to do that in advance of knowing what the pay award and funding might be, so that we could influence upstream. • Keith Griffiths asked members to support this message in conversations they were having with regional or national colleagues. He added that it was critically important as we drive towards breakeven next year that we are fully funded for the pay award. • It was also noted that conversations were being held nationally about a possible above inflation pay increase, which would have an additional impact. **The System Finance, Estates and Digital Committee thanked Keith Griffiths for this update.**	
FE2425/423	**23/24 Outturn and 25/26 Impact Update** Keith Griffiths gave a short presentation entitled 23/24 Outturn and 25/26 Impact Update and highlighted the following key points: • Keith Griffiths had been in discussion with region requesting a formal letter confirming the Derbyshire System year end position for 23/24. • It was noted that an unsigned draft copy letter had been received recognising the position for 23/24 – it was not the £42m deficit that we ended with, but £58m. This did not take into account any of the provision we had put aside for the equal pay, nor the IFRS16, even though we had made it explicitly clear in our H2 reset that they were outside. • This draft letter differed from comments made in the QSRM in April and at a further discussion in May. It meant that the national team were judging the Derbyshire System as having a deficit of £58m. If this was seen to be the case it would mean that £16m would be recouped over the next three years. • The presentation updated the figures based on the unsigned letter. • Keith Griffiths reported that he was still pursuing a formal signed letter confirming the final position. He expressed his concern that 3-4 months after year end, we still did not have a confirmed position. • The Chair requested that Keith Griffiths keep Committee fully briefed, when and if a response was received. **The System Finance, Estates and Digital Committee thanked Keith Griffiths for his update.**	 KG
FE2425/424	**24/25 System Risks** Jason Burn gave a presentation entitled 24/25 System Risks and highlighted the following key points:	

	• The plan submitted to NHSE on 12 June identified total System risks of £121.4m. • These are specific areas to be managed to safeguard delivery of the £50m deficit financial plan. • At M03 the System reported an adverse variance of £0.9m against the planned YTD deficit of £30.4m. • Non recurrent benefits at M3 had mitigated the impact of the YTD recurrent cost pressures. • Planned actions to provide assurance about the delivery of the year end plan include: o update the financial plan risk assessment in light of YTD experience. o focus on the development and implementation of mitigation plans, particularly the delivery of efficiency plans. • The plan submitted to NHSE on 12 June identified total system risks of £121.4m. • There were specific areas to be managed through the year, to safeguard delivery of the £50m deficit financial plan. • The main risks identified at planning stage included: o Efficiency delivery – £47.2m risk i.e. 27.8% of the £169.7m efficiency target for the year o Income – £27.0m particularly, in relation to Adult Social Care, Service Development Fund and Better Care Fund income o Excess inflation – £22.8m particularly, in relation to pay award and drugs costs. • Estimated costs of £1.3m relating to industrial action in June 2024 were included in the YTD performance but were excluded from the submitted plan, in line with the planning guidance. • Excluding industrial action costs, YTD performance was £0.4m favourable to plan. • A summary of the key drivers of the YTD variance was summarised in the table. • Non recurrent benefits at M3 (e.g. cost avoidance, depreciation, and balance sheet adjustments) have mitigated the impact of the recurrent cost pressures at M3. • We now needed to move quickly to recurrent mitigations for continuing cost pressures. Next Steps: • Non recurrent benefits at M3 had mitigated the impact of the recurrent cost pressures at M3. • The following actions would be taken to provide assurance about the delivery of the year end plan: o Update the financial risk assessment. o Better understand the range of the risks (i.e. best/likely/worst case) o Expedite the development and implementation of mitigations to include: ▪ Delivery of efficiencies. ▪ Development of action plans to address identified cost pressures.	

	▪ Ongoing reviews of the scope to maximise income. Keith Griffiths highlighted the following: • Efficiency for M3 was in a good place for Q1. • We had a good degree of confidence that the Community Trust and Mental Health Trust could deliver their CIP this year, but the challenge for the two Acutes, the ICB and EMAS was quite significant. • Keith Griffiths felt the risks that we were seeing needed to be shared with this Committee, so there was a reference point as we progressed through the rest of the year. • These things could not easily be mitigated as it was a big ask, and that was without making any recognition to the demand that was coming through the front doors for all services. • EMAS were still unable to sign contracts with other ICBs for 24/25. There was a growing interest nationally regarding this. EMAS was concerned primarily regarding handover delays happening in non JUCD Providers. EMAS was concerned that if they signed a contract, they would be expected to manage all the consequences of those handover delays, which would cause a liability to them and to us as host. The Committee noted the risks associated with this position. It was hoped that Mike Naylor from EMAS could give an update to the next Committee meeting regarding this • The Chair asked Keith Griffiths to put an item on the agenda for next time for Mike Naylor to give an update on the situation. Simon Crowther highlighted the following: • He recognised the above risks. • UHDB had a very real risk around delivery of their CIP. It was noted that it was challenging for all organisations. • On top of that there was also an increase in demand and operational pressures. Nationally Acutes had been told to plan on 0% non-elective growth, UHDB had seen 8% and 5-6% increases in ambulances. This incurred costs and pressures and impacted on delivering the CIP. There was also an impact on elective services, which stopped UHDB reducing waiting lists and potentially collecting an income under ERF. • ICBs outside JUCD were indicating that they would not be paying UHDB within the guidance – UHDB were in two contract disputes over the level of income; this was a significant risk to UHDB. • The Audit Chair asked whether the Adult Social Care Service Development Fund and Better Care Fund element might be another area where it would be helpful for us to have a better understanding of what those risks were and what influence, if any, we had over it. She believed we did have some influence, but it was relatively limited, and she felt it would be useful to understand that more fully and how much we were exercising that influence given that was a risk. Steven Heppinstall highlighted the following:	MN

	• He recognised the same challenges at CRH that Simon Crowther had outlined above. • The demand on ED, for this time of year, was incredible, and the demands in terms of organisational manpower were all consuming. • Issues with fragile services at CRH. • There were issues with elective recovery – there were estates limitation because they did not have a dedicated day-case unit. • CRH were looking to do some tactical use of the independent sector to help with the waiting lists whilst delivering the ERF money; it was a very fine balance. Tamsin Hooton highlighted the following: • Tamsin Hooton was fully supportive of what had been said above. • The slide pack had been very helpful, and could contribute to a more joined up version, including efficiency risks. • The Transformation report stated that there was a planning identification risk being noted and there was also a delivery risk, which we would get a better lens on as we went through M4 and beyond. • In preparation for the next System QSRM there needed to be a collective understanding of where the risks lay, and the narrative for that into NHSE needed to be developed. Tamsin Hooton, Susan Whale, and Jason Burn agreed to work offline to build that. **The System Finance, Estates and Digital Committee thanked Jason Burn for his presentation.**	TH/SW/JB
FE2425/425	**Productivity Assessment – UHDB Case study** Simon Crowther gave a verbal update on Productivity at UHDB and highlighted the following key points: • A more detailed report would be brought back to the next Committee meeting with regular updates thereafter. • UHDB had previously presented a report to Committee, which had been more retrospective, and baseline focused. • Productivity within the Acute was a very specific calculation set against data from 2019/20. • There were issues around coding differences between what UHDB had done previously, versus what they did now. • Work was focusing on shifting core capacity this year; historically UHDB had some weekend working, however, they were now trying to shift that to utilise theatres during core week capacity. • Urgent care pressures continued to be an issue and impacted on their productivity.	

	• A culture and leadership shift was needed to be more productive for less with a reduced headcount, whilst maintaining safety and quality. • The NHS and UHDB had a tradition around waiting list initiatives – so this would be a big culture shift and would be detailed within the paper being presented next month. • The paper may also cover JUCD productivity in its wider sense. • The Chair asked that this item be put on the agenda for the next meeting in August. • Tamsin Hooton reported that she had previously struggled when trying to get under the data to analyse how we could demonstrate provider productivity or where productivity opportunities lie. She felt we could learn a lot from other organisations. It was noted it would be helpful to pick some of these issues up with Jennifer Leah and Lee Radford, who were both new to post. • The Chair reported that Committee was not expecting a finished product/report next month per se, it was more about the learning, timescales and how we could roll it forward. • Keith Griffiths reported that we could not overstate the importance of the cultural piece of work described by Simon Crowther, we needed to start looking at productivity and win the hearts and minds of clinicians, managers, and diagnostic colleagues alike, to think and operate differently. We also needed to address sickness and absence. The Committee would appreciate Lee Radford's and other members thoughts regarding how we deal with this if we were going to make a difference on productivity. It was suggested that a meeting be set up with Lee Radford and Simon Crowther to discuss. **The System Finance, Estates and Digital Committee thanked Simon Crowther for this update and looked forward to receiving his report next month.**	SC LR/SC
ESTATES		
FE2424/426	**Estates Strategy** Simon Crowther presented the full Draft Estates and Infrastructure Strategy and highlighted the following key points: • Committee had seen summaries and drafts of the Estates and Infrastructure Strategy over the last year. • The Draft had been produced and delivered to NHSE within the required deadlines. • Initial queries and questions had been raised by NHSE and these had been responded to. • The Strategy was currently with NHSE for oversight and approval and would then come back to Provider Collaborative Board, Place and SFEDC for agreement. • It was noted that work continued on the delivery of year one and also the strengthening of governance around this Strategy.	

	• The document provided the System with a very clear position statement, and where we needed to focus priorities and resources. • The document detailed a number of key deliverables which were being focused on currently in terms of how we could start to deliver some of the key priorities identified in the Strategy. We were working through those currently from governance to quick wins out of estates rationalisation and utilisation. • For Committee's assurance, it was noted that work was ongoing around estates utilisation (including partners). By using space utilisation tools, we had put gateways in place, so we did not increase estates capacity without the right gateway process and agreement from partners. • In terms of next steps for the Strategy, there were a number of key deliverables, that through both the Provider Collaborative, Place and ICB we needed to signpost just how we could work those through/who leads on what, and how we take that forward. • We were working on a 10-year capital prioritisation plan as well, and that needed to then reference this, feed into and be driven by this in terms of how we used our capital resources. • We now had a very clear framework and blueprint for what the key criteria was, and what key tools were needed to bring clarity to this Committee. • The Audit Chair felt the Strategy was a comprehensive document and was easy to read and understand. She added that it was a persuasive document in terms of looking at our understanding of our population and understanding how Place was developing and what the priorities were and scale of need. It was noted that we had discussions earlier about the capital prioritisation plan, but she felt it would be helpful, as that developed, to get a feel for how deliverable this was in terms of the 10-year plan and what else we might be able to do to bring some of it into reality, given we had constrained capital available. • The Committee noted Slide 66 where it talked about a high-level delivery plan. We needed to be clear on the governance, resource and focus of this and where organisational Boards fitted in; they would have a key role as there were a lot of statutory and legal duties that needed to be performed that would lead to resource commitment. It was noted that this would be a complex piece of work, and we needed to work through decision points and where things would sit; there needed to be a mapping exercise in order to work things through to see what the barriers were. • The Strategy included primary care, noting we had many independent businesses and 150+ business premises, which would create some complex thinking around future strategy linked with secondary care and transforming community services all of which needed to fit in with ICB strategy. • We needed to get formal sign off of the Strategy, but this could not be done until NHSE had given their oversight/approval. It was noted that work was also required in the background regarding the new SRO, and how the governance would work.	

	• Cath Benfield reported that she was currently looking at the high-level delivery plan in the Strategy. She reported that she was taking each of those different work streams and looking at the key deliverables that we needed to achieve within the Strategy and looking at the right people in the System to take that work forward. She reported that she needed to have a conversation with Simon Crowther off-line to share with him where she had got to. She agreed to try and bring this work back to Committee either next month or the month after. • The Committee noted that this work should be brought into the ICB space because of the interdependencies within primary care, social care, and acute Providers. To this end Jennifer Leah would be taking this work forward on behalf of the ICB. • Cath Benfield, Tamsin Hooton, and Simon Crowther took an action to set out how the System Estates Workstream would look, including scope of the work, key deliverables, and governance etc. and bring it back to Committee at its next meeting in August. **The System Finance, Estates and Digital Committee NOTED the Draft Estates and Infrastructure Strategy and thanked Simon Crowther and his team for their hard work in producing this document.**	CB/TH/SC
TRANSFORMATION/CONTINUOUS IMPROVEMENT		
FE2425/427	**Transformation Report** Tamsin Hooton presented the Transformation Report and highlighted the following key points: • CIP delivery and planning status at M3 (based on ePMO information) - the delivery against the plans in the ePMO was back on track to £21.9m of delivery against our annual plan submission target of £169m. • recurrent delivery - slightly ahead of plan on the ePMO, but phasing was heavily weighted towards the back end of the year. • schemes currently identified on the ePMO showed a planning/identification gap. This was due to a mix of issues in terms of time lag to update the ePMO with finalised plans, and the fact that we submitted the 12 June plan late in the year. • We have had to add to the figures on the ePMO with some internal Provider figures this year, but we had identified that we were still short of full identification of our plan submission figure of £169m - £20m at M3 and work was still proceeding within Providers to get full plans identified against their individual targets. • two organisations were declaring they had fully identified all their efficiencies, namely, EMAS and the ICB currently. • Whilst we might take some encouragement from the earlier M3 position reported, the phasing and the identification gap did create some risk for us. Because we were reporting opportunities as well as fully worked up plans within that identified figure, to some extent we were reporting a best-case	

	scenario that did not consider delivery and slippage risks as we go through M4 onwards. • Tamsin Hooton and Jason Burn needed to tease out how that total was made up for future reports. • ePMO was currently structured so that all the efficiencies were owned either by the ICB or by Providers, even where they were System Programme or Delivery Board schemes. Within the ICB figures there were quite a few of the Transformation Programme or Delivery Board plans counted within the ICB figures. Cath Benfield was working with colleagues to cross map to Delivery Boards and programme budgets that we had last year, so that we would be able to cut the CIP by the POD or Programme that they related to. • It was noted that many of the schemes seen on the ePMO were transactional in nature rather than medium-term large-scale change in nature. • Susan Whale was working to get the ePMO configured so that we could perform more sophisticated reporting on the nature of the scheme and categorise by the type of scheme. It was noted that the information on the ePMO was not as rich or as accurate as we would have liked, so that improvement was continuing. • We had committed with colleagues across the System to do a review of the current ePMO tool towards the back end of this calendar year. We needed to think about whether we could continue to develop the tool to get what we wanted, or whether we needed to have a different solution. • In terms of the development the System Transformation Plans, Susan Whale had been working with the Transformation and Programme teams to refine how they had set out their plans, with particular emphasis on what were the metrics they were using to track improvement, and what level of change or ambition for change they were setting for this year and subsequent years. It was noted that Cath Benfield was supporting this in bringing that together in a benefits realisation plan to see how the different programmes of work and Providers contributed to shift of activity, demand, and resources across the System, and whether that was cash releasing. It was felt this would be helpful to play this back to System colleagues through this Committee in the next month or two. • In the aftermath of the change in the Chairing of the Delivery Boards, we were still trying to think through how we managed transformation across the System, because not all transformation was going to be led through those Delivery Boards. There were increasingly programmes of work that were being clustered up across the deliverables to Community, Primary Care and UEC that were starting to come together and being articulated into those big change pieces. • The Chair reported that she found this paper helpful in terms of its content. She added that there were obviously risks highlighted within the report, but that maybe we should think about how we could firm those up, particularly where we had opportunity schemes that were not fully worked up. This could be one of our stumbling blocks, particularly where Officers, were	TH/JB

	busy dealing with day-to-day service delivery. There was a danger that some of these might not receive the time and energy needed to be worked up properly. • There was a need to review how Committee got this information for future reports in a streamlined process. **The System Finance, Estates & Digital Committee NOTED the Transformation and Efficiency Report.**	
FE2425/428	**Capital Prioritisation** Cath Benfield presented a report entitled Capital Prioritisation - 10 Year Capital Plan and highlighted the following key points: • All ICSs were required to submit an Infrastructure Strategy by the end of July which outlined the role the System's infrastructure, would play in the delivery of the System priorities, and set out the vision for the estate over the next 10 years. As part of this, Systems were required to submit a 10-year capital programme which had been ranked and aligned to the priorities outlined in the strategy. • As a System we did not have a prioritised capital plan beyond the current year (2024/25) and therefore, building on this process to develop a dynamic risk based prioritised medium term capital plan, would be beneficial. • It would be challenging in terms of the timeframes but would be beneficial. The timeframe was end of July 2024. • Nationally, these plans would be used to support discussions with Treasury around government spending, particularly around NHS capital resources. • In terms of scope, it was very broad, it included things around operational capital (maintenance and buildings), equipment, lease capitalisations, and community partnership buildings within the portfolio. • If we wanted to consider a buyout of particular property, we needed to start signalling what that potential cost might be. There would then be an expectation that Systems would then prioritise all the capital investment that was needed to deliver everything in terms of local and national priorities, and what that would reasonably look like, what we could realistically deliver, and what that would realistically cost from a capital investment perspective. • It was noted that there was a very detailed template that organisations had been asked to complete. • The 10-year plan was required to cover all capital expenditure including digital, IFRS16, buy-out of CHP leases, the investment required to achieve net zero carbon targets and to deliver on local priorities. It also needed to capture the capital investment needed in the Primary Care/General Practice sector. Additionally, the plans were not to be constrained by funding expectations but rather be realistic about what could be delivered and what it would cost. Therefore, the scope was more extensive than previously anticipated.	

	• There was also a requirement for each System to prioritise the schemes based on a rating scale of 1 to 5 and it was for local Systems to determine the methodology used to assign relative priorities to each of the schemes. • It was noted that we needed to do the best we could in the time we had got and then be clear about the work we were going to do after that submission. • It was noted that given the timeframes it would be extremely challenging for organisations to get formal governance sign off. This was discussed with the regional team who advised that sign off by the Director of Finance/Estates would be acceptable. • We needed to think about a way of building into our systems and processes a way where we routinely had a refresh and review of our medium-term Capital Plan, and what those priorities looked like as plans and risk profiles changed. • It was noted that there needed to be a discussion regarding how we were going to build on this going forward to support a more dynamic risk-based medium term capital plan. The following key actions post initial submission were noted: • Secure agreement on updated prioritisation methodology, building on the work undertaken in 2023/24. • Reconvene the multi-disciplinary cross system group to review the initial submission and to prioritise in line with the agreed methodology. • Set up a process of periodic review of the plans to ensure they remained relevant and reflected System requirements as plans developed and further work was undertaken. • Determine appropriate governance/oversight of this process on an ongoing basis. **The System Finance, Estates and Digital Committee NOTED the contents of this report and the process underway to start to develop a medium-term capital plan for the System and supported the next steps identified in this paper. It was noted that a further update would be presented to the August meeting.**	CB
RISK MANAGEMENT		
FE2425/429	**Risk Report** Jason Burn reported that at July 2024, there were four ICB Corporate Risks aligned to System Finance, Estates and Digital Committee, and in addition Risk 32 was pending completion. The following was highlighted: • It was noted that Risk 6 had been split into two parts, 6A and 6B, one part reflected the delivery of the current year plan, and the second part worked on a slightly longer timescale.	

	• After discussion at the last meeting, Committee revised the scores for 6A and 6B to 20; this was reflected in the paper presented today. • Previously, Committee had looked at whether Risk 6A should be escalated up to 25, but the decision taken at the last meeting was that it should remain at 20. Risk 6B stood at 15, but Committee at its last meeting, had agreed that it should be increased to 20 so that it was consistent with Risk 6A. • Regarding Risk 22, Committee had reflected a change to the scoring back in May, but unfortunately this had not been reflected in the total – 3 x 4 should be 12 and not 16. This would be corrected in next month's report. • There would be a fifth risk for Capital Programme and Delivery aligned to this Committee. This risk required some further updates considering the prioritisation that was discussed earlier in this meeting, and some of the funding issues seen around the right of use of assets around IFRS16 leases etc. The initial score for this risk was likely to come out as a 4 x 4 - 16. • Jason Burn reported that he was happy to take any thoughts, views, or comments from Committee considering what they had heard today around capital or around the financial sustainability and delivery of 24/25 plan. • The supporting Finance, Estates and Digital operational risk log was detailed within Appendix 1. The risk log underpinned the overarching corporate Risks 06A and 06B. Updates for each risk had been added and were detailed in blue text, along with the current and target risk scores populated. **The System Finance, Estates and Digital Committee AGREED in PRINCIPLE to:** • **NOTE the changes agreed last month to Risk 6A, and 6B and Risk 22 to be amended to what had been agreed.** • **Jason Burn proposing a form of words for new Risk 32 and recommending an initial score.** • **NOTE the Operational Risk Log detailed within Appendix 1.** • **Jason Burn to email Committee members an updated version of the Risk Register asking for virtual approval of the above suggested amendments.**	
FE2425/430	**Board Assurance Framework** Jason Burn reported that two strategic risks had been identified as being the responsibility of the System Finance, Estates and Digital Committee: **<u>Strategic Risk 4</u>** - *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.* At the June SFEDC meeting, this risk was proposed to be increased in score from a very high 20 to a very high score of 25,	

	effective from June 2024. However, the increase in risk score was not approved at that meeting and remained at a very high 20, aligning to the corporate finance Risks 06A and 06B within the ICB's Corporate Risk Register. **<u>Strategic Risk 10</u>** - *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. Given the current financial environment and planning outturns, alongside some continuing national funding streams, no change to the current risk score was proposed. Updates for Q2 were highlighted in blue on the attached appendices to this report. It was noted that meetings had taken place during Q2 with the relevant leads to review and update the gaps and actions. **The System Finance, Estates and Digital Committee:** • **REVIEWED the Board Assurance Framework Strategic Risks 4 and 10 for Q2 2024/25.** • **NOTED that Strategic Risk 4 was to remain at a very high 20, and that no change was required to Risk 10.**	
MINUTES AND MATTERS ARISING		
FE2425/431	**Minutes from the Meeting held on Tuesday 25 June 2024** The minutes from the meeting held on Tuesday 25 June 2024 were presented. **The Minutes from the meeting held on 25 June 2024 were AGREED in PRINCIPLE.** The Chair requested that the minutes be emailed out to those members who were unable to attend this meeting, to virtually ratify that they were an accurate record of the meeting held on 25 June 2024.	DD
FE2425/432	**Action Log from the meeting held on Tuesday 25 June 2024** The action log was reviewed.	
FE2425/433	**Notes from Financial Sustainability Board held on Tuesday 16 July 2024** The notes from the Financial Sustainability Board held on Tuesday 16 July 2024 were noted.	
CLOSING ITEMS		
FE2425/434	**Any Other Business**	

	There was no further business.	

FE2425/435	**Escalations to Other Committees** The Chair reported that an Assurance Report would be prepared giving key highlights from today's meeting and forwarded for inclusion within the next ICB Board agenda pack.	KG
FE2425/436	**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 27 August 2024
Time: 1.30pm
Venue: MS Teams