

## Cambridgeshire and Peterborough Integrated Care Board Finance Report

To: Cambridgeshire Adults & Health Scrutiny Committee

Meeting date: 5<sup>th</sup> October 2023

From: Nicci Briggs, Chief Finance Officer, Integrated Care Board

Electoral division(s): n/a

Key decision: No

Forward Plan ref: n/a

Recommendation: The Committee is asked to note the contents of this report.

Officer contact: Nicci Briggs  
Post: Chief Finance Officer, Integrated Care Board

# 1. Background

1.1. This paper sets out the background, issues, actions taken and outcomes and impacts on people in Cambridgeshire in relation to the following key lines of enquiry:

- i. ICB Accounts 2022/23
- ii. What are the key financial challenges and risks currently faced by Cambridgeshire & Peterborough ICS, and what mitigations are in place.
- iii. How will financial sustainability be achieved within expected funding allocations.
- iv. How does the Cambridgeshire & Peterborough ICS' financial position compare to other ICSs.

## 2. Main Issues (Key Lines of Enquiry)

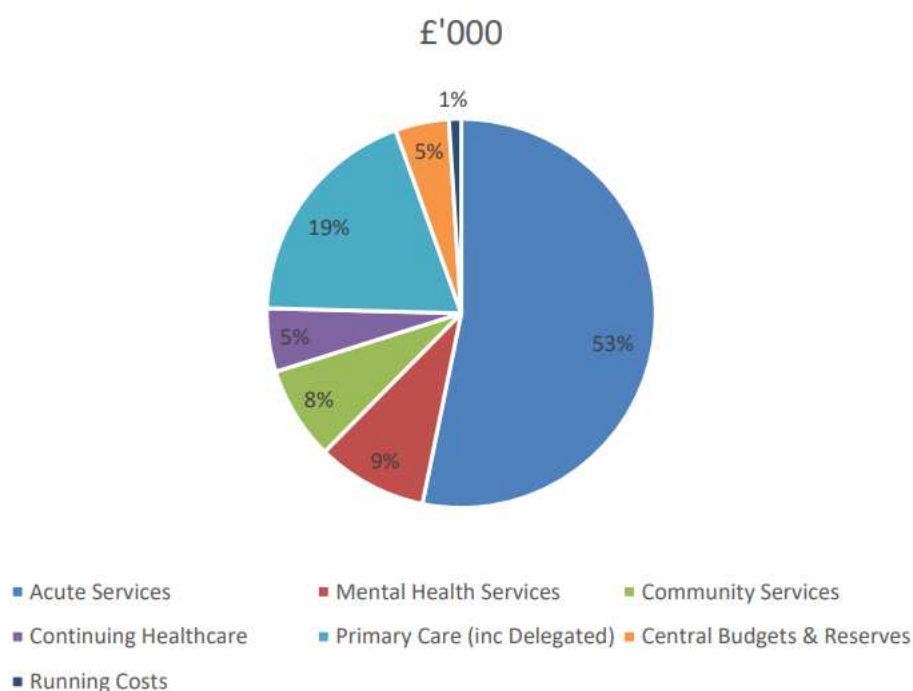
### ICB Accounts 2022/23

2.1. The financial year 2022/23 saw the cessation of clinical commissioning groups (CCGs) on 30<sup>th</sup> June 2022 and the creation of the Integrated Care Board (ICB) on 1<sup>st</sup> July 2022. In terms of annual accounts the ICB had to prepare two sets of accounts, one for the CCG and one for the ICB. The ICB annual report and accounts can be found using the following link:

- [ICB Annual Report and Accounts 1 July 2022 - 31 March 2023](#)

2.2. The ICB achieved the breakeven requirement set by NHS England (NHSE) with a small surplus of £118k.

2.3. The annual report shows the in-year expenditure breakdown by service type for the ICB and the chart below shows the split for 2022/23. The ICB spent 99% of its allocation on purchasing services for the population and 1% on running costs



## Key financial challenges and risks currently faced by Cambridgeshire & Peterborough ICS, and mitigations

- 2.4. The C&P ICB Operational plan can be accessed via the website using the following link [ICB meeting papers | CPICS Website](#)
- 2.5. The ICS has submitted a breakeven financial plan for 2023/24 following significant work across partners over recent weeks. The plan submission in March showed a deficit of £38m which has now been mitigated through a number of actions including utilisation of nonrecurrent funding and increased efficiency asks, as well as risk mitigation in areas such as specialised commissioning.
- 2.6. To deliver a break-even position the ICS and organisations within it must deliver 6% efficiency.
- 2.7. The ICS submitted a financial plan with £97.6m of unmitigated risk that was to be worked through at Q1. The unmitigated risks are set out in the table below.

Risks	£m
ERF overperformance delivery impact of industrial action	22
Lincolnshire contract risk	3.7
Out of county ICB risk	11
Inflation risk	33
Prescribing risk	9
CHC risk based on LA 8% inflation uplift offer	8.8
CIP has 30% unidentified at present	
Out of area MH placements	1
HCA re-banding	4.5
CNST affordability	3
CDC revenue costs not offset by activity	1.6
<b>Total</b>	<b>97.6</b>

- 2.8. The level of risk has reduced as we have moved into the financial year and is set out in the table below. It should be noted that the industrial action risk is the costs suffered year-to-date, but we are assuming any income loss will be mitigated nationally and in line with NHSE guidance the ICB is assuming no cost/ income impact of industrial action on the forecast.

Risk	£m	Notes
Industrial Action	10.3	Costs of Nurses and JD strike <b>not future strikes</b> (est)
CPFT Out of area placements	1.8	On average cost £0.25m per month
CPFT Medical Cover	4.6	On average cost £0.65m per month
NWAFT Elective productivity	7.0	Improvements seen since M2
CPFT Discretionary spending	4.0	
CHC/ LD pool costs	5.0	Price increases based on LAs offering higher inflation rates
Non C&P contract risk	2.0	Lincs and HWE main risks but minor risks on others
NWAFT CNST & Maternity agency efficiency	3.0	Regional/ national support for review not materialised
Prescribing cost/ inflation pressures	6.0	
Efficiency shortfalls	7.0	Unidentified/ impacted by operational/ workforce focus on IA
<b>TOTAL RISKS</b>	<b>50.7</b>	

Mitigations	£m	Notes
CPFT Out of area placements	1.8	Increased grip & control and management of placements with regional support
NWAFT Elective productivity	7.0	Operational grip & control, specialties in recovery oversight
CPFT Recovery plan	8.6	CPFT required to set out recovery plan to deliver plan
CHC/ LD pool costs	5.0	Manage to NHS inflation levels and implemented care home tier system
Non C&P contract risk	2.0	Escalation of contracts through ICB CFOs and region
NWAFT CNST & Maternity agency efficiency	3.0	Push for regional and national review as agreed by Julian Kelly & Amanda Pritchard
Meds management opportunities	6.0	National launch of meds database & additional system wide opportunities
System efficiency opportunities	7.0	Explore benchmarking & corporate services opportunities
<b>TOTAL MITIGATIONS</b>	<b>40.4</b>	

2.9. The potential cost of mental health out of area placements has decreased from £600k/ month to £250k per month but the monthly cost of medical cover at Cambridgeshire and Peterborough NHS Foundation Trust (CPFT) has increased and is reflected in the risks.

2.10. The prescribing risk is a result of price inflation at higher than planned levels.

2.11. Mitigations of the risks remain through increased organisation grip and control, additional efficiency delivery and management of inflationary pressures.

How financial sustainability will be achieved within expected funding allocations.

2.12. The ICS submitted a final breakeven plan. The actions taken to move to this position are outlined in more detail in the main plan document. The actions are largely non-recurrent in nature so the ICB will need to work with providers, the region and national team to identify opportunities and additional funding flows to address the £50m recurrent gap (£10m added as a result of loss of PFI funding in the NHS England baseline readjustment exercise in 23/24).

2.13. The financial plan assumed a level of elective recovery that would deliver additional financial benefits. The ICS is currently achieving the elective recovery fund (ERF) target despite industrial action but the level of overperformance required hasn't materialised. That said it is likely that some of this impact will be mitigated through financial settlements related to industrial action.

2.14. The ICS set itself a challenging efficiency target at 6% or £120m and at M5 is delivery 89% despite significant management distraction in dealing with industrial action.

2.15. The big positive if the ICS can deliver a breakeven position in 23/24 to add to the breakeven in 22/23 is the write off of historic deficit which stands at over £130m.

## Cambridgeshire & Peterborough ICS' financial position compared to other ICSs

- 2.16. The Cambridgeshire & Peterborough ICS financial position at M5 is a £13.6m deficit this is an £11.3m unfavourable variance to plan year-to-date. Industrial action continues to have a major impact on the financial position and contributes a net £10.3m of unplanned spend in the year-to-date position. Therefore, the controllable deficit is only £1m year to date and the ICB plans to continue to push for additional scrutiny, efficiency, and productivity to deliver a break-even forecast outturn.
- 2.17. There are many positives in the current financial performance including the elective productivity at Royal Papworth and our hospitals have delivered the greatest value weighted activity levels at 115.9% in August which was the highest level in the region.
- 2.18. In terms of financial performance, the 42 systems across NHSE have variances ranging between 0%-4.5% and in terms of C&Ps year-to-date deficit is 0.3% of its total expenditure plan.

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**Date:** *28/09/2023*