**MINUTES OF THE FINANCIAL SUSTAINABILITY BOARD (FSB)**

**HELD ON TUESDAY 16 APRIL 2024 VIA MS TEAMS AT 2.30PM**

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| **Present:**  |
| Keith Griffiths | KG | ICB Chief Finance Officer (Chair) |
| Jim Austin | JA | Chief Information & Transformation Officer, DCHS/Chief Digital Information Officer, JUCD  |
| Cath Benfield | CB | Deputy Chief Finance Officer, DCHS |
| Jason Burn | JB | Interim Deputy Chief Finance Officer, ICB |
| Craig Cook | CCo | Director of Acute Commissioning Contracting and Performance/JUCD Chief Data Analyst |
| Simon Crowther | SC | Executive Director Finance & Performance/Deputy CEO, UHDB (part) |
| Peter Handford | PH | Director of Finance, DCHS |
| Steve Heppinstall | SH | Director of Finance, CRH |
| Mike Naylor | MN | Director of Finance, EMAS |
| Ian Potter | IP | Programme Director, Derbyshire GP Provider Board |
| James Sabin | JS | Executive Director of Finance, DHcT |
| Susan Whale | SW | Director of PMO  |
| **In Attendance:**  |
| Debbie Donaldson | DD | EA to Keith Griffiths (Note Taker), ICB |
| **Apologies:** |
| Michelle Arrowsmith | MA | ICB Chief Strategy and Delivery Officer, Deputy CEO |
| Tamsin Hooton | TH | Programme Director, Provider Collaborative, JUCD |
| Chris Weiner | CW | ICB Medical Director |
| Linda Garnett | LG | ICB Interim Chief People Officer |
| Sukhi Mahil | SM | JUCD Assistant Director – Workforce Strategy, Planning and Transformation and CPLG Management Lead |
| **Item No.** | **Item** | **Action** |
| **FSB2425/063** | **Welcome, Introductions and Apologies**KG welcomed colleagues to the Financial Sustainability Board. Apologies were received from TH, MA, LG, SM and CW. |  |
| **FSB2425/064** | **Notes from Meeting Held on Tuesday 16 January 2024**The notes from the meeting held on Tuesday 16 January 2024 were agreed as an accurate record. |  |
| **FSB2425/065** | **Action Log**The action log was not reviewed/updated at this meeting. |  |
| **FSB2425/066** | **Updated Financial Plan**KG reported on the Derbyshire ICB Operational Planning - Post 21 March submission review meeting with NHSE held on 15 April 24 and highlighted the following:* There was a conversation regarding £83m deficit, CIP delivery and our position relative to others.
* There were helpful interjections regarding how we deploy dental underspend and specialised commissioning in these plans.
* Benchmarking data was presented back to us on things like CIPs in other Systems being much higher than ours and the VWA being up to 130 in one or two areas.
* The intention was to encourage us to go further; we had not gone far enough, and others were going further in all areas.
* There was to be a Quarterly System Review Meeting on 18 April 2024, which was straight after the flash report was due to be submitted. KG agreed to feedback from that meeting to all DoFs.
* The flash report was to be submitted by lunchtime 17 April 2024.
* KG reported that work was continuing to try and reduce £83m deficit. KG hoped that the flash report being submitted tomorrow would be in the high 70's rather than £83m – he was looking for a £3-4m movement amongst all organisations to show intent that we were still reviewing things, but not to overstretch our ambitions.
* PH referred to the benchmarking data shared by NHSE, and asked whether it gave any indications as to what other systems were doing that we were not.
* KG reported that it appeared that some Systems were pushing for 6% CIP, and NHSE felt that we too should be aiming for that. It was noted that some Systems had demonstrated schemes to get to 6%, but the majority had put in an 'ambition' to get to 6% without any substance. This was not an approach that KG would support, he would not push our System to go further than the 5% we had already committed to.
* KG reported that services of a limited clinical value or decommissioning was something that we needed to look at, but not necessarily built into our plans at this stage, unless our collective Boards thought differently in the next two weeks.
* KG and JS had had an email exchange this morning and KG asked for a further update.
* JS reported that DHcT had been making some inroads in making improvements of up to £2.5m, but in the last week DHcT had had a CQC inspection over four days. As a result of the inspection, DHcT had received a letter suggesting some severe actions were required that would result in additional costs being committed of £750k. A further letter had been received this week which would restrict some emissions and had caused further challenges. These were being fed through formal routes to the ICB.
* JS reported that in the last week, DHcT had also received a letter from the ICB regarding proposed changes to the IAPT contract. This would result in a loss of £1.3m for DHcT with little notice. The potential to improve their position was now being reassessed based on the impacts of this letter.
* It was noted that DHcT Board was to meet all day 17 April to review core planning in the morning and unpalatable lists in the afternoon and going through more longer-term solutions and actions to get DHcT back to financial sustainability.
* JS reported that he would hopefully be able to give an updated view later today and another view tomorrow morning, but with the timescale of when the flash report was due (lunchtime tomorrow), he felt would be too soon for material movements. It was hoped that by 2 May, DHcT would have worked through some of these challenges and to have improved materially.
* KG referred to the IAPT contract and reported that he was not comfortable with the way that JS had interpreted the situation and suggested a discussion with JS outside of this meeting.
* KG reported that there needed to be further discussions in the next 12 hours regarding the issues/allegations raised by JS and how the Trust had approached them.
* It was noted that due to the above issues for DHcT (which totalled £2.5m), that left a further £7.5m of the £10m deficit in that organisation that should not be there; this made DHcT an outlier of Mental Health Trusts across the country.
* KG referred to the CQC inspection, he reported that it was not the case that CQC issues should become a System problem, they were statutorily down to individual Boards along with safety. This was not something that he would expect to see flaring up as a System additional gap issue and was something that needed to be managed within the Trust.
* KG reported that if the ultimate position was that DHcT still had a £10m deficit with £11m going into Dorms then that would have to be called out at the QRSM on Thursday. It was noted that this would not necessarily be a position that the ICB could sponsor.
* JS reported that the CQC letters were very serious and had got significant consequences and would have a massive impact on how DHcT could control its expenditure.
* KG agreed that it was the Trusts business to keep patients safe and the consequences of that needed to be contained within the Trust.
* KG reported that work was being done to increase the VWA performance which was 107 currently; allegedly other Systems were somewhere between 110 and 130.
* SC reported that he had two things to report from UHDB, neither of which would be in time for the flash report being submitted tomorrow. VWA was being looked at and the other was around what they could potentially stop, and whether there was a part year effect to that; both works were ongoing. Regarding VWA, it was not through lack of ambition, but how they could evidence and prove they could get there. The modelling they had so far suggested 107 was ambitious and they would have to really push to get there. Some of that included a focus on particular specialties where they thought they had got opportunity, but they then had to weigh that up versus volume of patients and the impact it had on VWA; some of the specialities that had opportunities were not big enough to make an impact on that percentage. Currently SC felt that UHDB could not go further than 107 but would continue to do the work. He felt that there needed to be a System conversation regarding this.
* CCo reported that he had a meeting with Gino Distefano and planning leads later today.
* CCo reported that on reviewing the flash report and the performance schedule (it listed every single ICB), it had got a VWA value of 112, 114, and 110, and ours was at 98. If we looked at the definition of what they were asking for, the VWA included diverted pathways – were we doing the same?
* SC asked CCo to raise this issue at the meeting with Gino Distefano later. It was noted that we needed to know whether they were attaching finance to it, and if we had examples of Trusts that were doing it – this may be a quick win.
* SC reported that he had spoken with NUH and Leicester; both of which had benefited from capacity. NUH had taken in the Treatment Centre, and Leicester had opened a massive elective hub, so had made financial assumptions on the back of it. SC reported that he had work going on additional wards at KTC, but that just protected us against winter predominantly.
* SH reported that CRH were in a similar position to SC. It was noted that CRH were due to have an informal Board meeting tomorrow. SH reported that CRH's best case on elective recovery was 106, this was in the context of CRH taking £2m worth of independent sector work out; they were doing no independent sector work. CRH were in the realms of potential double counting around theatre efficiency and 106 was best case. It was noted that CRH was reluctant to stretch on 106 and did not have a credible plan to do anything above that.
* KG reported that from the above conversations, it looked like the flash report would be submitted at £83m deficit with no changes. KG reported that we needed to continue with work between now and 2 May in order to pick up as many opportunities as possible on the VWA.
* KG reported that if we felt there was something that might surface in the next two weeks, he would not have an issue including it in the flash report, but we would need to describe in the narrative accordingly and commit on that basis. It would be a question of risk appetite for each organisation.
* KG reported that he could not defend individual organisations that were not moving at the QSRM on Thursday, as it would create a reputational risk for himself and the ICB's CEO. We needed to manage the direction of travel.
* JS reported that if DHcT and the ICB could get some joint understanding on the IAPT contract, that may help them to improve.
* SH reported that CRH had taken workforce out as part of a base assumption, and they had got a 5% CIP. He felt the ERF and the decommissioning list were two things they had to keep pushing, and that conversation would take them into fragile services. SH reported that he was not trying to be difficult, and he genuinely wanted to help.
* KG reported that he was not suggesting that anyone was being difficult, it was about risk appetite and organisations would be guided by their Boards. We needed to manage it properly or risk reputational damage. KG reported that he was not suggesting that anything objective was going on, we just needed to make a leap of faith of £1-3m in the next 12 hours whilst we continued to work through and solidify plans that would sit behind that leap of faith in the next 2 weeks.
* KG reported that there would be a lot of scrutiny over the maturity of CIP schemes.
* It was noted that organisations were working hard to populate CIP plans within ePMO.
* It was noted that there was a QSRM (Quarterly System Review) meeting tomorrow, where it was anticipated that questions would be raised in relation to the system deficit position for 24/25, as per the flash report being submitted tomorrow, and the progress against CIP plans.
* Given there would be an element of timing issues with schemes going onto ePMO vs the meeting tomorrow, KG asked whether it would be possible to provide the actual 24/25 CIP position from each organisation before close of play 17 April 2024.
* It was noted that the ask was against organisations 5% targets, and the split between recurrent and non-recurrent. KG stressed to need to ensure that we had not been overly prudent in relation to the level of non-recurrent CIPs, and where organisations stood today against targets in terms of detailed plans/opportunities.
* SW shared an update via slides of an extract from ePMO in relation to recurrency. The slide was split by what the plan stated and then what were properly worked up schemes that were in the ePMO. The second section identified opportunities in the ePMO which were not properly worked up yet. It still left us with a gap of about £118.9m; Providers had been asked to finalise their ePMO position by tomorrow and SW would refresh the slide on Thursday morning and every week thereafter.
* KG asked each organisation to share with him their view on the slide by tomorrow. What they had in design currently, and what they were chasing.
* KG referred to the learning from 23/24, we had achieved £136m worth of CIP. It was noted that the way we were reporting it, we had got the smallest proportion of recurrency CIP out of all ICBs according to the data played back by region. KG felt this could not be right, he asked DoFs to cross check it themselves, as he felt we were probably under-selling ourselves. He felt there may be a degree of a prudent approach here from some colleagues.
* KG reported that in relation to the planning, when plans go in on 2 May, we would have completed M1; the first thing region would be doing is comparing our plans to what we had done in M1. We had an extra ask in the next couple of weeks, recognising that we would not have a full ledger close-down by 2 May, but we needed to ensure that our profiling and phasing for certainly the first quarter and the first month was consistent with what we were saying in the plan. That applied to money, CIP, workforce, and activity, so all components in the plan needed to be cross checked to what we had achieved in April. If we had incomplete data, which we would have, DoFs would need to use their own judgement and be consistent around that developing picture for M1.
* KG reported that the ask from Julian Kelly was that we end up with a deficit smaller than we had for 23/24 which was £42m or £58m depending on whether we were taking equal pay and IFRS16 and we were currently at £83m and running out of options to reduce that much further.
* KG asked organisation DoFs for an email explaining or highlighting the effort, energy and the areas of focus that had gone into the position that they had got to currently. He asked that this be supportive, so that when he was in front of region, he could demonstrate what we had done and that we had made difficult decisions and ambitious leaps of faith and that our controls had been strengthened. This was required for the QSRM Meeting on Thursday morning.
* KG reported that CCo was creating a list of services (as a central repository), that we may have to stop to reduce the gap further. It was noted that DoFs may have their own ideas that may not be on that central list, KG was keen to demonstrate to region and Julian Kelly post 2 May, that there were other areas we could go to close the gap but would have a direct consequence on access. Having this list was important and would demonstrate that we had looked elsewhere. KG asked that DoFs provide this information to CCo ASAP.
* CCo reported that he had sent the summary list out yesterday. He reported that what he needed was the idea, the level of description, and interactive value in order to build up a case. CCo reported that suggestions would be treated in the strictest confidence, as we needed to be careful about how we presented this. This list would capture ideas and then we would design some proper architecture and infrastructure to get into the merits or not of doing these things. It would need a consolidated clinical input, CPLG for example would be very active in the space of directing and leading decommissioning/ recommissioning service agenda.
* KG reported that the ICB had a Board workshop on Thursday where we needed to sight members on the fact that we were having to look at these areas, whether it be services being decommissioned within Providers or whether it was services that we decommission as an ICB, and that meant for the Independent Sector, Charitable Sector or Hospices. The national team had said they did not want us to kick start any closure of services until the plans had gone in and we had had a conversation with Julien Kelly and others, which would probably be somewhere between the 10-16 May. It was important that we geared ourselves up now so we had got that list prepared, but also that we could describe the work we were doing now in the QSRM on Thursday.
* KG reported that on the basis that £83m deficit was not a good enough position and we needed to go further, these decisions to mobilise the confidential list would be taken after the 2 May and once we had had that conversation with the national team.
* PH reported that organisations would need to do something similar with their Boards, to keep them in step with the situation.
* KG reported that Provider CEOs would also be at the ICB Board on Thursday.
* CB referred to the confidential list that was being developed by CCo. Through the triangulation meetings she had attended over the last week, part of the conversations there had been around opportunities to take costs out of the System through either redesigning services or bringing services together, there may be some merit in adding these to that list and doing some high-level impact modelling. The conversation had not necessarily been about stopping doing things but doing things differently, some of this may be about de-risking the 5% rather than enabling us to go further. These would be added to the list.
* KG reported that dental underspends, specialist commissioning, and SDF were three areas of income where the national team had been explicit that we could not assume any benefit on income in the plans that went in. KG reported that he knew of Systems in the Midlands that had built them in and Julian Kelly was aware of it. Between now and 2 May, our System would need to consider whether our situation was made worse by not including it or whether we go against the grain of the national steer. Work may be required on the SDF to ensure we understood how that was being spent and whether that drives in more cost and more people.
* KG referred to the workforce reconciliation, the flash report figures had come in last Friday, and had started to show a real growth in workforce again, which was inconsistent with what we had in our financial plans. It was critical for the flash report that went in tomorrow on the headcount, that we had eradicated all that growth – KG was hoping that it was just a presentational issue. We know we needed to do more work in triangulating the CIP schemes and headcount reduction, which could be worked through in the next couple of weeks.
* KG asked DoFs to check in with HR colleagues regarding what was going into the flash report tomorrow re the headcount, as it had been quite alarming.
* SH reported that KG had mentioned a while ago that Julian Kelly had committed to looking at our convergence target, he wondered whether this was still an active conversation or not?
* KG reported that he would speak to Julian Kelly post 2 May regarding the convergence target.
* KG told SH to review the QSRM slides that he had prepared for Thursday as they lend themselves to the point that he was making, in that this System was one of the best performing Systems in the Midlands by some margin. It was noted that we were shortchanged on a number of things including convergence, pay award funding, and primary care funding. The funding we received last year for industrial action was less than what other Systems had received, and we had a £5m stretch.
* JB reported that the template that had to go in tomorrow was a single number for finance at a System level. Based on today's discussion it would go in at £83.6m. It was noted that there had been a conversation at the Deputies Meeting earlier, in that if we were not moving that figure, we might as well get on and run the triangulation now. JB agreed to speak to the ICB finance team about running the triangulation tool now, to see what it throws out, and as we were tracking the changes through workforce and activity, we could make sure that replicated back into the finance, in order to be ahead of answering some of those questions. The flash report would be submitted at noon tomorrow.
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| **FSB2324/067** | **Any Other Business**There was no further business. |  |
| **FSB2324/068** | **Date and time of next meeting: Tuesday 21 May 2024. Venue: MS Teams, 2.30pm**  |  |