Grant Thornton

NHS Cheshire and Merseyside Integrated Care Board

Auditor's Annual Report for
the period ended 31 March 2023

15 September 2023

Contents

We are required under Section 21(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Integrated Care Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Integrated Care Board's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Executive summary

Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Integrated Care Board (ICB) has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Integrated Care Board's arrangements under specified criteria. Whilst the Code has been in place since 2020/21, Integrated Care Boards were only established on 1st July 2022 and as such, 2022/23 is the first period that we have reported our findings to these bodies. As part of our work, we considered whether there were any risks of significant weakness in the Integrated Care Board's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Integrated Care Board may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment		2022/23 Auditor judgement on arrangements	
Financial sustainability	R	We identified a risk of significant weakness regarding the system financial deficit. We noted from the Month 9 finance report to the Board that the year-to-date system deficit was £71.9m and there was a significant risk to the delivery of the planned system deficit of £30.3m.	R	The Cheshire and Merseyside ICB is operating with an annual budget surplus and does not have an underlying financial deficit. The ICB does however have a leadership role in managing the NHS budget across the health system and in co-ordinating financial plans in order to deliver statutory financial duties. The Cheshire and Merseyside health system is complex and submitted a deficit financial plan for 2023/24. Recognising the substantial financial challenges that the health system faces, we have identified significant weaknesses regarding financial sustainability of the system. We have made two key recommendations relating to medium term financial planning and the efficiency programme. We have raised four further improvement recommendations.
Governance	R	We identified a risk of significant weakness regarding governance. We need to obtain sufficient assurance that the Integrated Care Board has developed appropriate and effective arrangements, especially around internal control and risk management.	A	Our work did not identify any significant weaknesses in arrangements, but two improvement recommendations have been made to: embed the use of the newly established Board Assurance Framework; and to continue developing and embedding risk management systems.
Improving economy, efficiency and effectiveness	R	We identified a risk of significant weakness with regard to health inequalities. National planning guidance sets out that a key priority is addressing health inequalities. This is reflected in one of the ICS key objectives to "tackle inequalities in outcomes, experience and access".	A	Our work did not identify any significant weaknesses in arrangements, but five improvement recommendations made to: introduce fully integrated performance reporting; continue managing urgent and emergency care performance and eliminating long waits for elective care; two recommendations related to enhancing quality governance; and further enhancement of procurement arrangements.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)

Financial sustainability

The Integrated Care System (ICS) financial outturn figures for 2022/23 quoted in this Auditor's Annual Report are based on the draft accounts submitted for audit by NHS providers. At the time of writing the audits of all provider financial statements are not complete.

The ICB achieved a £12.8m surplus in 2022/23, with NHS providers delivering a £42.4m deficit. The combined system deficit position at the year-end of £29.6m represents a modest improvement to the planned £30.3m deficit, but the health system as a whole did not meet their collective duty to breakeven. The ICB and system partners submitted a further deficit plan for 2023/24, showing a worsened financial trajectory with a system deficit of £51.2m.

The ICB as a sovereign organisation does not have an annual or underlying deficit. The ICB does however have a leadership role in managing the NHS budget across the health system and in co-ordinating financial plans in order to deliver statutory financial duties. There is a collective duty for all NHS organisations within the health system to deliver breakeven financial plans.

The ICB has recently initiated and is leading the process for developing the Financial Strategy and medium-term financial plan, with the approach and timeline agreed collaboratively across the system. We recognise that the Cheshire and Merseyside health system faces significant financial challenges and that the ICB is working in a complex environment with 17 NHS providers, some of whom have substantial budget deficits. Despite of the work that the ICB is undertaking to develop the Financial Strategy, we have identified significant weaknesses regarding system financial sustainability due to the financial challenges and risks that the health system faces.

The submission of a system deficit financial plan for 2023/24 is not in line with the collective duty to achieve financial balance and there is a significant underlying system financial deficit at £389.8m. The submission of a deficit plan provides evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the health system. We have raised a key recommendation that **the ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS.**

The system CIP target of £388.7m for 2023/24 represents 6.5% of ICB allocations and will be challenging for NHS organisations within Cheshire and Merseyside to deliver. The plan includes a step change in the delivery of recurrent savings at 79.1% compared to 36.4% in 2022/23. As at Month 2 2023/24, system efficiency delivery is £7.3m behind plan and recurrent efficiency delivery is below target. ICB efficiency delivery is £1.1m below target and providers have under delivered by £6.1m. A significant proportion of ICB and provider efficiencies are identified as high risk.

The efficiency target represents a significant risk to achieving the financial deficit plan, and addressing the underlying system deficit is reliant on recurrent efficiencies being delivered. We have raised a key recommendation that **the ICB should continue to work with partners to develop the system wide efficiency programme, focusing on risk management, developing governance arrangements and delivering recurrent savings**.

The Month 2 2023/24 System Finance Report identifies an adverse year to date variance of £7.8m for the ICS against the deficit plan, with providers accounting for £7.1m of the cost pressure. We have raised an improvement recommendation that **the ICB should work with and support system partners to identify mitigating actions to address the budget pressures and risks identified at Month 2 2023/24 to ensure that the financial position does not deteriorate further**.

The ICB's People Priorities for 2022-2027 include the creation of system-wide workforce plans and developing greater triangulation between workforce, productivity, activity and finance. After financial plans are submitted, the ICB does informally review the national tool that providers complete to triangulate these areas. The NHSE feedback to the April 2023 ICB Planning Group commented that there was a lack of evidence to support how plans had been triangulated. We have raised an improvement recommendation **that the ICB should develop the process for triangulating workforce, productivity, activity and finance on a system-wide basis.**

Executive summary (continued)

Financial sustainability (continued)

Capital funding within the NHS is constrained at both national and system level. The ICB can demonstrate that the capital programme aligns to national and system priorities. As part of the work to develop the Financial Strategy, a Capital Strategy and prioritisation framework will also be developed and the ICB recognises that there is further work required to develop a system-wide strategy for estates. We have made an improvement recommendation that **the ICB should continue to develop a strategic system-wide approach to capital planning.**

Within the ICB, arrangements provide for both a top down and bottom-up budget setting process with 90% of budgets held at Place level. We have made an improvement recommendation that **the ICB should continue to develop the operating model for Place based financial governance and financial management.** This includes developing roles and responsibilities for budget management and delegated budgets and ensuring that the Scheme of Delegation meets the requirements of both operational decision making and financial control.

Governance

As part of our initial audit planning and risk assessment we identified a potential risk of significant weakness regarding governance. Our work has not identified any evidence which leads us to conclude that there are significant weaknesses present which require key recommendations to be raised.

From the work we have carried out we have concluded that the ICB has and is continuing to develop appropriate arrangements. However, we have identified some areas within our work where the arrangements in place can be further enhanced. Therefore, we have raised two improvement recommendations that: **the ICB should embed the use of the newly established Board Assurance Framework**; and **the ICB should further embed overall risk management arrangements**.

The Board Assurance Framework contains the elements of best practice we would expect and will provide assurance to the Board that risks are being identified and appropriately managed. We note that rather than simply merging the BAFs of the legacy nine CCGs thus putting in place an "off the shelf" BAF, care was taken to ensure that the BAF truly reflected the risks to delivery of the ICB's and hence Cheshire and Merseyside's strategic objectives.

The ICB has an effective internal audit function in place and there is no evidence of significant weaknesses in the systems of internal control.

Executive summary (continued)

Improving economy, efficiency and effectiveness

As part of our initial audit planning and risk assessment we identified a potential risk of significant weakness regarding health inequalities – a key priority in national planning guidance is to address these. Our work has not identified any evidence which leads us to conclude that there are significant weaknesses present which require key recommendations to be raised. We found that Cheshire and Merseyside has established arrangements in place such as the CHAMPS Public Health Collaborative which has been operating for 20 years. It is led by Cheshire and Merseyside's nine Directors of Public Health consisting of partners across the health and care system including Public Health England, Local Authorities and the NHS.

The ICB can demonstrate their commitment to tackling health inequalities through documents such as the Integrated Care Strategy, Joint Forward Plan and All Together Fairer Programme. There is much evidence of cross-system collaborative working to identify priorities for reducing health inequalities in the population and taking action to address these through the work of the Integrated Care Partnership, Clinical Programme Groups and Integrated Locality Partnerships. As arrangements for tacking health inequalities further embed there is scope to develop a suite of key performance indicators to include within an Integrated Performance Report.

The ICB Board receives Finance Reports and Quality and Performance Reports that provide sufficient detailed performance information to provide an overall view of the position of health and social care within the system. The ICB identifies mitigating actions to improve performance where it is below target. We consider that the bringing together of key performance metrics related to quality, performance (including actions addressing health inequalities), finance and workforce within one Integrated Performance Report would enhance oversight and scrutiny as well as facilitating stakeholder access to all aspects of performance within one document. As such, we have raised an improvement recommendation that **the ICB should develop an Integrated Performance Report**. We have also raised an improvement recommendation that the ICB's Quality and Performance Committee continues its **work to address urgent and emergency care performance and ultimately improve patient flow across all sectors**.

There are adequate quality governance arrangements embedding across the system, although it is too early to make a judgement on the effectiveness of these as the ICB has been operating for less than one year. There is a designated executive clinical lead for quality, and responsibility for the quality agenda is embedding at each level of the system. There is also evidence to demonstrate effective partnership working among system partners and a collaborative approach to addressing quality and performance issues. We have raised an improvement recommendation **to further strengthen the processes and improve quality oversight**, and another improvement recommendation **to address variation in meeting representation and lack of clarification at Place related to the identification and escalation of timely issues**.

The ICB has adequate procurement arrangements in place including those to provide assurance over the use of waivers. To further enhance these arrangements we have raised an improvement recommendation **to update the Procurement Policy in relation to the** use of waivers and inclusion of "dummy" waiver template and to introduce an annual summary of all waivers approved from **2023/24**.

Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on 29 June 2023, following the Audit Committee meeting on 27 June 2023.

Key recommendations

Recommendation 1	The ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS. The medium-term financial plan should: • identify the financial gap using consistent assumptions across individual organisations; • set out the plan to deliver financial sustainability; • be backed by robust efficiency delivery plans that allow for the submission of a balanced annual financial plan and address the underlying system deficit. The ICB should ensure that it works to support providers with significant financial deficits in developing and delivering financial recovery plans.
Identified significant weakness in arrangements	The submission of a deficit plan provides evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the Cheshire and Merseyside health system.
Summary findings	The Cheshire and Merseyside health system faces significant financial challenges. The Integrated Planning Return 2023/24 submitted to NHSE in May 2023, delivers an annual deficit plan of £51.2m and identifies an underlying system structural deficit of £389.8m. There is currently no medium-term financial plan in place although the ICB has recently initiated and leads the work to develop the Financial Strategy.
Criteria impacted by the significant weakness	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	The ICB is preparing a medium-term financial plan alongside system partners that is expected to be completed by the by the end of quarter 2. Workstreams have already commenced to support the identification of the financial gap and proposed recovery plans including the recurrent efficiencies required to bring the system back into financial balance and ensure the ongoing financial sustainability of the system.

The range of recommendations that external auditors can make is explained in Appendix B.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations

Recommendation 2	The ICB should continue to work with partners to develop the system wide efficiency programme. There should be a strong focus on: • developing a multi-year efficiency programme to underpin the Financial Strategy; • managing the risks associated with the delivery of the efficiency plan for 2023/24 and identifying mitigating actions if schemes are not delivered according to plan; • securing recurrent rather than non-recurrent savings; • developing and embedding governance arrangements to ensure that there is sufficient ICB oversight and challenge of system CIP plans; • ensuring that there is regular detailed reporting on the progress made delivering efficiencies against the plan with monthly reporting strengthened through more detailed tables and supporting narrative.
Identified significant weakness in arrangements	The efficiency target represents a significant risk to achieving the financial deficit plan. The delivery of recurrent savings is key to ensuring the financial sustainability of the system in the future.
Summary findings	The system CIP target of £388.7m for 2023/24 represents 6.5% of ICB allocations and will be challenging for NHS organisations within the ICS to deliver. The plan includes a step change in the delivery of recurrent savings at 79.1% compared to 36.4% in 2022/23. As at Month 2 2023/24, efficiency delivery is £7.3m behind plan and recurrent efficiency delivery is below target.
Criteria impacted by the significant weakness	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Management comments	As part of the development of the medium term financial strategy a cross system group has commenced work to review the approach to the development delivery of efficiencies including sharing best practice across the system to ensure the delivery of recurrent efficiencies. In addition, the work programme to delivery efficiencies at scale across the system continues and will identify schemes to support the recovery plan. The ICB will review the reporting arrangements for efficiencies to ensure appropriate oversight and challenge of plans.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

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Securing economy, efficiency and **effectiveness in the ICB's use of resources**

All NHS bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Integrated Care Board's responsibilities are set out in Appendix A.

Integrated Care Boards report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Integrated Care Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

Financial Sustainability

Arrangements for ensuring the Integrated Care Board can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Integrated Care Board makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Integrated Care Board makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Integrated Care Board delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Our commentary on the Integrated Care Board's arrangements in each of these three areas, is set out on pages 12 to 66.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Board and committee reports
- Regular meetings with Senior officers
- Interviews with other Board members and management
- Attendance at Audit Committee
- Considering the work of Internal Audit
- Reviewing reports from third parties including the Care Quality Commission and correspondence with NHS England
- Consideration of other sources of external evidence such as the NHS National Staff Survey, Healthwatch reports etc
- Reviewing the Integrated Care Board's Annual Governance Statement and other publications

The current NHS landscape

National context

As we emerge from the worst of the COVID-19 pandemic, the health and care sector continues to face extreme challenges. The introduction of Integrated Care Systems (ICS) on 1st July 2022 has changed the NHS Landscape and encouraged greater partnership working not only with other health organisations, but also social care and Local Authority bodies. Shifting from the Commissioner / Provider model to system working will take time and relies upon the creation of strong and trusted relationships at both a senior and middle management level. ICS will provide control at a local level across a wider public sector and third sector footprint, and it is a positive move, bringing NHS and local authority resources together to tackle key challenges around health and social care which are impacting for both councils and provider trusts. This presents a fantastic opportunity to do things better, with a real focus on the patient and longer-term health outcomes.

There are 42 ICSs across England, covering populations of around 500,000 to 3 million people. An Integrated Care Board (ICB) sits within each ICS and supports decision making on NHS resources, both financially and operationally. The Health and Social Care Act 2022 is intentionally light touch to allow partners maximum flexibility in developing partnerships and governance. It is anticipated that each ICB will develop arrangements to tackle the health and care challenges faced by the population they serve. Whilst system working has been encouraged for many years, the formation of ICBs is a significant shift and each system will have a different level of maturity in relation to its governance and system relationships.

The role of the ICB is to allocate the NHS budget and commission services for the population, taking over the functions previously held by clinical commissioning groups (CCGs) and some of the direct commissioning functions of NHS England. The ICB is directly accountable to NHS England (NHSE) for NHS spend and performance within the system. ICBs may choose to exercise their functions through delegating them to place-based committees but the ICB remains formally accountable. This is within a challenging financial context and ICBs will need to carefully consider the best allocation approach to deliver on its objectives.

To support a local approach, GP practices will form Primary Care Networks (PCNs) covering between 30,000 to 50,000 patients, holding modest budgets to ensure that services can be shaped in their local area. However, current primary care arrangements are facing criticisms that they are channelling patients away from GPs and minor injury units to emergency departments.

A combination of capacity constraints, services not being available at required times, and the public's lack of understanding on how to access appropriate care is resulting in pressure on the acute sector. This, coupled with a growing and aging population, developments in medical treatment which come at a cost, and an almost unrealistic expectation from the public around what the role of the NHS is, means something has to change.

Integrated Care Systems – key bodies

The current NHS landscape (continued)

Local context

Cheshire and Merseyside ICS serves a population of approximately 2.7 million people and brings together Cheshire and Merseyside ICB, 14 NHS Foundation Trusts, 3 NHS Trusts, 9 Local Authorities; 955 GP Practices and 590 pharmacies.

Prior to 1 July 2022, responsibility for many health services was held by Clinical Commissioning Group's. Since 1 July 2022 Cheshire and Merseyside ICB has held responsibility for planning NHS services, including primary care and those previously planned by Cheshire CCG, Halton CCG, Knowsley CCG, Liverpool CCG, South Sefton CCG, Southport and Formby CCG, St Helens CCG, Warrington CCG and Wirral CCG which have now been disestablished. From 1 April 2023 the ICB also became responsible for commissioning general ophthalmic and dentistry services having taken on responsibility for commissioning pharmacy services from 1 July 2022 as part of the delegation of commissioning these services from NHS England.

Each ICS has a purpose to:

1. improve outcomes in population health and health care;
2. tackle inequalities in outcomes, experience and access;
3. enhance productivity and value for money; and
4. help the NHS to support broader social and economic development.

Cheshire and Merseyside ICB and Health and Care Partnership (HCP) have published the 5-year Joint Forward Plan (Plan) for delivering joint health and care to the population. The Plan is driven by the ambitions of the Cheshire and Merseyside Interim HCP Strategy which is built around four core strategic objectives: tackling health inequalities in outcomes, experience and access; improving population health and healthcare; enhancing productivity and value for money; helping to support broader social and economic development.

Within Cheshire and Merseyside people live across areas of both significant wealth and substantial deprivation. The mental and physical health and care challenges are faced by some of the most deprived neighbourhoods with the greatest health inequalities in England. 35% of the population are deprived with 26% of children living in poverty. People in the most deprived areas of Cheshire and Merseyside can live 15 years less than those in the wealthier areas and have reduced quality of life such as increased mental health problems, higher death rates due to heart disease, cancer, respiratory conditions, alcohol and drugs. The Plan has been developed to address these challenges.

Financial sustainability

We considered how the Integrated Care Board:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans

National context

The latest national NHS deficit position within the 2023/24 financial planning submissions was reported to be £3 billion indicating a significant national underlying deficit position across the whole service.

The NHS planning guidance sets out that additional powers in the legislation have been used to set a financial objective for each integrated care board and its partner trusts to deliver a financially balanced system, namely a duty to break even as a system. Systems are expected to work together to find sufficient savings to deliver balanced budgets. But savings on the scale required are challenging. They require system transformation and strong partnership working with Local Government and the voluntary sector. Savings need to be recurrent and focus on patient pathways redesign. This is hampered by the annual financial planning requirements and short-term funding allocations.

In recent months, inflation has risen adding further pressure on to NHS budgets, and effectively wiping out the value of the 3.3 per cent cash increase for ICB allocations. Covid funding has been cut by more than half from the previous year and there is increased spending on agency staff due to staff shortages.

By November 2022, it was clear that many systems were struggling to deliver a balanced financial position with it being reported that two out of three were not on track to break-even and many likely to report large deficits in their first year of operation, despite them signing up to break-even plans at the start of the year.

Financial planning for 2023/24 is equally as challenged. ICBs formed from the merger of several CCGs are being asked to reduce their management and other infrastructure costs. Cost Improvement Plans (CIP) remain key to delivering financial sustainability.

Pressures on NHS finances has meant that 2022/23 is seeing attention returning to grip and control over finances. The ICB has a key role in overseeing the financial performance of local providers and facilitating the delivery of a balanced system position each year. Leading confirm and challenge meetings and making key decisions on the allocation of system resources is challenging, particularly within systems with historic underlying deficits.

Financial sustainability (continued)

Short and medium-term financial planning

2022/23 financial performance

The ICB achieved a £12.8m surplus in 2022/23, with NHS providers delivering a £42.4m deficit. While the combined system deficit position at the year-end of £29.6m represents a modest improvement to the planned £30.3m deficit, the ICB and wider system did not meet their collective duty to breakeven. We have raised a key recommendation in the Medium-Term Financial Planning section of this report that the ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS. Within the net deficit position for 2022/23 there are cost pressures relating to agency staff, recurrent savings delivery, inflation and demand pressures. Expenditure in these areas should continue to be monitored closely by the ICB and providers.

Standard business planning processes returned for 2022/23 following the Covid-19 funding arrangements that were in place for the previous two years, when the government provided additional funding nationally to reflect the impact of the pandemic. From 2022/23 there is a renewed focus on the ICB, providers and the wider ICS achieving financial breakeven.

The ICB Board approved the 2022/23 budget in August 2022 which presented a £30.3m deficit plan for the system, made up from a £19.7m forecast surplus for the ICB and net £50.0m deficit for NHS providers. The budget had been developed collaboratively by the nine demised Cheshire and Merseyside CCGs and system partners, covering 3 months of CCG commissioning arrangements and 9 months of ICB commissioning.

The ICB delivered a £12.8m surplus against the planned surplus of £19.7m for 2022/23, with providers delivering a £42.4m deficit against the planned deficit of £50.0m. The net system deficit of £29.6m was a reduction of £0.7m to the planned deficit.

However, in submitting a deficit financial plan for 2022/23 and delivering a year-end deficit position, the Cheshire and Merseyside ICS is not in line with their collective duty to achieve system financial balance. The deficit position provides evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the Cheshire and Merseyside health system. We recognise that the ICB delivered a surplus in 2022/23, although smaller than planned. The ICB does however have a role in co-ordinating the financial plans across the health system to deliver statutory financial duties.

We have therefore raised a key recommendation in the Medium-Term Financial Planning section of this report that the ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS. The medium-term financial plan should identify the financial gap using consistent assumptions across individual organisations and set out a plan to deliver financial sustainability.

The ICB and system performance against key financial metrics is set out in the following table:

2022/23 outturn	ICB	System (Unaudited)
Planned surplus/(deficit)	£19.7m	£(30.3)m
Adjusted surplus/(deficit)	£12.8m	£(29.6)m
Planned capital spend	£6.2m	£243.1m
Actual capital spend	£5.4m	£242.9m
Planned CIP	£68.8m	£331.0m
Actual CIP	£68.8m	£335.6m

Within the ICB net surplus position, cost pressures were noted as follows:

- mental health pressures due to increased volume and value of packages of care and out of area placements;
- primary care services overspend on prescribing with the additional cost of No Cheaper Stock Obtainable drugs exceeding additional funding provided;
- community services cost pressures relating to relating to independent sector contracts and community equipment services; and
- continuing care pressures due to increased volume and price for packages of care and funded nursing care.

Financial sustainability (continued)

Short and medium term financial planning (continued)

Cost pressures were managed through additional income allocations and reductions in spend against the plan in other areas such as within community services following a review of Place budgets, and underspends against General Practice IT costs within primary care.

The ICB efficiency plans for 2023/24 include schemes to reduce costs in the areas where cost pressures are noted, including medicines optimisation, community healthcare, primary care and continuing care savings programmes.

System financial pressures experienced by providers during the financial year included underachievement of planned efficiencies, rising inflation and energy costs, increased staff costs due to vacancy levels and the use of agency staff, and additional costs incurred to deliver elective recovery.

Within the net £42.4m provider deficit, some individual NHS trusts delivered a significant annual deficit position, including Countess of Chester Hospital (£20.6m) and Liverpool University Hospitals (£29.9m). As part of the key recommendation regarding the development of a system wide medium-term financial plan, we recommend that the ICB works to support providers with significant deficits in developing and delivering financial recovery plans.

The system wide agency cap was set at £113.3m for 2022/23. Providers incurred actual agency expenditure of £156.0m, a £42.7m increase above cap. The system agency cap for 2023/24 is set at £127.3m and the ICB recognises that this will be challenging to achieve.

The ICB achieved their planned efficiency target, delivering £68.8m of savings. In total the system delivered £335.6m of efficiencies, which was £4.6m more than planned. However, significantly more non-recurrent savings were delivered than planned which creates a pressure for future years. Savings planning and delivery are discussed in more detail in the Identifying Savings section of this Auditor's Annual Report.

ICB capital expenditure for 2022/23 was £5.4m, which represents 87.1% of the £6.2m planned spend. At a system level capital spend totalled £242.9m or 99.9% of planned spend. The ICB and system therefore delivered a substantial proportion of the capital programme. Capital planning and delivery is discussed further in the Capital Programme section of this report.

2023/24 financial planning

The submission of a deficit system financial plan for 2023/24 is evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the health system. While the ICB element of the plan forecasts a surplus position, the ICB has a role in co-ordinating financial planning to achieve system breakeven. We have raised a key recommendation that the ICB should continue to work with system partners as a priority to develop a medium-term financial plan. We have raised a further improvement recommendation that the ICB should work with and support system partners to identify mitigating actions to address the budget pressures and risks identified at Month 2 2023/24 to ensure that the financial position does not deteriorate further.

NHS Financial Framework

The NHS Oversight Framework details the overall principles, responsibilities and ways of working for oversight, including the key metrics and factors NHS England will consider when determining support needs.

The National Health Service Act 2006, as amended by the Health and Care Act 2022, sets out the statutory financial duties of NHS England, integrated care boards (ICBs), NHS foundation trusts and NHS trusts.

A joint financial objective for ICBs and their partner NHS trusts and NHS foundation trusts applies in relation to the financial year ending 31 March 2023 and each subsequent year.

NHS England sets the following financial objectives:

- ICBs and their partner NHS bodies should exercise their functions with a view to ensuring that local revenue resource use does not exceed income in each financial year
- For the purposes of assessing this financial objective, the expenditure and income for NHS trusts and NHS foundation trusts that are partners to more than one ICB should be apportioned in accordance with the apportionment directions set by NHS England
- This financial objective applies in relation to the financial year ending 31 March 2023 and each subsequent year, unless the objective is changed at a later date.

Financial sustainability (continued)

Short and medium term financial planning (continued)

Budget and business planning updates are provided to the Board and Finance, Investment and Resource Committee to keep them informed of the impact of national planning guidance and the assumptions used for setting the budget.

The ICB submitted the final Integrated Planning Return 2023/24 to NHSE in May 2023. The plan is based on a £51.2m system deficit for the year, with a provider deficit of £120.1m partly offset by an ICB surplus of £68.9m. Therefore, the submitted budget does not comply with national requirements and the collective duty to deliver a financially balanced system. The ICB has a leadership role in co-ordinating plans with NHS providers across the system which deliver national planning requirements, including achieving system financial balance.

The 2023/24 system deficit plan of £51.2m represents a worsening trajectory when compared to the delivery of a £29.6m deficit for 2022/23. This is due to the impact of the convergence adjustment which reduces income as the ICB is in excess of its fair share allocation, reductions in Covid funding and other non-recurrent funding, the impact of non-recurrent CIP delivery, and inflation.

Because of submitting a deficit financial plan, the Cheshire and Merseyside ICS will be required by NHSE to take a range of additional actions designed to ensure adequate financial governance and oversight of expenditure. The submitted plan was in line with NHSE expectations through previous discussions and therefore the ICB will retain £17m of additional funding for inflationary costs. The ICB will be expected to work to mitigate the in-year deficit and seek to deliver a breakeven outturn position.

The ICB was informed of the additional conditions which it must comply with by the NHSE in June 2023. These conditions include reviewing arrangements for pay controls, ensuring a vacancy control panel is in place for all recruitment, apply additional agency staffing and payment controls, and ensuring an oversight panel is in place to oversee all non-pay expenditure.

The Cheshire and Merseyside ICB is in NHS System Oversight Framework (SOF) 3, and so has significant support needs in one or more of the oversight themes. The Finance and Use of Resources oversight theme includes financial stability and variance from breakeven, and setting a balanced financial plan in the future will be a consideration if the ICB wants to exit SOF3 to SOF2.

The submission of a deficit system financial plan for 2023/24, with a worsening financial position compared to previous year delivery, is evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the Cheshire and Merseyside health system. As previously stated, we have raised a key recommendation that the ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS.

We have identified a further key recommendation relating to the ambitions efficiency programme which forms part of the 2023/24 financial plan within the Identifying Savings section of this Auditor's Annual Report.

The ICB's financial plans are based on income and expenditure assumptions that reflect national planning guidance, and these are set out in the budget and financial planning reports to Board and the Finance, Investment and Resource Committee. Assumptions relating to key areas of the budget include:

- total ICB allocation of £6,003.2m, with the main source of income the agreed ICB programme allocation of £5,132.5m from NHSE;
- allocation funding growth of 5.1% and a convergence adjustment of 0.71%;
- £121.5m indicative non-recurrent elective recovery funding based on full delivery of activity target;
- non-recurrent service development funding of £98.8m and emergency care capacity funding £34.9m;
- allocations of £18.1m for additional discharge and £25.4m for additional physical and virtual ward capacity;
- inclusion of the Mental Health Investment Standard at 6.8% growth;
- national growth and price assumptions for continuing healthcare (7.3%) and prescribing (2.3%); and

Financial sustainability (continued)

Short and medium term financial planning (continued)

- national tariff uplift of 2.9% inflation, with an additional 0.6% for Covid-19, and efficiency savings of 1.1% included in relevant contracts.

The ICB will need to continue to closely monitor risk areas within the 2023/24 budget, including inflation risk, delivering recurrent efficiencies, achieving the elective recovery programme activity, and demand growth.

We note from the Month 2 2023/24 System Finance Report presented to the ICB Board in June 2023 that the system is reporting an adverse variance of £7.8m, with a deficit of £48.2m incurred against the year-to-date planned deficit of £40.4m. Providers account for £7.1m of the cost pressure with the ICB reporting a £0.7m adverse position. Cost improvement plans are £7.3m behind planned year-to-date delivery, with only £30.0m of the total £43.2m delivered recurrently (69.4%). The forecast at Month 2 is that by the year end the deficit will be in line with the planned deficit of £51.2m.

We have raised an improvement recommendation that the ICB should work with and support system partners to identify mitigating actions to address the budget pressures and risks identified at Month 2 2023/24. The ICB and system should seek to deliver a financial breakeven position, ensuring that the neither the planned annual deficit nor the underlying deficit worsen. Mitigating actions should include the identification of additional recurring savings.

Medium-term financial planning

The ICB has recently initiated and is leading the process for developing the Financial Strategy and medium-term financial plan. However, the submission of a deficit plan for 2023/24 is not in line with the collective duty to achieve system financial balance and there is a significant underlying system financial deficit. The ICB as a sovereign organisation does not have an annual or underlying deficit but has a leadership role in co-ordinating financial planning across the system to deliver statutory financial duties. The submission of a deficit plan provides evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the health system. We have raised a key recommendation that the ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS.

The Cheshire and Merseyside health system faces significant financial challenges and is a complex environment with 17 NHS providers, some of whom have substantial budget deficits. The Integrated Planning Return 2023/24 presents an annual deficit plan of £51.2m and identifies an underlying system structural deficit of £389.8m (6.5% of ICB allocations). NHS provider trusts are driving the annual and underlying system deficit with a total provider deficit position of £120.1m in 2023/24 and an underlying deficit of £402.7m.

The key metrics relating to the ICB and health system financial planning position are set out in the table below.

	ICB	Provider	System
Planned surplus / (deficit) 2023/24	£68.9m	£(120.1)m	£(51.2)m
Underlying financial surplus / (deficit)	£12.9m	£(402.7)m	£(389.8)m

While the ICB as a sovereign organisation does not have an annual or underlying deficit, it is responsible for coordinating financial plans with system partners to deliver national planning requirements and system financial balance.

The ICB does not currently have a medium-term financial plan (MTFP). Systems are required by NHSE to produce an MTFP and 3-Year Recovery Plan by September 2023 and the ICB has recently initiated and is leading the process for developing the Financial Strategy and medium-term financial plan.

The Finance, Investment and Resource Committee received a presentation on the Approach to Developing Our Financial Strategy in May 2023 that identifies the immediate requirement to set out plans to deliver statutory financial duties and address the system underlying financial deficit.

Financial sustainability (continued)

Short and medium term financial planning (continued)

The approach to developing the Financial Strategy is based on four pillars:

1. **modelling and analysis** to quantify the challenge and identify areas of opportunity;
2. **supporting value through behaviours and accountability** and the agreement of a tiered approach to provider financial assurance and oversight;
3. **delivering value through efficiency and productivity** with provider, ICB and system actions to deliver and monitor efficiency programmes; an
4. **transformation for value** with the approval of transformation programmes which contribute to financial sustainability.

Enablers are identified to deliver the pillars of the Financial Strategy which include development of an allocation strategy to support strategic objectives, benefits realisation and a capital strategy and prioritisation framework.

The timeline for completion of the Financial Strategy is July 2023 to December 2023, starting with gap and opportunity analysis in July, followed by a review of provider CIP plans in August, development of the recovery plan in September, and enabling strategies approved in December. There is a recognition that the Financial Strategy will need to be aligned across all partner organisations in health and social care and that individual organisational recovery plans will need to be co-ordinated.

The ICB propose to establish a monthly Expenditure Oversight Group that includes senior leadership and financial representatives from the ICB, Place and NHS providers. The Group will provide scrutiny of expenditure and provide assurance to NHSE for the additional expenditure controls put in place for the system due to the annual deficit plan submission. The Expenditure Oversight Group will also report to the Finance, Investment and Resource Committee as part of the wider governance arrangements for the Financial Strategy, and arrangements will also utilise Place financial governance committees.

The approach to developing the financial strategy has been agreed collaboratively by ICB and provider Directors of Finance and Chief Executives, and Place Directors and Associate Directors of Finance. There is evidence that a system wide approach is developing through the fortnightly system Director of Finance meetings, where providers with significant financial deficits have presented to peers their organisational approach to financial recovery.

All NHS provider Directors of Finance and Place Associate Directors of Finance have volunteered to lead workstreams within the Financial Strategy approach.

The ICB has commissioned external support to help develop the 3-Year Recovery Plan and MTFP, which includes the development of a provider and ICB system model, undertaking work to understand the underlying financial position, and carrying out a gap and opportunity analysis. Internal audit are also supporting the process through undertaking an initial review of efficiency plans.

While work has started to develop the system Financial Strategy and medium-term financial plan, the submission of a £51.2m deficit plan for 2023/24 is not in line with the collective duty to achieve system financial balance and there is a significant underlying financial deficit of £389.8m. The submission of a deficit plan provides evidence of significant weaknesses in financial planning and significant risks to the financial sustainability of the Cheshire and Merseyside health system.

We have therefore raised a key recommendation that the ICB should continue to work with system partners as a priority to develop a medium-term financial plan for the whole Cheshire and Merseyside ICS. The medium-term financial plan should identify the financial gap using consistent assumptions across individual organisations and set out a plan to deliver financial sustainability. The MTFP should be backed by robust efficiency delivery plans that allow for the submission of a balanced annual financial plan and addresses the underlying system deficit. The ICB should ensure that it works to support providers with significant financial deficits in developing and delivering financial recovery plans.

Financial sustainability (continued)

Cost Improvement Plans

- CIPs are efficiency targets, which are reported to NHS England and aggregated up to give a national figure
- The efficiency targets are set at the beginning of the financial year based upon the expected costs set against the projected income for each body
- CIPs can be delivered from reducing costs or improving productivity
- CIPs can also be recurrent (delivered every year going forward), or non-recurrent (made in one year but incurred in the following year)
- They can also be cash releasing or non-cash releasing
- Historically, it is highly unusual for any NHS body to deliver savings over 5% of expenditure
- The danger of a national efficiency assumption historically is that it has been treated as the 'balancing item' against the overall financial allocation for the service

Identifying savings

The system CIP target of £388.7m for 2023/24 represents 6.5% of ICB allocations and will be challenging for NHS organisations within Cheshire and Merseyside to deliver. The plan includes a step change in the delivery of recurrent savings at 79.1% compared to 36.4% in 2022/23. As at Month 2 2023/24, efficiency delivery is £7.3m behind plan and recurrent efficiency delivery is below target. A significant proportion of ICB and provider efficiencies are identified as high risk. Although the ICB is developing governance arrangements to oversee system efficiency plans and is undertaking work to increase confidence in their deliverability, the efficiency target represents a significant financial risk to achieving the financial deficit plan. We have raised a key recommendation that the ICB should continue to work with partners to develop the system wide efficiency programme.

Reducing expenditure and increasing productivity is now the priority for all NHS bodies. Cost savings or productivity improvements will necessitate wholesale redesign of services to deliver savings at a scale not seen for some years. Funding has increased from 2019 levels and yet productivity has not. There is pressure on systems to deliver this at pace. However, the scale of transformation required to deliver more for less will take time.

The key metrics relating to the ICB and wider system efficiency plan for 2022/23 and 2023/24 are summarised in the table below.

The ICB delivered its £68.8m efficiency target for 2022/23 in full. However, while target savings were achieved, the ICB delivered £1.6m fewer recurrent efficiencies than planned at £23.1m (33.6%), with a corresponding over-delivery of non-recurrent savings.

Total system efficiencies of £335.6m were delivered in 2022/23, which represents over-delivery of £4.6m against the plan. However, £122.3m of system savings were delivered recurrently (36.4%) against a target of £175.1m. While recurrent savings delivery was £52.8m less than the target, an additional £57.6m of non-recurrent savings were achieved.

Non-recurrent CIP delivery creates additional pressure for savings to be delivered in future years. The ICB recognises that non-recurrent efficiencies create a significant risk to the underlying system financial position and to achieving financial sustainability in the medium term. The under delivery of recurrent CIP in 2022/23 is one of the key drivers of the 2023/24 financial deficit.

	2022/23 ICB	2022/23 System		2023/24 ICB	2023/24 System
Planned CIP	£68.8m	£331.0m		£57.9m	£388.7m
Planned CIP as a % of income	1.2%	5.8%		1.0%	6.5%
Delivered CIP	£68.8m	£335.6m		-	-
Recurrent CIP planned / %	£24.7m (35.9%)	£175.1m (52.9%)		£43.8m (75.6%)	£307.4m (79.1%)
Recurrent CIP delivery / %	£23.1m (33.6%)	£122.3m (36.4%)		-	-
Planned CIP schemes rated medium/low risk	-	-		ICB 64.3%, Provider 59.5%	

Financial sustainability (continued)

Identifying savings (continued)

The ICB's CIP target for 2023/24 is £57.9m or 1.0% of income allocations (but 5% of influenceable spend). Of the total ICB efficiency target, £43.8m (75.6%) is planned to be delivered recurrently, a significant increase compared to the recurrent efficiencies of £23.1m (33.6%) delivered by the ICB in 2022/23. As at Month 2 2023/24 35.7% of ICB CIP plans were regarded as high risk.

Provider CIP totals £330.8m and is an increase of £63.9m (23.9%) in comparison to the efficiencies delivered by providers in 2022/23. The provider recurrent CIP delivery target of £263.7m (79.7%) is £164.5m (165.8%) more than provider recurrent delivery in 2022/23. As at Month 2 2023/24 40.5% of provider CIP plans were regarded as high risk.

The system wide efficiency target of £388.7m for 2023/24 represents an increase of £53.1m (15.8%) on the actual CIP delivered in 2022/23 and equates to 6.5% of ICB allocations. Total recurrent system efficiencies of £307.4m (79.1%) are planned in comparison to the £122.3m (36.4%) delivered in 2022/23.

The ICB, provider and system targets for 2023/24 will be challenging to deliver and represent a financial risk within the system deficit plan. The scale of savings included within the system plan at 6.5% of allocations are considerable and are a significant increase from those delivered in 2022/23. The plan to deliver 79.1% of savings recurrently across the Cheshire and Merseyside ICS is a step-change to the recurrent savings delivered in the previous year. As at Month 2 2023/24 a high proportion of both ICB and provider CIP were classed as high risk.

System financial monitoring as at Month 2 2023/24 identifies that cost improvement plans are £7.3m behind the target year-to-date delivery, with only £30.0m of the total £43.2m delivered recurrently (equating to 69.9% in comparison to 79.1% planned recurrent CIP). Providers account for £6.1m of efficiency delivery slippage and the ICB for £1.1m.

The nine Place directorates within the ICB build up their own detailed CIP plans based on targets cascaded from the central finance team and these are reviewed at Place assurance meetings. The ICB should ensure that there is adequate central oversight of the ICB's efficiency plans and that there is appropriate check and challenge of NHS providers' efficiency programmes. The ICB's role in coordinating and gaining assurance on the system efficiency plans, including financial, quality and clinical impacts should be developed and embedded.

The monthly System Finance Reports presented to the ICB Board, and the Finance, Investment and Resource Committee during 2022/23 provide high level monitoring of the ICB and provider efficiency delivery. Tables are provided showing the delivery against plan for the ICB and by individual provider including analysis of recurrent delivery. The tables do not provide information of individual schemes or programmes and are not Red/Amber/Green (RAG) rated. There is no analysis of risk or the stage of CIP development. The narrative supporting the numerical tables is limited and does not provide detail for assurance or risk to delivery and mitigating actions where plans are off-track. The ICB should further develop the reporting of CIP delivery to the Board and Finance, Investment and Resource Committee to allow for sufficient oversight and challenge.

Delivering value through efficiency and productivity is one of the four pillars of the Financial Strategy. Gaining confidence in the ability of the system to deliver this scale of savings is a key part of the work to develop the Financial Strategy and governance arrangements continue to develop. The Place financial governance committees and Expenditure Oversight Group will report to the Finance, Investment and Resource Committee to provide assurance over the efficiency programme and development of the Financial Strategy. Internal audit are reviewing the risk and maturity of ICB and provider CIP at scheme level.

Due to the challenging nature of the system CIP target for 2023/24 and the risk this presents, we have identified a key recommendation that the ICB should continue to work with partners to develop the system wide efficiency programme. There should be a strong focus on:

- developing a multi-year efficiency programme to underpin the Financial Strategy;
- managing the risks associated with the delivery of the efficiency plan for 2023/24 and identifying mitigating actions if schemes are not delivered according to plan;

Financial sustainability (continued)

Identifying savings (continued)

- securing recurrent rather than non-recurrent savings;
- developing and embedding governance arrangements to ensure that there is sufficient ICB oversight and challenge of system CIP plans; and
- ensuring that there is regular detailed reporting on the progress made delivering efficiencies against the plan with monthly reporting strengthened through more detailed tables and supporting narrative.

Financial planning and strategic priorities

The ICB can demonstrate that financial plans align to strategic priorities, with a system approach taken to strategic and operational planning through the Planning Oversight Group. The Cheshire and Merseyside Health and Care Partnership Prioritisation Group have determined the priorities within the Health and Care Partnership Interim Strategy and the Prioritisation Framework Group has developed a framework to assess funding bids against these priorities. The Joint Forward Plan sets out how the priorities within the Health and Care Partnership Interim Strategy will be delivered. We have raised an improvement recommendation that the ICB should develop the process for triangulating workforce, productivity, activity and finance on a system-wide basis in order to inform the annual planning process and the development of workforce plans.

The ICB and NHS providers were required to develop a 5 Year Joint Forward Plan that sets out how the priorities and objectives set out in national planning guidance, the Health and Care Partnership Interim Strategy and nine Place-based Health and Wellbeing Strategies will be delivered. Two-year operational plans support the 5 Year Joint Forward Plan and bring together finance, activity, performance and workforce metrics.

Focus areas within the national NHS planning guidance for 2023/24 include:

- prioritising the recovery of core services and productivity – improving ambulance response and accident and emergency waiting times, reducing elective care waiting times and addressing cancer backlogs;
- returning to delivering key ambitions within the NHS Long Term Plan – key priorities relate to mental health, learning disability and autism, preventing health inequalities and workforce; and
- continuing to transform the NHS for the future.

A Planning Oversight Group has been formed to oversee the development of the strategic and operational plans with membership from the ICB corporate centre, Place teams and provider collaboratives.

The ICB Board approved the Joint Forward Plan 2023-28 and Delivery Plan in June 2023, and these reflect the priorities which deliver the ambitions outlined in the Health and Care Partnership Interim Strategy. Strategic objectives relate to tackling health inequalities, improving health and healthcare, enhancing productivity and value for money, and supporting social and economic development. A priority within the Joint Forward Plan within the value for money objective is to deliver the financial plans for 2023/24 while working towards a balanced financial position in future years. A key performance metric is to have Financial Strategy and Recovery Plan in place by September 2023.

The ICB will produce a final Health and Care Partnership Strategy during 2023 and will produce a final Joint Forward Plan in March 2024. Key strategic plans including the developing Financial Strategy, Capital Strategy and Health and Care Partnership Strategy can then be reflected in the final Joint Forward Plan.

The ICB have developed a prioritisation framework to inform decision making and ensure resources are allocated to priority programmes that will achieve strategic objectives. System priorities were identified by the Cheshire and Merseyside Health and Care Partnership Prioritisation Group that reflect the Health and Care Partnership Interim Strategy. The Prioritisation Framework Group has developed criteria against which to assess applications for funding, including collaborative working, service pathway redesign, workforce transformation, productivity and efficiency.

The Prioritisation Framework was approved by the Transformation Committee in May 2023 and will be rolled out across the health system by December 2023. A Prioritisation Panel has been established to consider applications for funding and make recommendations to the Funding Panel and in turn to the Transformation Committee.

Financial sustainability (continued)

Financial planning and strategic priorities (continued)

The Transformation Committee meets bimonthly to oversee the development and implementation of the Integrated Care Partnership Strategy and ICB plans to secure continuous improvement in the quality of services. The Committee's terms of reference include ensuring that transformation programmes promote health and wellbeing and prioritising investment or disinvestment to ensure cost effective care is delivered.

The Transformation Committee receives Transformation Programme Delivery and Assurance Reports that provide updates on programme status, key risks and items for escalation. There are five delivery vehicles responsible for the transformation programme who report to the Transformation Committee, including the Transformation Group, provider collaboratives and the Population Health Board. Update reports to the Transformation Committee include consideration of efficiency targets associated with transformation programmes and the Committee's role includes ensuring a whole system view is taken rather than individual approaches taken at Place.

The ICB's people priorities for 2022-2027 include system-wide workforce planning and the creation of 5, 10 and 15 year workforce plans to ensure that the health and care workforce is fit for the future. This includes developing greater triangulation between workforce, productivity, activity and finance.

From discussion with officers, we understand that after financial plans are submitted, the ICB does informally review the national tool that providers complete to triangulate these areas, but that the level of detail that the ICB can drill down to is limited due to the number of providers within the health system. The Recovery Plan 2023/24 confirms that triangulation will be used post plan submission as it was not possible to run the national tool using the latest figures due to the focus on improving the financial position.

We note that the NHSE feedback to the April 2023 ICB Planning Group commented that there was a lack of evidence to support how plans had been triangulated between demand, capacity, workforce and flow.

We have raised an improvement recommendation that the ICB should develop the process for triangulating workforce, productivity, activity and finance on a system-wide basis in order to inform the annual planning process and the development of workforce plans. The results of the triangulation process should be reported to the Board to provide assurance that plans are aligned and deliverable.

Financial sustainability (continued)

Capital Programme

Capital funding within the NHS is constrained at both national and system level. The ICB can demonstrate that the capital programme aligns to national and system priorities. As part of the work to develop the Financial Strategy, a Capital Strategy and prioritisation framework will also be developed and the ICB recognises that there is further work required to develop a system-wide strategy for estates. We have made an improvement recommendation that the ICB should continue to develop a strategic system-wide approach to capital planning.

ICB capital expenditure, including primary care, for 2022/23 was £5.4m, which represents 87.1% of the £6.2m planned spend. At a system level capital spend totalled £242.9m or 99.9% of planned spend. The ICB and system therefore delivered a substantial proportion of the capital programme. The £0.8m underspend on the ICB capital expenditure related to primary care with underspends on General Practice IT and improvement grants. This underspend offset the provider overspend against their capital allocation.

Within this net position there were variances against the original plan for some provider schemes. Variances include a £21.9m underspend for Liverpool University Hospital due to allocation of additional public dividend capital to fund the New Hospital Build, and a £26.0m overspend by Southport and Ormskirk relating to additional capital allocations for the merger in 2023/24 with St Helens and Knowsley Teaching Hospitals.

The process for developing the 2023/24 secondary care capital programme comprised the following stages:

1. each NHS provider received an allocation equating to 80% of their depreciation charge which is at the provider's discretion to prioritise spend against for maintenance, equipment replacement and digital investment;
2. allocations for strategic national schemes funded by public dividend capital with a requirement for local funding (eg dormitory eradication, digital clinical system);
3. locally approved schemes that were part of the 2022/23 planning round were allocated funds (eg neonatal unit development, stroke unit development);
4. additional incentive capital was allocated to trusts who delivered improved financial positions in 2022/23 and improved their 2023/24 plans; and
5. the ICB retained £7.8m to allocate to urgent issues that may arise during 2023/24.

An improvement grant bid process has been launched to distribute the primary care allocation, with digital requirements also being identified.

The system capital programme for 2023/24, including system allocations and national programmes, totals £406.8m. This includes schemes that address national and system strategic priorities relating to community diagnostic centres (£11m), elective recovery (£26m), New Hospitals Programme (£18m), patient electronic records (£39m) and eradication of reinforced autoclaved aerated concrete (£63m).

As part of the work to develop the Financial Strategy, a Capital Strategy and prioritisation framework will be approved by December 2023. The ICB recognises that there is also work required to develop an ICS strategy for estates that identifies the baseline position, defines the standards expected, and allocates capital resources to ensure estates are fit for purpose.

We have made an improvement recommendation that the ICB should continue to develop a strategic system-wide approach to capital planning. The capital programme should be underpinned by Capital and Estates Strategies and a prioritisation framework that ensures capital resources are allocated to schemes that will have the most impact on strategic priorities.

Financial Governance

Annual budget setting and budgetary control

Arrangements are in place to ensure that the annual financial planning process is based on consistent financial assumptions across the health system. Financial planning reports to the ICB Board and Finance, Investment and Resource Committee set out the implications of national planning guidance, financial planning assumptions and risks within the budget. Within the ICB, arrangements provide for both a top down and bottom-up budget setting process with 90% of budgets held at Place level. We have made an improvement recommendation that the ICB should continue to develop the operating model for Place based financial governance and financial management.

The ICB Board and Finance, Investment and Resource Committee receive financial planning updates throughout the budget setting process keeping them informed of national planning assumptions and their impact on the ICB's budgets and income allocations.

The ICB Financial Plan and Budget 2023/24 report to the Finance, Investment and Resource Committee in May 2023 clearly sets out the significant financial planning assumptions built into the budget and how ICB income allocations and provider contract amounts are determined. Risks within the ICB financial plan and provider risks are also highlighted.

System Directors of Finance regularly meet during the annual planning process to ensure that planning assumptions are consistent across individual organisations and to promote a collaborative planning approach. Key financial planning principles agreed by Directors of Finance include a commitment to deliver financial balance across the system within the agreed timeframe. Each organisation commits to and is held accountable for delivering its financial targets and efficiency requirements. Financial planning workshops include an operational and financial plan assurance and peer review process.

The ICB Financial Management Policy was approved by the Audit Committee in June 2023 and sets out the processes for financial management, financial reporting and monitoring. The Policy includes the role and responsibility of budget holders to understand the make-up of their budget and monitor performance against it, reporting variances to finance leads to enable forecasts to be updated and mitigations agreed.

The ICB Board and Finance, Investment and Resource Committee receive System Finance Reports at each meeting that provide an overview of the financial performance against plan for the ICB, individual providers and the system as-a-whole. Information regarding both the revenue and capital position is provided with supporting narrative highlighting reasons for variances and risks within the budget. We note in the Identifying Savings section of this report that the information provided regarding efficiency delivery is at a very high level and we have raised a key recommendation that includes strengthening reporting.

Place based budget arrangements

We have undertaken a review of the arrangements for setting and managing budgets at Place level in order to determine if adequate financial governance arrangements exist. This has been informed by a review of budget reports, discussion with senior ICB finance officers, and through discussions with four of the nine Place Directors.

Financial Governance (continued)

Annual budget setting and budgetary control (continued)

Arrangements provide for both a top down and bottom-up budget setting process. In addition to the central ICB finance team, each Place has an Associate Director of Finance and Head of Finance responsible for local financial modelling. Detailed budgets are built up at Place level using consistent financial templates and planning assumptions that are cascaded from the central finance team. Planning assumptions are based on national planning guidance.

The ICB's efficiency target of £57.9m for 2023/24 is allocated to the nine Place directorates by the central finance team, with Places responsible for developing their own detailed efficiency plans which are reviewed centrally at Place assurance meetings.

The ICB has split the 2023/24 budget into three categories which results in 90% of budgets being apportioned to Place and 10% held by the ICB:

- budgets held and managed at ICB level within Acute, Mental Health and Community Services relating specific funding for Covid, Elective Recovery Fund, Service Development Fund and other adjustments;
- budgets held at Place level for Acute, Mental Health, Community and Continuing Care Services for the commissioning of healthcare; and
- running costs held at ICB level but with a Place-based structure and monitored at local level.

Discussions with Place Directors recognise that central and Place teams work well together and that arrangements continue to develop, but also highlight that more work is required to define the model for budget setting and management. Areas highlighted by Place Directors for continued review include:

- ensuring that budget setting arrangements include sufficient engagement from the senior responsible officer for the budget as well as finance leads;
- ensuring ways of working strike the correct balance between central and local accountability, and recognise the areas of spend that are influenceable at Place level;
- developing arrangements for truly delegated budgets as opposed to managed budgets at Place; and
- the Scheme of Delegation should support operational decision making and reflect ICB structures as they develop, including sufficient expenditure approval limits for authorised signatories within Place to allow for timely decision making while ensuring the correct level of central control.

NHS contracts with providers are held at ICB level but managed by the lead Place directorate, with the contract expenditure budgets apportioned to individual Place directorates. When the 2023/24 budget was presented in May 2023, further work was required to confirm the final acute provider activity plan splits across Place which could impact on the distribution of Place surpluses and deficits. Place based budgets are expected to be revised during the financial year as service development funding, elective recovery fund performance and other resource allocation adjustments are finalised. It is expected that the allocation basis to Place will be further refined as the ICB matures and a local methodology is developed to ensure allocations are fair and transparent.

Each Place is responsible for their own budget monitoring arrangements. Budget holders do not have self-service access to the finance system and monthly standardised budget monitoring reports are not sent out to budget holders from the central finance team. The Financial Management Policy approved in June 2023 sets out a process where the financial reporting team produce monthly reports to fulfil ICB, Place and system requirements. We understand the intention is to develop a standardised suite of budget reports for budget holders.

The ICB recognises that as the operating model develops, then so too will Place level governance arrangements. Standing Financial Instructions and Schemes of Delegation will require updating during the year to ensure that Place directorates have the flexibility required to deliver local plans. From our discussion with Place Directors there was a consensus in opinion that arrangements are developing and there is a need to further refine and define roles and responsibilities at Place level. This is understandable for a complex organisation that was formed from nine predecessor CCGs only nine months previously.

Financial Governance (continued)

Annual budget setting and budgetary control (continued)

We have made an improvement recommendation that the ICB should continue to develop the operating model for Place based financial governance and financial management. This should include:

- continued review of resource and budget allocations;
- developing roles and responsibilities for budget management and delegated budgets;
- ensuring that the Scheme of Delegation and Standing Financial Instructions are updated, and meet the requirements of both operational decision making and financial control; and
- developing budget monitoring arrangements by providing Place based budget managers with standardised monthly monitoring reports, self-service access to the finance system, and ensuring they are adequately trained to access and interpret financial information.

Improvement recommendations

Recommendation 3	The ICB should work with and support system partners to identify mitigating actions to address the budget pressures and risks identified at Month 2 2023/24. The ICB and system should seek to deliver a financial breakeven position, ensuring that the neither the planned annual deficit nor the underlying deficit worsen. Mitigating actions should include the identification of additional recurring savings.
Improvement opportunity identified	The ICB and partners within the health system should take early corrective action to ensure that the annual or underlying financial position of the Cheshire and Merseyside ICS does not worsen. NHSE expect the ICB to work to mitigate the planned in-year deficit and seek to deliver a breakeven outturn position.
Summary findings	The Month 2 2023/24 System Finance Report presented to the ICB Board in June 2023 reports a system wide adverse variance of £7.8m, with a deficit of £48.2m incurred against the year-to-date planned deficit of £40.4m. The forecast at Month 2 is that by the year end the deficit will be in line with the planned deficit of £51.2m. Cost improvement plans are £7.3m behind plan with only £30.0m of the total £43.2m delivered recurrently. Providers account for £7.1m of the total adverse variance with eight provider trusts reporting a year-to-date position adverse to the plan.
Criteria impacted	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The ICB is working with system partners to identify mitigations in year to support delivery of the agreed system financial plan. This includes ensuring the identification of recurrent efficiencies.

The range of recommendations that external auditors can make is explained in Appendix B.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 4	The ICB should develop the process for triangulating workforce, productivity, activity and finance on a system-wide basis in order to inform the annual planning process and the development of workforce plans. The results of the triangulation process should be reported to the ICB Board to provide assurance that plans are aligned and deliverable.
Improvement opportunity identified	Triangulating workforce, productivity, activity and finance during the planning process will ensure that plans are aligned and deliverable and will assist in developing system-wide workforce planning in accordance with the People Priorities 2022-2027.
Summary findings	The ICB's People Priorities for 2022-2027 include the creation of system-wide workforce plans to ensure that the health and care workforce is fit for the future. This includes developing greater triangulation between workforce, productivity, activity and finance. After financial plans are submitted, the ICB does informally review the national tool that providers complete to triangulate these areas, but the level of detail that the ICB can drill down to is limited due to the number of providers within the health system. The NHSE feedback to the April 2023 ICB Planning Group commented that there was a lack of evidence to support how plans had been triangulated between demand, capacity, workforce and flow.
Criteria impacted	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	Joint finance, performance and workforce meetings were held for all providers during 2023/24 planning process to agree consistency of assumptions and approach. System level triangulation was carried out at regular stages in the planning process and any issues addressed with individual providers. To further strengthen our approach for 202/25 planning, the following actions are being taken: 1. The ICB assurance team is working with the NHSE Regional team to triangulate workforce, finance and performance on a monthly basis. 2. The ICB is developing a performance dashboard for Board reporting that reports key metrics related to finance, quality, performance and workforce to ensure triangulation

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 5	The ICB should continue to develop a strategic system-wide approach to capital planning. The capital programme should be underpinned by Capital and Estates Strategies and a prioritisation framework that ensures capital resources are allocated to schemes that will have the most impact on strategic priorities.
Improvement opportunity identified	Capital funding within the NHS is constrained at both national and system level. Further developing the system wide approach to capital planning will ensure funding opportunities are maximised and that the limited funding available is directed to areas of most need or benefit in improving population health.
Summary findings	As part of the work to develop the Financial Strategy, a Capital Strategy and prioritisation framework will be approved by December 2023. The ICB recognises that there is also work required to develop an ICS strategy for estates, that identifies the baseline position, defines the standards expected, and allocates capital resources to ensure estates are fit for purpose.
Criteria impacted	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	One of the financial recovery workstreams is to develop a strategic approach to capital planning. This workstream has a reference group made up of Provider DoFs and Place ADoFs.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 6	The ICB should continue to develop the operating model for Place based financial governance and financial management. This should include: • continued review of resource and budget allocations; • developing roles and responsibilities for budget management and delegated budgets; • ensuring that the Scheme of Delegation and Standing Financial Instructions are updated, and meet the requirements of both operational decision making and financial control; and • developing budget monitoring arrangements by providing Place based budget managers with standardised monthly monitoring reports, self-service access to the finance system, and ensuring they are adequately trained to access and interpret financial information.
Improvement opportunity identified	Continuing to develop financial governance arrangements at Place level will ensure that there is adequate oversight and accountability at Place and ICB level for the use of resources.
Summary findings	The ICB recognises that as the operating model develops, then so too will Place level governance arrangements. Standing Financial Instructions and Schemes of Delegation will require updating during the year to ensure that Place directorates have the flexibility required to deliver local plans. From our discussion with Place Directors there was a consensus in opinion that arrangements are still developing and there is a need to further refine and define roles and responsibilities at Place level.
Criteria impacted	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	As part of the medium-term financial strategy a workstream has been put in place to develop an Allocations, Investments and Benefits framework. The ICB is utilising the national place allocations toolkit to review allocations at place and the associated distance from target to support the development of place based recovery plans. The ICB has commenced a series of workshops to agree roles and responsibilities between place and central functions particularly in relation to the management of contracts. The ICB is also undertaking a review of All Age Continuing Care to agree a consistent target operating model across places. The Operational Scheme of Delegation is currently being updated and will be presented to the Board in September which will propose changes to approval limits to better support operational management at place. The ICB central finance team have worked with Place representatives to develop standard monthly reporting which can be accessed online. The current financial system does not support self-service access to the financial system due to the coding arrangements required to report expenditure at place level. Therefore, the ICB will review access to the financial system for reporting purposes in 2024/25 when the new financial system has been implemented.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

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Governance

We considered how the Integrated Care Board:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour

National context

In 2021/22 the greatest number of significant weaknesses reported in the value for money work related to governance.

Common themes seen included:

- Strategic risks not being appropriately mitigated
- Risk management arrangements not being robust and embedded throughout the organisation
- CQC required improvements at Trusts not be progressed at an appropriate pace, particularly for Emergency services and Maternity

We are seeing more higher profile cases of Leadership over-ride within the press which is an indication of poor governance, and all NHS bodies should ensure that they are maintaining high standards in their arrangements.

Governance arrangements

As part of our initial audit planning and risk assessment we identified a potential risk of significant weakness regarding governance. From the work we have carried out we have concluded that the ICB has and is continuing to develop appropriate arrangements and we are not reporting a significant weaknesses in governance arrangements. However, we have identified some areas where the arrangements currently in place can be further enhanced in relation to embedding use of the Board Assurance Framework and overall risk management arrangements and two improvement recommendations have been made to address these.

The ICB did not approve its Board Assurance Framework (BAF) until May 2023, but we recognise that the ICB developed its risk management arrangements during the period ended 31 March 2023 including the issue of its Risk Management Strategy. The Risk Management Strategy, templates and guidance have been presented to corporate and place teams, governance leads and risk practitioners, to support initial implementation. A more extensive and comprehensive training and development programme will be created and rolled out during quarters 1 and 2 of 2023/24. A review undertaken by Mersey Internal Audit Agency ("MIAA") in relation to governance core controls concluded that "the control framework has continued to progress, both in design and implementation".

The Risk Committee was established as a sub-committee of the Audit Committee ("AC") to support the AC in overseeing the successful development and embedding of risk management systems across NHS Cheshire and Merseyside. The Committee first met in June 2023 to consider the Corporate Risk Register, Board Assurance Framework, and update on the ongoing implementation of the Risk Management Strategy. Its work programme includes quarterly consideration of the Board Assurance Framework, Corporate Risk Register and Committee/Place Registers – the timing being aligned to Executive Committee and Board timetables.

Governance (continued)

To illustrate the complexity of governance arrangements both within the ICB and with system partners including at the nine Places, we have provided diagrams showing the interlinking and overarching arrangements on pages 31 to 34.

The diagram below illustrates the key components for the ICB's Risk Management Strategy.

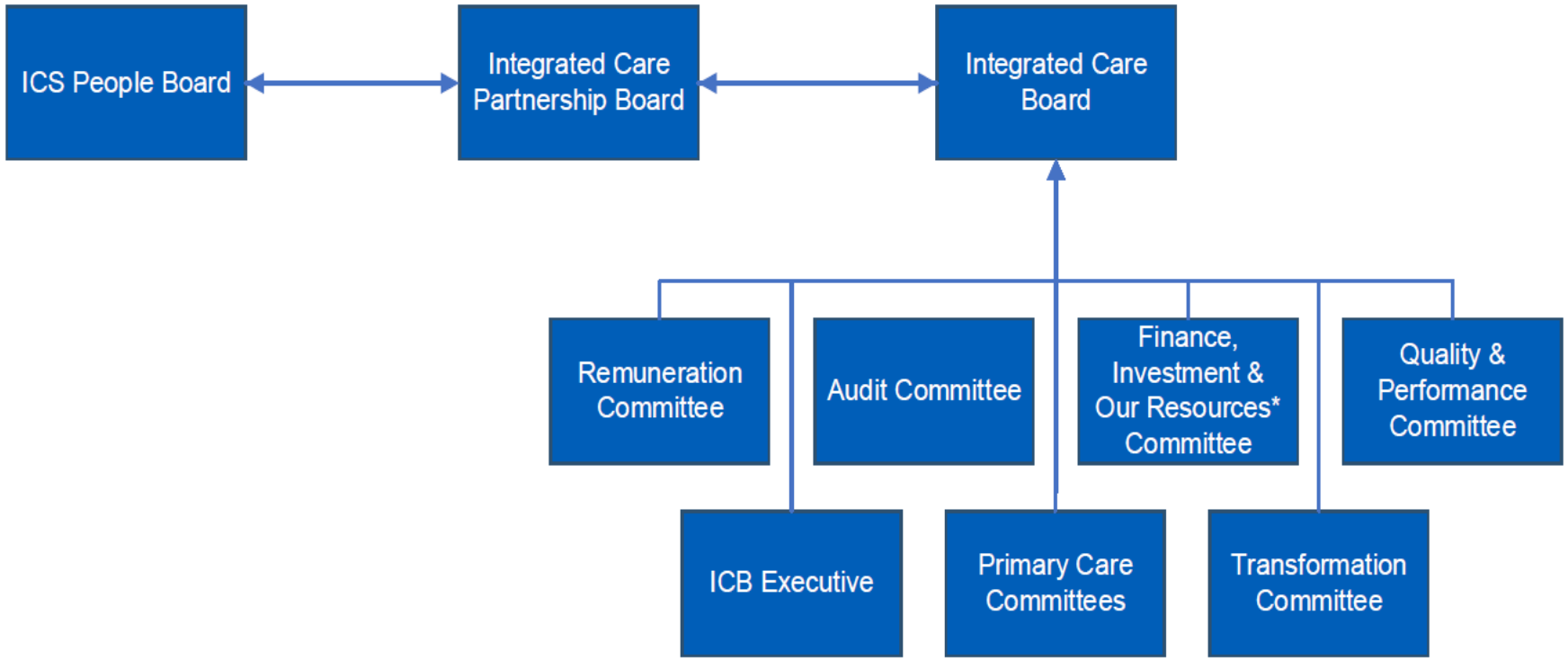
Key Components

Governance (continued)

The diagram below illustrates the ICS governance schematic included in the ICB's Risk Management Strategy.

ICS Governance Schematic

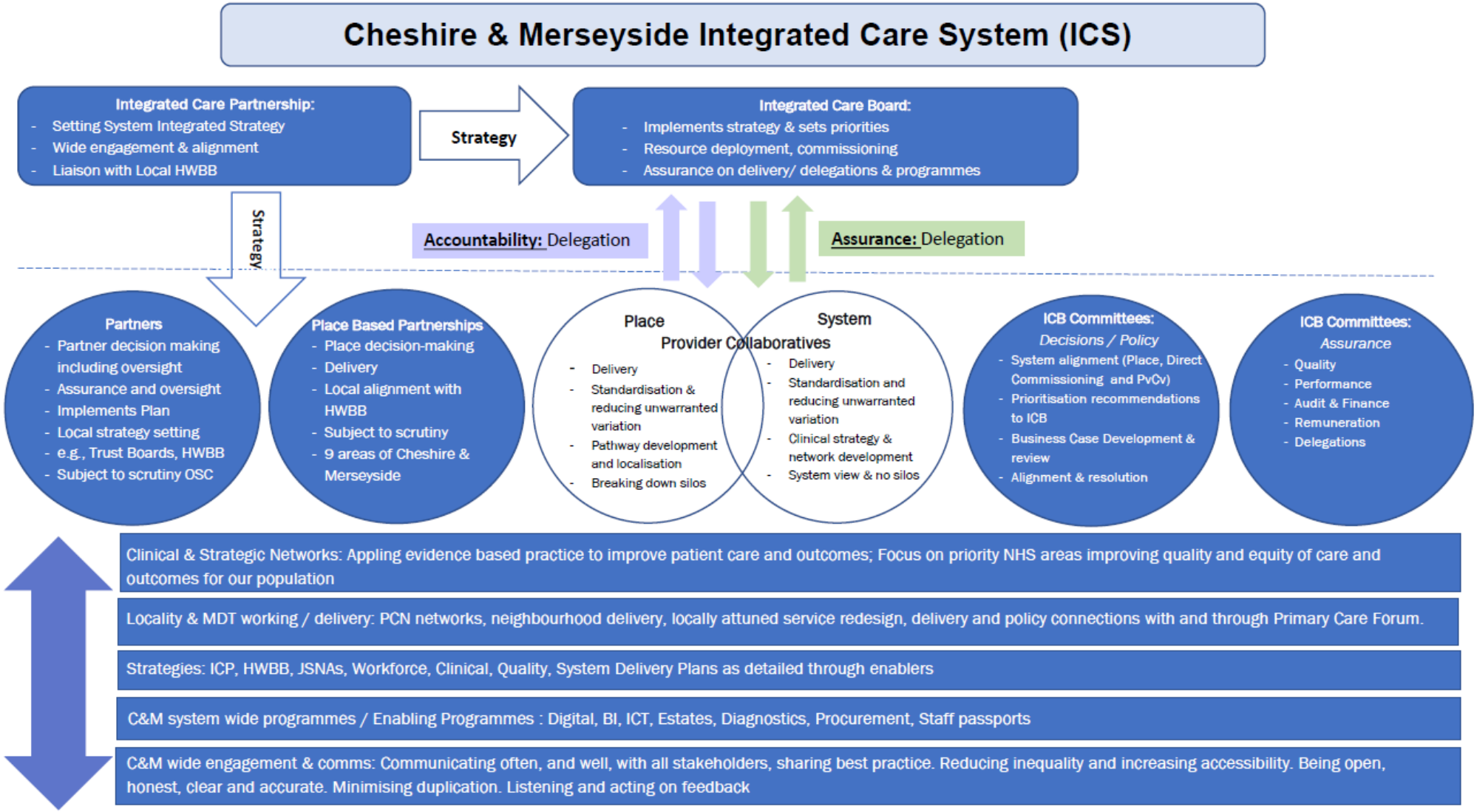
NHS
Cheshire and Merseyside



* Our resources reflects the importance of the ICB's people, its workforce, to the ICB

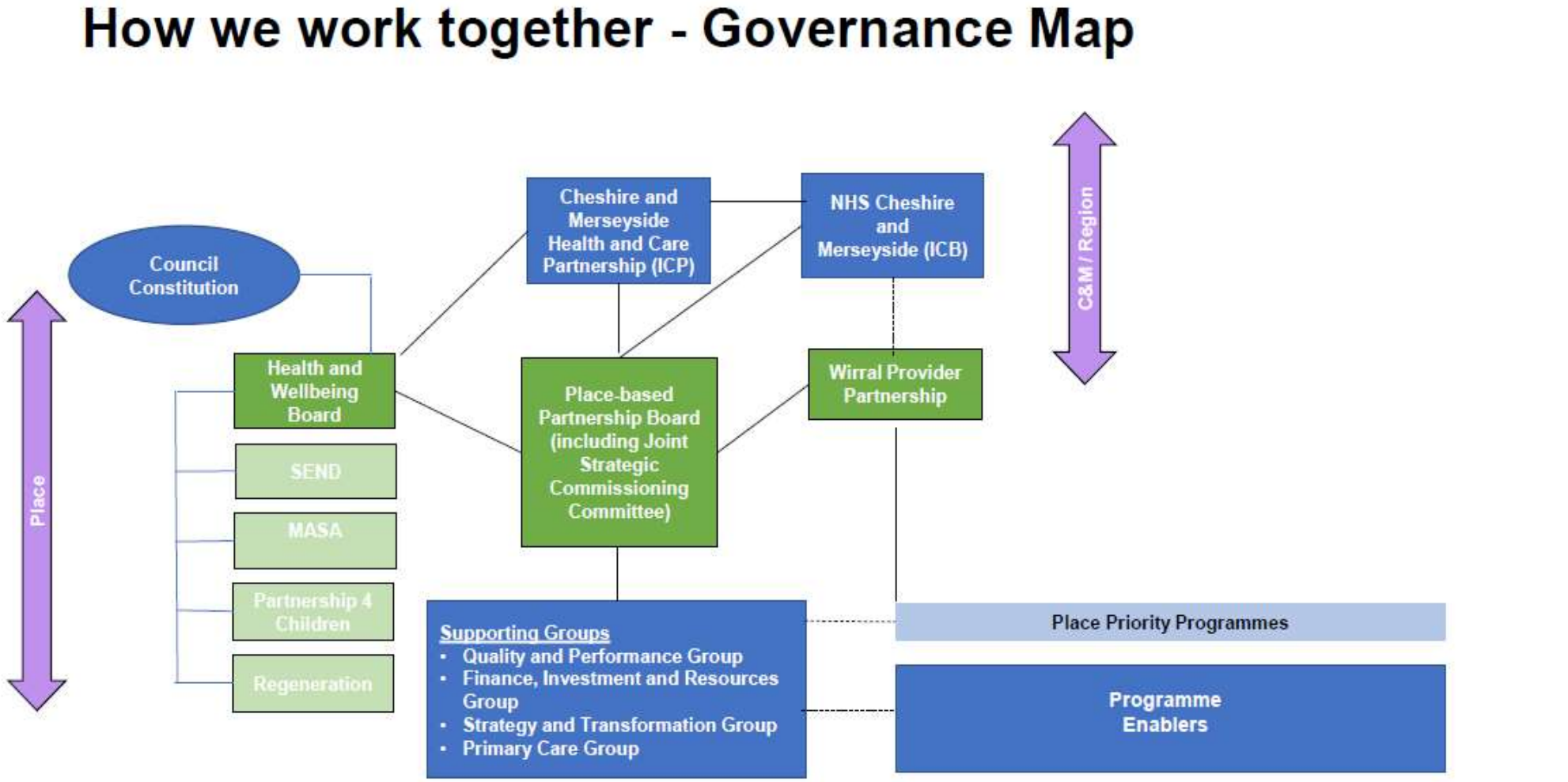
Governance (continued)

The Functions and Decisions Map shown below provides a high-level structural chart setting out which decisions are delegated and taken by which parts of the system in Cheshire and Merseyside.



Governance (continued)

The diagram below is an example Place Governance Map, setting out the governance arrangements in Wirral.



Governance (continued)

Risk management and Board assurance

We have concluded that the ICB's Risk Management Strategy has continued to develop during the year and will require further embedding to provide robust arrangements.

Risk management

Following the establishment of the ICB on 01 July 2022, risk management arrangements have been developed and are embedding. The Corporate Affairs and Governance team have a full risk workplan in place and progress of key milestones is regularly reported to the Audit Committee and ultimately the Board. These have included:

- work with the nine legacy CCG's and Health Care Partnership risk registers reviewing and consolidating 320 risks, identifying new risks faced by the ICB and working with quality leads to form a risk register for the ICB;
- development of the Risk Framework and Risk Management Strategy; and
- Board Development Session to populate the Board Assurance Framework and define the ICB's risk appetite.

Responsibilities for managing risk are documented within Section 7 – Business Operation and Risk Management of the Scheme of Reservation and Delegation which is part of the ICB's Governance handbook. This is underpinned by a Risk Management Strategy, which was endorsed by the Audit Committee in September 2022, and following further refinement approved by the Board in February 2023. During 2022/23 ongoing management of existing risk was overseen by fora such as the Quality and Performance Committee and Place Partnership Boards.

Our review of the Risk Management Strategy confirmed that it includes the key elements of a standard framework including: roles and responsibilities for risk management; the governance structure detailing groups with responsibility for risk; the process for identification, assessment and management of risk; the process for managing and reviewing the Board Assurance Framework and Corporate risk Register; and the process for monitoring the Risk Management and Assurance Framework to ensure it is effective.

The Strategy describes risk scoring and tolerance and the risk escalation and reporting process based on risk scores. It also includes the risk appetite core statement, although it is acknowledged that work is ongoing to progress the work on the detailed risk appetite statement to a conclusion.

The ICB acknowledges that it is still developing and embedding its arrangements, including providing its detailed Risk Appetite Statement. In recognition of this, and to support the Audit Committee in overseeing the successful development and risk management systems across Cheshire and Merseyside, the Risk Sub-Committee ("the Committee") was established, initially for a 12-month period. The Terms of Reference state that the principal functions will be to: oversee the implementation and further development of the ICB risk strategy and processes; support the development of an effective risk culture; review and moderate risks; develop and monitor key performance indicators on the operation of the risk management system including maintenance of robust BAF and Corporate Risk register; ensure all corporate functions, places and programmes maintain current risk registers and actively manage identified risks; measure the roll out of risk management training; develop system approach to BAF and risk management in relation to joint strategic objectives.

The Committee met for the first time in June 2023. It has an agreed timetable and forward plan including quarterly consideration of the Board Assurance Framework, Corporate Risk Register and Committee/Place Registers in June, September, December 2023 and March 2024. The timing is aligned to Executive Committee and Board timetables, with meetings in August and November 2023 and February 2024 having a developmental focus relating to aspects of the risk management framework including moving onto wider system risk management arrangements. System partners will be invited to join the November 2023 and February 2024 meetings in a workshop format. Implementation plan updates will evolve into KPI reports to provide assurance that arrangements are effective and embedded and a key issues report will be provided to ALERT, ADVISE and ASSURE the Audit Committee.

As arrangements to embed the Risk Management Strategy are in progress, we have raised an improvement recommendation to support the ICB in its work in this area. We will review progress as part of our 2023/24 value for money review.

Governance (continued)

Board Assurance Framework

The ICB did not have an approved Board Assurance Framework (BAF) in place during the period of our review. However, it is evident that there has been a structured development plan in place leading up to the BAF approval in May 2023. Implementation, embeddedness and effectiveness of the BAF will be a key area of focus for our value for money review in 2023/24.

Rather than simply merging the BAFs of the nine legacy CCGs, work was undertaken to ensure the BAF truly reflected the risks to the ICB delivering its four strategic objectives which match national expectations of ICBs: improving outcomes in population health and healthcare; tacking inequalities in outcomes, experience and access; enhancing productivity and value for money; and supporting broader social and economic development. We consider this a reasonable approach given the size and complexity of the ICS alongside system challenges.

Draft principal risks mapped to the ICB's strategic objectives were discussed during the ICB Board development session held in November 2022. The ICB's Executive Team completed further work at the request of the ICB Chair to develop and refine the principal risks. Following this, the initial risk appetite statement and BAF report format were approved by the ICB Board in February 2023. Further work was undertaken by the Board and executive Team to complete further work to populate the BAF and risk appetite statement. The final draft of the risk appetite statement and first BAF report were presented to Board in May 2023.

Ten strategic risks were identified and mapped against the four strategic objectives of the ICB, and ownership aligned to Executive leads and committees.

We consider that the BAF format contains the elements of best practice we would expect. The BAF summary page provides a clear scoring visual which includes changes since the previous period, and which will be populated with ongoing use of the BAF. It also includes narrative related to priority actions/assurance activities to mitigate risks. The BAF also provides details of:

- strategic objective and strategic risk;
- named senior responsible lead, operational lead, directorate, and responsible committee;
- initial risk score, current risk score, target risk score and trend;
- risk appetite (we note this is blank for seven of the risks);
- linked operational risk (we note this is blank for nine of the 10 risks);
- function, risk proximity (estimate of the timescale as to when the risk is likely to materialise),risk type, risk response;
- date raised, last updated, next update due;
- risk description;
- controls in place with RAG rating, gaps in controls, actions planned with owner and timescale and a field for progress update;
- assurances planned, actual with RAG rating, gaps in assurance with owner and timescale and a field for progress update.

Full population of all fields as the BAF is further embedded will enhance assurance. Ongoing review and refresh of the BAF will provide the ICB Board with timely assurance and ensure it is fully sighted throughout the year on the strategic risks and actions being taken to manage these. As such we have raised an improvement recommendation in relation to this and to ensure that the BAF is in place throughout the whole financial year.

The Board Assurance Framework (BAF)

The BAF brings together in one place all of the relevant information on the risks to the delivery of the ICB's strategic objectives

Risks are classed as system risks if they require more than one system partner to manage and/or are not unique to a single system partner.

The BAF should remain a live document and drive strategic risk management across the ICB and in Board agendas

Assurances in place and gaps in controls should be mapped to each risk, drawing on many sources of information including internal audit and external regulators

Using a scoring matrix, risks can be assessed to allow greater scrutiny to those most significant

With too many strategic objectives or too many risks, it is difficult to maintain a meaningful BAF

Governance (continued)

Internal control and informed decision making including the Audit Committee

The ICB has an adequate and effective internal audit function in place to monitor, assess, and provide assurance to those charged with governance, on the operation of internal controls. There is no evidence of significant weaknesses in the systems of internal control at the ICB – the limited assurance Head Of Internal Audit opinion was a reflection of the maturity of the ICB at the time of the report rather than significant weaknesses in internal control.

Our attendance at Audit Committee meetings confirms that those charged with governance provide effective challenge of officers. Our review of Trust Board and Committee papers evidences appropriate challenge from members and does not indicate a lack of transparency in decision making.

There is an effective internal audit function in place to monitor internal controls. Internal audit (IA) and counter fraud services are undertaken by MIAA. MIAA reports state that they operate systems to ISO Quality Standards, and that the last external assessment completed in 2020 concluded MIAA fully complies with Public Sector Internal Audit Standards. MIAA attend each Audit Committee providing a progress report and provide a "follow up" report stating management progress in implementing recommendations. MIAA completed nine reviews in 2022/23 of which assurance levels were assigned to three. MIAA issued two substantial assurance and one moderate assurance opinions. Five RAG rated recommendations have been raised as part of the nine reviews undertaken. All recommendations raised were accepted by management. None of the recommendations were critical, one was high risk (accounts payable, the overall assurance level was moderate), three medium risk and one low risk. The Head of Internal Audit Opinion states that during the course of the year follow up reviews were undertaken and MIAA can conclude that the ICB has made good progress with regards to the implementation of recommendations.

As reflected in the ICB's Annual Governance Statement the overall assurance level for the period 1st July 2022 to 31st March 2023 is "*Limited Assurance: there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk*". Further narrative is provided that "*the opinion is not limited in scope but is provided in the context of the maturity of the organisation during the time of reporting*". The opinion further states that "*The complexity of the ICB, in terms of bringing together 9 CCGs to form the ICB, together with its maturity have been significant factors in determining the Head of Internal Audit Opinion. It is fully acknowledged that positive assurances have been provided for the core financial systems and that progress continues regarding the development and embedding of the control framework. However, this opinion covers the period from establishment until the 31st March 2023 and for the majority of the core areas reviewed by internal audit, the outcomes have highlighted that whilst the development and embedding of the control framework has continued to progress, this hasn't been fully operational for the period under review.*"

As such, there are no significant gaps in internal controls, rather the controls put in place during the period are yet to fully embed. The MIAA reviews relating to risk management core controls, quality governance core controls, and financial governance core controls concluded that "*the control framework has significantly progressed its development and implantation of core controls*". The governance core controls review concluded that "*the control framework has continued to progress, both in design and implementation*".

Counter fraud services are also provided by MIAA. The work plans for 2022/23 were presented to the Audit and Governance Committee in September 2022 and regular progress reports have been provided to each meeting. These provide an overview of proactive work undertaken, investigations undertaken and their findings, and any sanctions applied. This enables ICB Board members to be assured that appropriate counter fraud activity is being undertaken that is proportionate to the risks that exist and that any fraud that is identified is addressed robustly. Three referral queries and four investigations are carried forward to 2023/24.

We have found no risk of significant weakness from our work in relation to the arrangements in place to ensure an effective system of internal control and to prevent and detect fraud and corruption.

Governance (continued)

Standards and behaviours and "Tone from the Top"

Our value for money review and financial statements audit did not identify evidence of unlawful decision-making, or gaps in arrangements to ensure compliance with standards and behaviours. The ICB provides an appropriate "tone from the top" in respect of decision making, demonstrating openness, **transparency and engagement in its arrangements.**

The Constitution, and those documents that support it, set out how the ICB is governed to meet its statutory duties. The ICB's Governance Handbook which includes key elements such as the Scheme of Reservation and Delegation which sets out those decisions that are reserved to the Board and those decisions that have been delegated and Standing Financial Instructions which set out the arrangements for managing the ICB's financial affairs.

Arrangements are in place to monitor and ensure appropriate standards of behaviour. There is a Conflicts of Interest Policy, and a Freedom to Speak Up (Whistleblowing) Policy included within the ICB's Standards of Business Conduct and an Anti-Fraud Bribery and Corruption Policy is also in place.

The procedures for declaring conflicts of interests are detailed in the ICB's Standards of Business Conduct document. An internal audit of conflicts of interest has been completed by MIAA and found that since the establishment of the ICB that the control framework has significantly progressed its development and implementation of core controls.

A local proactive exercise was also undertaken by the MIAA anti-fraud specialist with regards to declarations of interest completeness, with the aim to assess whether declaration returns submitted to date are fully complete, or whether only partial or inaccurate returns have been made. Testing identified no instances of fraud. However, recommendations were made to address a small number of low-risk issues identified during the exercise, all of which have now been addressed.

There is a nominated Freedom to Speak Up Guardian who is an independent officer and can be contacted to discuss any concerns in confidence.

We have not found any risk of significant weakness with regard to the ICBs "tone from the top" and arrangements to promote appropriate standards of behaviour.

NHS Leadership

- Leadership plays a key role in shaping the culture of an NHS organisation
- NHS leaders are facing considerable challenges, including significant financial and operational pressures and high levels of regulation
- This is reflected in high vacancy rates and short tenures among senior leaders that risk undermining organisational culture and performance
- Many of the recent NHS failures have come from poor leadership. This may be a focus on one aspect of delivery at the expense of another, e.g. prioritising financial performance over clinical care
- Senior leadership should welcome honesty in their assurances, creating an environment where staff can be open and flag risks
- Boards should remain alert to the question, "could we have a problem and how do we know we don't"?

Improvement recommendations

Recommendation 7	The Risk Sub-Committee should obtain assurance that risk management systems continue to be developed and are embedded across NHS Cheshire and Merseyside.
Improvement opportunity identified	The further embedding of risk management arrangements will contribute to an effective risk management system, an essential element of good governance and robust internal control.
Summary findings	Work was ongoing from the establishment of the ICB in July 2022 to develop a Risk Management Strategy, agree the ICB's Risk Appetite Statement, evaluate risks carried forward from the nine legacy CCG's and Health Care Partnership and develop the ICB's Board Assurance Framework. In the meantime, oversight and assurance of the ongoing management of risk was provided by groups such as Quality and Performance Committee and Place Partnership Boards. Now the BAF and Corporate Risk Register are in place the work programme of the Risk Sub-Committee is intended to support the Audit Committee in overseeing the successful development of risk management systems across NHS Cheshire and Merseyside.
Criteria impacted	Financial Sustainability; **Governance**; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The Risk Sub-Committee has been established on an interim basis, initially for 12 months, to support the Audit Committee in overseeing the successful development and embedding of risk management systems across NHS C&M. Regular reporting from the Risk Sub-Committee to the Audit Committee will continue for assurance purposes.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 8	To embed the newly established Board Assurance Framework, the ICB should ensure that the BAF is reviewed and refreshed on an ongoing basis so that it is in place throughout the whole financial year.
Improvement opportunity identified	To provide the ICB Board with timely assurance and to be fully sighted throughout the year on the strategic risks facing the ICB and the actions being taken to manage these.
Summary findings	Whilst arrangements were established during the 9 months to 31 March 2023 for managing risk, the Board Assurance Framework was not presented to ICB Board until May 2023. Internal audit were unable to provide an opinion on the Assurance Framework for 2022/23 as there wasn't one in place, although it reported that for Risk Management Core Controls the control framework has significantly progressed its development and implementation of core controls. Internal audit provided a Board development session supporting the development of risk management and the Board Assurance Framework.
Criteria impacted	Financial Sustainability; **Governance**; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The BAF is reviewed on an ongoing basis and regular reporting is now built in to the workplan for the Risk Committee, with assurance reporting to the Audit Committee. The BAF is then also reported upwards to the Board on a regular basis. Any amendments are updated within the BAF, where required, and following discussion at Audit Committee and Board.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

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Improving economy, efficiency and effectiveness

We considered how the Integrated Care Board:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits

National context

It has been recognised that improving the population's health and preventing illness and disease is key to reducing health inequalities and is at the heart of the NHS Long Term Plan. Tackling health inequalities is a core priority for NHS England because people from more deprived backgrounds are more likely to have long term health conditions and suffer poor health. ICBs have a pivotal role to play in delivering this ambition, but turning the dial to prevention from direct treatment will take time and finding sufficient money to invest in longer term solutions will remain a significant challenge.

Local overview of population health outcomes

Using our bespoke Grant Thornton ICB benchmarking tool, we have used NAO data to provide a comparison for population health outcomes within your ICB, compared with other ICBs.

KPI	Value	Rank
Inequality in life expectancy at birth (female)	9	41
Inequality in life expectancy at birth (male)	11	41
Life expectancy (male)	78	35
Life expectancy (female)	82	37
Neonatal mortality and stillbirth rate (per 1,000 live births and still births)	7	20
Cancers diagnosed at stages 1 or 2 (%)	54	26
Under-75 cancer mortality rate (per 100,000 people)	140	37
Under-75 Cardiovascular mortality rate (per 100,000 people)	140	38
Percentage of adults overweight or obese	67	32
Smoking prevalence in adults	13	32
Alcohol-specific mortality (per 100,000 people)	14	35
Deaths from drug misuse (per 100,000 people)	7	38
Musculoskeletal problems (%)	20	36
Health Deprivation Rank	2	41

Data from 42 ICBs (where submitted)
Data source: NAO ICB Tool

It is evident that Cheshire and Merseyside faces a number of significant challenges, with performance being ranked in the worst performing quartile in 12 out of 14 health population metrics.

Overall, Cheshire and Merseyside is ranked in second place in terms of the health deprivation rank, meaning it has some of the poorest health outcomes in the country, including reduced life expectancy and numbers of deaths from alcohol related issues or drug misuse.

Red – worst performing quartile
Amber – 3rd performing quartile
Light Green – 2nd performing quartile
Green – Top performing quartile

Improving economy, efficiency and effectiveness (continued)

Key aims of ICBs

The ICS and ICB should bring partner organisations together to:

1. improve outcomes in population health and health care
2. tackle inequalities in outcomes, experience and access
3. enhance productivity and value for money
4. help the NHS to support broader social and economic development.

Collaborating as systems will help health and care organisations tackle complex challenges, including:

- improving the health of children and young people
- supporting people to stay well and independent
- acting sooner to help those with preventable conditions
- supporting those with long-term conditions or mental health issues
- caring for those with multiple needs as populations age
- getting the best from collective resources so people get care as quickly as possible.

Improving population health and health inequalities

As part of our initial audit planning and risk assessment we identified a potential risk of significant weakness regarding health inequalities. Our review has confirmed that the ICB has arrangements and plans in place to ensure health inequalities are identified and addressed and we are not reporting a significant weakness in these arrangements. The ICB can demonstrate their commitment and collaborative approach to tackling health inequalities through arrangements such as the long-established CHAMPS Population Health Board and recent appointment of the Director of Population Health. There is much evidence of cross-system collaborative working to identify priorities for reducing health inequalities in the population and taking action to address these. A community and locality approach is also supported across Cheshire and Merseyside through nine Place Partnerships.

The ICB recognises that there are areas with significant deprivation within Cheshire and Merseyside and this is a driver for health inequalities such as shorter life expectancy. The CHAMPS Population Health Board has been established for 20 years and oversees the population health programme. This programme aims to improve health outcomes and reduce health inequalities by embedding a sustainable system wide shift towards focusing on prevention and reducing health inequalities. This is a key component of the Cheshire and Merseyside Joint Forward Plan 2023-28, and the newly appointed Director of Population Health will play a key leadership role in the work.

The illustration below summarises the areas where the ICB has identified that its population experience worse outcomes compared to the "England average" and where people have told the ICB their experience of accessing care does not meet their expectations:

Improving economy, efficiency and effectiveness (continued)

Improving population health and health inequalities (continued)

Identification of priorities to reduce health inequalities

The Cheshire and Merseyside Joint Forward Plan 2023-2028 (JFP) states that: "*Improving the health and wellbeing of our population whilst reducing inequalities in access, experience and outcomes drives our plans. We will ensure we invest our resources effectively to achieve this goal whilst supporting social and economic development in our communities.*" The JFP builds on the Cheshire and Merseyside Interim Health Care Partnership (HCP) strategy by setting out how system partners will work together to address the key challenges facing people across Cheshire and Merseyside.

Cheshire and Merseyside has a long-established (in 2003) Population Health Board "CHAMPS", which comprises 9 directors of public health from the local authorities in each Place and has the objective of improving the health and wellbeing of the population. The directors of public health have been working together for 20 years, working on behalf of their local authorities but also on cross cutting themes.

CHAMPS oversees the ICB's Population Health Programme of work included in the JFP. The aims are to improve health outcomes and reduce health inequalities by embedding sustainable system-wide shift towards focusing on prevention and health equity. The newly appointed Director of Population Health (previously the Director of Public Health in Chester West and Chester) will play a key leadership role in this work.

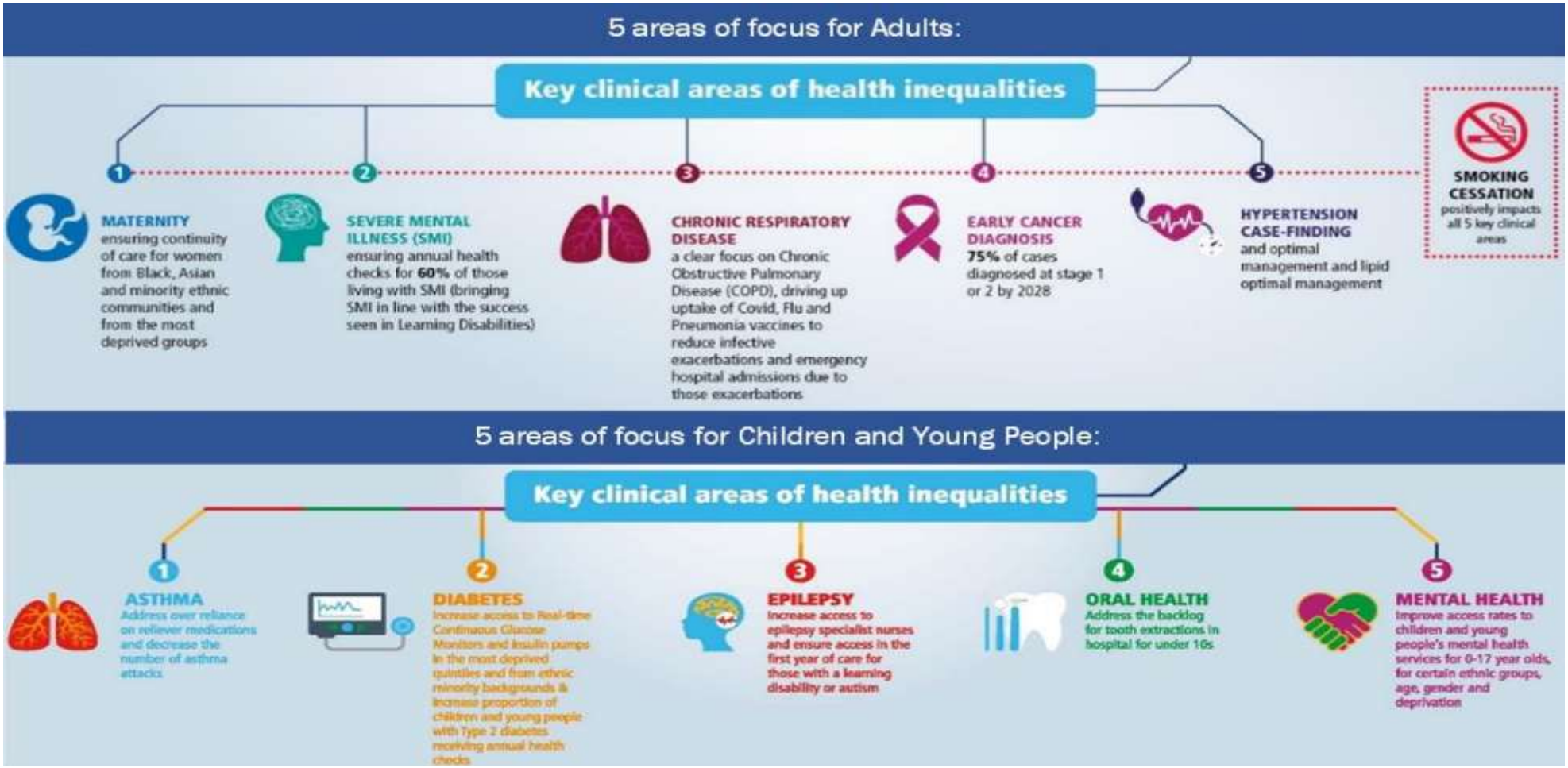
The ICB uses the Core20Plus5 national NHS approach to support the reduction of health inequalities at national and system level. It focuses on the 20% most deprived of the national population plus specific communities which experience inequality. The approach defines a target population called the "Core20Plus" and identifies five clinical areas requiring targeted improvement. Population Health Programme strategic intelligence and system leadership will strengthen the oversight and monitoring of progress against the Core20Plus5 clinical priorities for adults and children and young people in Cheshire and Merseyside, as illustrated overleaf.

The ICS can demonstrate targeted action across the five clinical areas of focus. For example:

- **maternity** – embedding measures to improve health and reduce inequalities in 2023/24;
- **mental health support for children and young people** – during 2022/23 more than 4,000 children and young people were supported by Mental Health Support Teams (MHSTs) who go into schools across Cheshire and Merseyside to offer direct help;
- **increased uptake of health checks in priority groups** - pilots were established in Cheshire West and Chester, Halton, Wirral, Liverpool, Sefton and St Helens and worked directly with patients from local target groups to co-design approaches to increase uptake of preventative health checks. Sites worked with eligible patients who live in some of the least affluent communities, minority ethnic groups, people who misuse alcohol and patients with severe mental illness.

Improving economy, efficiency and effectiveness (continued)

The Core20Plus5 clinical priorities for adults and children and young people in Cheshire and Merseyside are illustrated below:



Improving economy, efficiency and effectiveness (continued)

Improving population health and health inequalities (continued)

The All Together Fairer Programme

In 2021 the Institute of Health Equity (IHE) was commissioned by the Population Health Board of the Cheshire and Merseyside Health and Care Partnership (CMHCP) to support work to reduce health inequalities through taking action on the social determinants of health and to build back fairer from COVID-19. CMHCP and each of Cheshire and Merseyside's nine places were central to the creation of the "All Together Fairer Report" which made Marmot and system-wide recommendations for action. These feature in the JFP which states that the Programme supports the eight Marmot principles, which are to:

1. Give every child the best start in life.

2. Enable all children, young people, and adults to maximise their capabilities and have control over their lives.

3. Create fair employment and good work for all.

4. Ensure a healthy standard of living for all.

5. Create and develop healthy and sustainable places and communities.

6. Strengthen the role and impact of ill health prevention.

7. Tackle racism, discrimination, and their outcomes.

8. Pursue environmental sustainability and health equity together.

The success of the All Together Fairer programme in the 2023-28 period will be measured against the 22 beacon indicators in the Marmot indicator set.

Improving economy, efficiency and effectiveness (continued)

Improving population health and health inequalities (continued)

A community and locality approach is also supported across Cheshire and Merseyside through nine Place Based Partnerships (PBPs) – see page 34 for an illustration of arrangements for Wirral Place. The PBPs bring together a wide range of partners, including NHS services, GP practices, local authorities, social care, housing, police, and the voluntary and community sector. Locality plans through Place Plans and Primary Care Network Plans identify and seek to address specific health inequalities within local areas.

Each PBP reviews the population health data for their area to identify priorities and inform the Joint Strategic Needs Assessment. For example, Wirral Place has identified the electoral wards of Bidston and St James, Birkenhead and Tranmere, Leasowe and Moreton East, Liscard, Prenton, Rock Ferry, and Seacombe as being the most challenged in terms of health inequalities. The intelligence gathered is used to identify the priority programmes included in the Wirral Plan 2021-2026 refreshed with an annual plan for each year.

The PBP oversees delivery of the actions identified in the Wirral Plan. The priorities in the Wirral Health and Care Plan for 2023/24 plan were developed following four planning workshops held with system partners. A Strategic Outcome Framework outlining the high-level detail of programme aims and an outline of the delivery plan is provided as an appendix to the plan. The diagram below shows the Wirral 2023/24 Plan's three themes and their programmes. The priorities will be under three broad themes of guiding programmes, delivery programmes and enabling programmes:

We have not identified any significant weaknesses in the arrangements the ICB has in place, and continues to develop, for addressing health inequalities. As arrangements for addressing health inequalities further embed, we consider that a suite of key performance indicators should be developed to report the impact of ongoing actions and direction of travel for addressing health inequalities. We have included this as part of our improvement recommendation raised in relation to performance reporting.

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement

Use of financial and performance information

The ICB Board receives Quality and Performance Reports that provide an overview of key metrics drawn from the 2022/23 operational plans, as well as a summary of key issues, impact and mitigations. There is scope to enhance performance reporting by integrating further workforce metrics, finance metrics and health inequality performance metrics into an integrated performance report. Where possible, more current data should be included in reports, so the Board has sight of current performance metrics. Further oversight and assurance of managing performance at Place is provided by the Place Quality and Performance Group's Aggregated Key Issues Report presented to the Quality and Performance Committee with key issues and escalations being provided to the ICB Board as required.

The ICB Board has received a Quality and Performance Report (QPR) at every meeting since August 2022 which provide an overview of how the ICB and system are performing against key national and local performance indicators. The QPR reports provide an overview of key metrics drawn from the 2022/23 operational plans, specifically Urgent Care, Planned Care, Cancer Care, Mental Health and Primary Care, as well as a summary of key issues, impact, and mitigations.

The QPR report contains six sections containing system performance over the previous 12 months alongside benchmarking of performance for Cheshire and Merseyside compared to the North-West Region and England for performance indicators related to Urgent Care, Planned Care, Cancer Care, Mental Health, Primary Care, Quality and Patient Safety.

The QPR contains four appendices showing:

- ICB national performance metrics such as increase in diagnostic activity to 120% of pre-pandemic levels, and eliminate 78-week waiters by the end of March 2023, indicating whether performance has increased or decreased since July 2022;
- provider KPI summaries compared to target;
- "Place on a page" summary showing Single Oversight Framework metric performance and the performance quartile banding for each of the nine ICB locations (broadly equivalent to the nine Places);
- current system NHS provider Single Oversight Framework segmentation and direction of travel compared to previous segmentation.

We note that the Provider KPI summaries include workforce metrics related to sickness and "staff recommend care". Other workforce metrics such as ICB sickness, vacancy rates, staff turnover rates are not included in the QPR. We also note that financial performance is included as a separate report albeit presented immediately prior to the QPR. Hence the report is not fully integrated to provide a comprehensive performance report to Board. There may also be scope to include key performance indicators related to reducing health inequalities. For some metrics the data is not the most recent, although we acknowledge that this is not under the control of the ICB. There is a risk, however, that performance reporting may not reflect the current situation in relation to improvements or deterioration in performance. The cover report for the Cheshire and Merseyside Joint Forward Plan 2023-28 and Delivery Plan 2023/24 presented to the June 2023 ICB Board meeting states that work to align and enhance reporting on the 2023/24 delivery plan progress, NHS Oversight Framework, and operational planning metrics is in development. The Strategy Team is working with Planning and Performance and Business Intelligence Teams. As such, we have raised an improvement recommendation to enhance the use of financial and performance information by producing a comprehensive, integrated performance report using the most current data available.

We also note that the Quality and Performance Committee (QPC) receives a Cheshire and Merseyside Place Quality and Performance Groups Aggregated and Place Specific Key Issues Report. The reports set out concerns raised in each of the nine Places regarding the quality, safety or experience of services along with actions being taken to address these. Key issues and escalation of any concerns are reported to ICB Board via the Report of the QPC Chair. This provides evidence of QPC and ultimately the ICB Board having oversight of performance issues at Place and assurance of actions being taken to redress concerns identified.

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

Performance management

Within each system, the backlog of postponed procedures and operations makes elective recovery a priority. Waiting lists are higher than they have been for a decade and those waiting the longest are often those with additional complexities. There are numerous workforce pressures including retention, recruitment, reducing reliance upon bank and agency staff and having staff with the right skills delivering the right services. With resources being limited, and not necessarily in the right places to address current and future patient demand, the pace of change seen over the past two years must continue, and system thinking has to develop quickly. Achieving value for money has never been so important.

Using our bespoke Grant Thornton ICB benchmarking tool, we have used NAO data to provide a comparison for access to treatment within your ICB, compared with other ICBs. We can see that the system is performing less well in relation to emergency hospital admissions, wait times for elective care patients and COVID-19 hospital cases. Conversely, the system is performing well in the areas of GP appointments and mental health performance compared to its peers.

KPI	Value	Rank
COVID-19 hospital cases (per 100,000 people)	13	34
Percentage of elective care patients waiting 52 weeks or more	7	34
Percentage of elective care patients waiting 18 weeks or less	59	33
Emergency hospital admissions (per 100,000 people)	125	41
GP appointments (per patient)	0	16
IAPT access as % of population	1	3
IAPT recovery rate for BAME	46	11
Physical health checks for people with severe mental illness	10,479	5

Data from 42 ICBs (where submitted). Data source: NAO ICB Tool

Red – worst performing quartile
Amber – 3rd performing quartile
Light Green – 2nd performing quartile
Green – Top performing quartile

The March 2023 Quality and Performance Report identifies urgent care including emergency hospital admissions as a key risk. The majority of Cheshire and Merseyside acute trusts with an Emergency Department continue to report bed occupancy in excess of 95% despite the opening of additional escalation beds.

The Board Assurance Framework presented to ICB Board in May 2023 includes a risk specifically related to urgent and emergency care – risk PF5: The lack of urgent and emergency care capacity and restricted flow across all sectors (primary care, community, mental health, acute hospitals, and social care) results in patient harm and poor patient experience.

The risk is currently scored at 20 and is described as "*….within the acute sector, high bed occupancy is resulting in reduced flow from emergency departments into the acute bed base, in turn impacting on waiting times in Emergency Departments, ambulance handover delays and failure to meet ambulance response time standards. Delays in ambulance response times and in Emergency Department are associated with patient harm and poor patient experience, and increased health inequalities as people living in more deprived areas are more likely to present at Emergency Departments*".

Controls currently in place to manage the risk include System Control Centre, system level operational planning, performance monitoring, contract management, System Oversight Framework, UEC Tiering and associated Trust and ICB Level Processes. Plans in place to manage the risk include the Cheshire and Merseyside Operational Plan, Place Delivery Plans, and the Action Plan following the national discharge visit in April 2023. Reporting of operational performance and management of the risk is undertaken through System Control Centre Reporting, Winter Plan reporting, Programme Level reporting, the Quality and Performance Committee and the ICB Board. The BAF acknowledges that demand exceeds planned levels in a range of sectors, and fuller understanding of demand and capacity across all sectors is required. It also acknowledges variations in processes such as discharge processes across Cheshire and Merseyside. An Urgent and Emergency Care Oversight and Transformation Group is to be established.

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

Performance management (continued)

The March 2023 Quality and Performance Report (QPR) identifies there has been a significant reduction in backlogs for elective care, although the key priority for 2022/23 to eliminate waits in excess of 78 weeks by the end of March 2023 was not met in full.

The QPR states that based on the most recent unpublished data, at year-end there were 244 patients remaining, of which 79 were due to patient choice and 95 were due to complexity or the patient was unfit for treatment. The remaining 70 are classified as capacity breaches against the 78-week ambition. 74 patients out of 79 patients in the patient choice category have "To Come In" (TCI) dates, whilst 51 patients out of 95 patients in the complex/unfit category have TCI dates.

The 2023/24 Annual Delivery Plan for the ICB and system includes a focus linked to the NHS operational planning metrics to eliminate 65-week waits by March 2024. This is linked to the following ICB BAF risks:

- P3 - service recovery plans for Planned Care are ineffective in reducing backlogs and meeting increased demand which results in poor access to services, increased inequity of access, and poor clinical outcomes. Currently scored 15;
- P4 - major quality failures may occur in commissioned services resulting in inadequate care compromising population safety and experience. Currently scored 10;
- P5 - the lack of urgent and emergency care capacity and restricted flow across all sectors (primary care, community, mental health, acute hospitals, and social care) results in patient harm and poor patient experience. Currently scored 20.

Ongoing scrutiny and oversight of the actions put in place to eliminate 65-week waits will be provided by the Quality and Performance Committee with performance reporting undertaken monthly to the QPC and the Board.

One of the key actions to eliminate 65-week waits by the end of March 2024 is included within the Cheshire and Merseyside Acute and Specialist Trust (CMAST) Provider Collaborative's Annual Work Plan for 2023/24. CMAST agreed the areas of focus and delivery with the ICB. One of the three delivery programmes included in the Plan is Elective Recovery and Transformation which includes a target to eliminate 65-week waits by the end of March 2024.

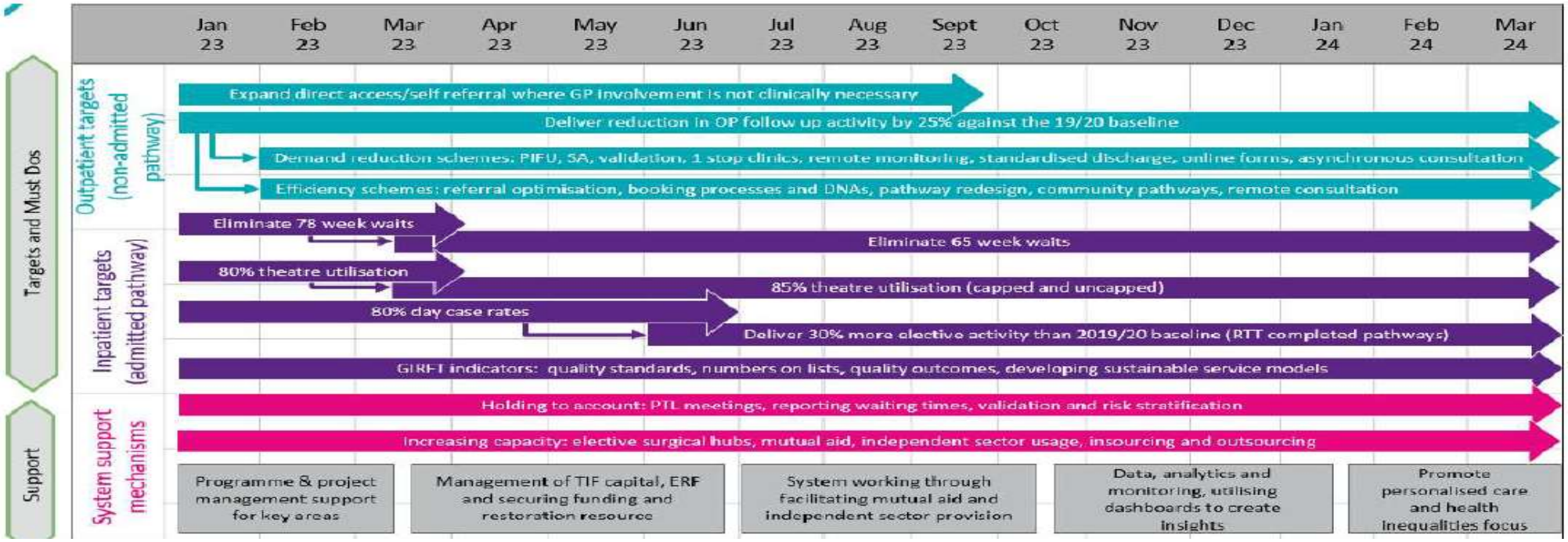
A schematic of the Elective Recovery and Transformation Programme is shown overleaf:

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

Performance management (continued)

Schematic of the Elective Recovery and Transformation Programme:



Whilst the ICB and system partners are aware of pressures in urgent and emergency care and in eliminating long waits, and has highlighted actions to continue managing performance, this is a key area of risk to patient care and experience as well as increasing health inequalities. We have raised an improvement recommendation that the ICB should continue its work to address performance concerns in this area.

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

Benchmarking

The ICB has adequate arrangements in place to understand the cost of delivering services and identify areas for efficiency or quality improvement through benchmarking.

There is a system approach to benchmarking, as illustrated by the ICB system operational plan narrative related to recovery for 2023/24 and the ICS Financial Recovery approach document for 2022/23.

The approach uses benchmarking to inform transformation programme work by developing an understanding of services through comparison with similar organisations. Benchmarking enables priorities and opportunities for improvement in efficiency or quality to be identified.

Key benchmarking data includes Model Hospital and Getting It Right First Time. Benchmarking identifies opportunities in care such as theatre utilisation improvements, and opportunities to understand why the treatments for cancer offered to patients across Cheshire and Merseyside vary so that approaches to tackle inequalities can be developed and delivered.

We have not identified any risk of significant weakness in the benchmarking arrangements that the ICB has in place.

System Oversight Framework

The ICB is in System Oversight Framework (SOF) segment 3, based on an assessment of the wider system challenge. Liverpool University Hospitals NHS Foundation Trust is placed in segment 4 due to critical quality and finance issues and four other trusts are placed in segment 3, indicating significant support needed. The ICB can evidence that it fulfils its oversight role in relation to the SOF ratings of NHS providers within the system.

The SOF is built around five national themes that reflect the ambitions of the NHS Long Term Plan, including quality of care, people and finance. Every NHS body receives a rating between one and four. A body with a rating of one is cconsistently high performing, where-as a rating of four indicates very serious, complex issues manifesting as critical quality and/or finance concerns that require intensive support.

The ICB is rated as SOF3, due to the wider system challenge outlined above. Progress in improving the SOF rating along with evidence describing how the ICB is addressing key lines of enquiry such as urgent and emergency care, elective and cancer recovery, are discussed with NHSE during quarterly review meetings.

Following the Quarter 3 2022/23 review meeting NHSE stated it is assured that the ICB has a good understanding of the system's position related to data, finance, performance and delivery. NHSE has committed to develop exit criteria with the ICB so it is clear on the steps needed to move to SOF2.

We have not identified any risk of significant weakness in the SOF improvement arrangements that the ICB has in place.

The System Oversight Framework

- Introduced in July 2021
- All bodies receive a rating
- The framework is built around five national themes that reflect the ambitions of the NHS Long Term Plan:
- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- people
- finance and use of resources
- leadership and capability

Every NHS body receives a rating of 1–4:

1. Consistently high performing
2. Plans that have the support of system partners in place to address areas of challenge
3. Significant support needs against one or more of the five national oversight themes
4. Very serious, complex issues manifesting as critical quality and/or finance concerns that require intensive support

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

Data Quality

The ICB can demonstrate that arrangements are in place and actions taken to gain assurance over data quality through the work of the Business Intelligence Team and data quality improvement plans in place with providers. We note that the ICB has a Data Quality Policy which formalises these arrangements.

Good quality data is required to ensure that it supports sound and informed decision making in relation to patient care, clinical governance, financial sustainability and workforce planning. Quality data is accurate, complete, reliable, relevant and timely.

The ICB's Information Governance and Data Security and Protection Policies include a specific policy related to Data Quality that sets out the importance of good quality data in assessing the quality of performance and trends over time.

Performance data is generally generated by providers, for example, the Secondary User Service (SUS) data which is submitted nationally. Therefore, the Business Intelligence Team places reliance on the data quality arrangements at the healthcare providers. The ICB ensures and improves the quality of data that it receives from providers. Data quality improvement plans are in place with providers and are reviewed each year to identify priorities. The data quality improvement plans are informed by the results of the national data quality dashboards and form part of the contracts with providers.

The Business Intelligence Team undertakes a review of the quality of the data from national submissions and requests follow up action where required. For example, reviewing the quality of the data from weekly Waiting List Minimum Data Set submission for diagnostics by provider indicated issues such as not submitting data each week. Providers are then requested to comply with the requirement to submit the data weekly.

We have not identified any risk of significant weakness in the data quality arrangements that the ICB has in place.

Improving economy, efficiency and effectiveness (continued)

Quality governance

Our review has identified the ICB has a designated Executive clinical lead for quality, and responsibility for the quality agenda and quality arrangements have been incorporated at each level of the system to allow oversight and awareness of new or emerging quality issues to be identified and shared.

Although there is vision and evidence of a leadership commitment to improving system quality working, the implementation and embedding of a Quality Governance Framework at Place continues to evolve and requires further strengthening.

We have raised an improvement recommendation that in order to strengthen the processes and improve quality oversight the ICB should:

- identify its quality objectives for the System via completion of the Draft Clinical Strategy;
- formalise a cycle of business for the SQG to allow timely review of the impact quality improvement has achieved;
- develop effective quality standards for service providers, aligned to the Clinical Strategy which is due to be adopted, that will allow effective oversight of key issues;
- formalise the process for the triangulating system data;
- embed the recently developed Assurance Framework across the system; and
- ensure good practice around onboarding care homes and risk assessing them is embedded consistently across the ICS.

In addition, there is variance in representation and arrangements across the ICB footprint that may limit assurance that quality issues are consistently identified and appropriately escalated or shared in a timely manner. We noted:

- variable representation of system partners at the Place Quality Group and the Provider Collaboratives at the System Quality Group.;
- vacancies within the Place structure limiting the oversight and monitoring of Place activity;
- limited representation of Place Quality Leads at the Quality and Performance Committee; and
- a lack of clarity within Place of escalation arrangements and lack of confidence the current arrangements allow the quality agenda to be effectively managed.

We have therefore raised an improvement recommendation that a review of arrangements and representation across the ICB footprint is taken to ensure consistency in the identification of quality issues and the escalation and sharing of these in a timely manner.

Quality Governance

"The quality of health and care matters because we should all expect care that is consistently safe, effective, and provides a personalised experience.

This care should also be delivered in a way that is well-led, sustainable and addresses inequalities. This means that it enables equality of access, experiences and outcomes across health and care services." National Guidance and System Quality Groups, National Quality Board, January 2022

Integrated Care Systems (ICSs) must ensure they have effective arrangements to support all elements of quality management including:

- quality planning
- quality assurance / control
- quality improvement functions.

Integrated Care Boards (ICB) should implement quality structures that support integration, reduce bureaucracy and improve overall quality management.

Improving economy, efficiency and effectiveness (continued)

Quality governance (continued)

System Quality Group

As the ICB reaches its first anniversary a retrospective stock take of the of the System Quality Group is being undertaken to identify what has been achieved, what has worked well and areas for future improvement. This suggests an organisation who seeks to maximise the output of the SQG forum and ensure their effectiveness. We were told the driver for this is to clarify the link and flow of communication between the ICB Quality Committee and the work of the System Quality Group

System Quality Groups are mandated by the National Quality Board and aim to provide a strategic forum within ICSs for system partners from across health, social care and public health to routinely share and triangulate intelligence, insight and learning on quality matters. The ICB has established a System Quality Group which meets bi-monthly and takes a thematic approach to its format, recognising the scale and complexity of the C&M landscape.

The Cheshire and Merseyside System Quality Group (C&M SQG) provides a strategic group at which partners from across health, social care, public health and the wider ICS can join up around common priorities (linked to Cheshire and Merseyside Health and Care Partnership (CMHCP) Strategy). The C&M SQG allows the system to routinely share insight and intelligence, to identify opportunities for improvement and risks to quality, and develop system responses to enable ongoing improvement in the quality of care across the ICS. The C&M SQG therefore provides a forum for reviewing and triangulating system quality risks.

The C&M SQG meets on a bi-monthly basis and takes a thematic approach to its format, recognising the scale and complexity of the Cheshire and Merseyside system. It is chaired by the ICB's Director of Nursing and Care, the executive lead for quality. C&M SQG is supported by a current Terms of Reference which outlines the membership, remit, responsibilities, and reporting arrangements of the group. The Terms of Reference are reviewed twice a year and refreshed as required.

Review of C&M SQG agendas demonstrates that meetings are split between standing agenda items which include: matters for escalation and triangulation; updates on "tabletop exercises"; sharing information on regional and national issues; and next step actions. The remainder of the meeting is devoted to presentations on thematic issues. We note these cover both health issues and those pertinent to the wider system, for example presentations relating to "Adult Social Care – Key Risks".

Review of SQG minutes confirms attendance from all recommended stakeholders, including health and social care and representation from each of the nine Places. We noted variable attendance by Provider Collaborative leads, however.

C&M SQG does not have an established cycle of business as we have seen in other ICBs. We were advised that this is because the aim of the group is to take a thematic approach. We consider that a cycle of business may allow themes to be revisited in a timely manner and the opportunity to assess the impact of system support.

Separate arrangements are in place for engaging and monitoring with Primary Care via the Primary Care Locality Committee. The meeting is attended by representatives from Place and reports directly to Quality and Performance Committee. In addition, the internal audit self-assessment reported that a Care Home Collaborative has recently been re-established. This will allow increased engagement with care home providers. Both these groups will assist the ICB in gaining an improved oversight of risk and quality concerns across the wider system.

Additionally, onboarding visits for new care homes have been introduced. These visits are supported by a formalised template allowing a baseline to be established and an early indication of potential quality issues. This also allows Place to benchmark services and recognise those that potentially carry the greatest risk. It is unclear, however, whether this process has been rolled out in all nine Places. We have therefore included an improvement recommendation (recommendation 11) that this good practice is embedded consistently across the ICS.

Improving economy, efficiency and effectiveness (continued)

Quality governance (continued)

The nine Places across Cheshire and Merseyside have established arrangements with the provider trusts including regular contract meetings where performance is reviewed. We were notified that since the Covid-19 pandemic the appetite for site visits had reduced but visits still happen in response to emerging concerns or when requested by the providers.

ICS Assurance Framework and Draft Clinical Strategy

Historically, the CCGs discharged their responsibilities for quality via their contracting arrangements. During this review we have seen how the ICB is developing the approach to quality assurance in conjunction with the wider system. There is a Quality Assurance Framework and a Draft Clinical Strategy in place.

The ICB has developed an Assurance Framework aligned to the National NHS System Oversight Framework to support providers within the system to improve. This process has been presented to the ICB Board but is not embedded.

Triangulation of data is undertaken at Place level with the support of business intelligence resource. The outcome is reported through the monthly Place Based Reports and collated on a central quality dashboard. However, the process to review and triangulate system themes and issues is less formalised at a corporate level where the individual Place based quality reports are reviewed. This process could be strengthened and formalised with additional electronic investment.

It is recognised that currently a large amount of data and reporting against metrics is collated across the system. However, it is not all relevant to each provider and service, and there is a plan to develop quality metrics for each provider that will allow oversight of system issues such as infection control or patient flow data but to also include individualised metrics to monitor identified areas of specific risk. This will allow increased focus to be given to areas of known challenge.

There is evidence to suggest clear lines of escalation from the SQG into the C&M ICB Quality and Performance Committee, the forum responsible for gaining assurance. However, from discussions at Place level we understand that there is no formal ICB escalation process, and escalation is based on experience and knowledge of risk.

The C&M SQG also reports to the regional NHSE teams on risks and issues via escalation from the Director of Nursing and Care to the NHS Northwest SQG.

The ICB has developed a Draft Clinical Strategy which is out to consultation, and which will inform the future work of identifying key quality objectives for the system.

Currently, the driver for addressing quality issues is aligned to the assessed level of risk to the system, which is not aligned to the continuous quality improvement culture promoted by the National Quality Board. This is reflected in discussions we held with Place representatives who described the approach to addressing quality as one of reactive firefighting rather than a proactive approach. A proactive approach would allow time and focus to be given to monitoring and reviewing moderate and low harm areas and developing quality improvements that would prevent them escalating into more complex and embedded issues. This

Improving economy, efficiency and effectiveness (continued)

Quality governance (continued)

suggests that processes for monitoring and addressing quality remain in their infancy and further work is required to support quality arrangements in the nine Places.

The ICB Director of Nursing and Care is the designated Executive lead for quality. There are nine Associate Directors of Quality and Safety who are the responsible individuals for quality at individual Place level.

Quality support has been reviewed and standardised across the nine Places as outlined in the ICB's Organisational Structure. Places have established arrangements with their provider trusts undertaking bi-monthly Clinical Quality Meetings. There is a standardised agenda to review serious incidents, workforce and performance metrics, and highlight areas for escalation. This reduces the potential for risks to be overlooked. This arrangement identifies the areas of key concern that feed into the Place Based Quality Reports which are reported into the Quality and Performance Committee. At the time of this review, we were told that not all posts were recruited to, however, and this may impact the Places' ability to maintain oversight of quality.

The providers in the system have their own quality arrangements. It is the ICB's responsibility to gain assurance that the quality agenda is being appropriately managed and addressed by them. This is discussed at bi-monthly Clinical and Performance meetings held with providers, and the established meetings across a range of clinical professional groups, including Directors of Nursing, Medical Directors and the AHP Council.

Quality and Performance Committee

The ICB Quality and Performance Committee's **(Q&PC) purpose is to provide the ICB with assurance that the System is delivering its functions in a way that secures continuous improvement in the quality of services. While appropriate arrangements appear to be in place to provide such assurance, it is too early to make a judgement of the effectiveness of these arrangements as the ICB has been operating for less than one year.**

The Q&PC is chaired by a Non-Executive member of the ICB and meets monthly. The Q&PC has a current Terms of Reference outlining their membership, remit, responsibilities and reporting arrangements.

A review of Q&PC minutes confirms meetings are quorate and there is representation of membership in line with the Terms of Reference. However, there is variable representation from the Associate Directors of Quality from the nine Places. Increased representation of the nine Place representatives may assist in communicating and embedding the evolving quality agenda across the system.

Q&PC meetings commence with the review and update of an action log in line with best practice. There are standing agenda items related to the review of a quality risk register and a quality and performance update presented alongside a quality dashboard.

We note from our minute review that the quality risk register update is generally verbal. For the February 2023 update it was reported to Q&PC that the Corporate Governance team had developed a suite of documents that align to the risk register development and the Nursing and Care team had set up a monthly risk register workshop to review quality rated risks. This demonstrates a system wanting to understand their risks and effectively manage them.

Q&PC also receives regular formal updates from the System Quality Group outlining the presentations that had been received and identifying the specific issues and risks that had been raised.

We noted there is limited narrative on areas of commonality identified or future quality improvement work. This is likely to improve as the quality governance arrangements embed and mature.

At the end of the Q&PC meeting there is a further standing agenda item, where time is given to reviewing matters for escalation to the ICB Board. This strengthens the ownership of escalations and reduces the opportunity of areas of risk being overlooked.

The meetings of Q&PC are formally recorded in minutes. Copies of the Q&PC minutes along with a Chair's Report are presented to the ICB Board following each meeting thus providing the Board with oversight of issues discussed, items requiring escalation, and items referred to the Board for its approval.

Improving economy, efficiency and effectiveness (continued)

Partnership working

There is evidence of significant partnership working between the ICB and other NHS bodies, independent providers, local councils, and the community and voluntary sector in order to deliver joined up health and care services in Cheshire and Merseyside. Governance arrangements are in place to ensure partnerships contribute to health priorities within the system. Sufficient information is provided to decision makers with regard to the activities of partnerships and how they are contributing to strategic objectives.

Partnership working is evident at different levels across the health system:

- Cheshire and Merseyside Health and Care Partnership (CMHCP) – the system level integrated care partnership is a statutory committee jointly convened by the Cheshire and Merseyside local authorities and the ICB. CMHCP brings together health, social care, public health and other public, voluntary and community sector partners in order to improve the health and wellbeing of the population and address health inequalities. They are responsible for developing the Integrated Care Strategy;
- Place Based Partnerships – nine partnerships at local place level bringing together partners from the NHS, local authorities, social care, housing, police and the voluntary sector and developing locality plans to address the health needs of local populations;
- Cheshire and Merseyside Acute and Specialist Trust (CMAST) and Mental Health, Community and Learning Disability Collaborative (MHLDSC) provider collaboratives. Each collaborative brings providers together to ensure the coordination of an effective provider response to current system and NHS priorities;

Improving economy, efficiency and effectiveness (continued)

Partnership working (continued)

- Primary Care Networks – there are 55 of these at neighbourhood level that include general practice, pharmacy and dentistry and provide services to address neighbourhood health and care needs.

The Cheshire and Merseyside Interim Integrated Care Strategy has been developed by the Cheshire and Merseyside Health and Care Partnership, to deliver better health and care for the local population. The Strategy is designed to guide health and care partners across the system to work together to achieve a common goal of better health and wellbeing. The Strategy is based on:

• the vision: "we want everyone to have a great start in life and get the support they need to stay healthy and live healthier for longer";

• the mission: "we will prevent ill health and tackle health inequalities and improve the lives of the poorest fastest. We believe we can do this best by working in partnership";

- The objectives: improve population health and healthcare; tacking health inequality, improving outcomes, experience and access to services; enhancing quality, productivity and value for money; helping the NHS to support broader social and economic development.

The Integrated Care Strategy will be refreshed as the CMHCP further develops and matures.

There are governance arrangements in place for the ICB to maintain oversight of the work of partnerships. For example, The Chief Executive Reports to the ICB Board provide updates on partnership working across the health system and how this contributes to achieving ICB priorities. Updates include the launch of a survey by CMHCP to seek the views of partners, people and communities on the priorities outlined within its interim strategy. ICB Board also receives updates from the Chair of CMHCP thus keeping it informed of discussions and decisions taken there.

Partnership and delivery structures		
Geographical footprint	**Name**	**Participating organisations**
System Usually covers a population of 1-2 million	**Provider collaboratives**	NHS trusts (including acute, specialist and mental health) and as appropriate voluntary, community and social enterprise (VCSE) organisations and the independent sector; can also operate at place level
Place Usually covers a population of 250-500,000	**Health and wellbeing boards**	ICS, Healthwatch, local authorities, and wider membership as appropriate; can also operate at system level
	Place-based partnerships	Can include ICB members, local authorities, VCSE organisations, NHS trusts (including acute, mental health and community services), Healthwatch and primary care
Neighbourhood Usually covers a population of 30-50,000	**Primary care networks**	General practice, community pharmacy, dentistry, opticians

Source: King's Fund

Partnerships and delivery structures

Provider collaboratives – NHS providers will work together at scale through provider collaboratives across ICSs, which may involve voluntary and independent sector providers

Health and wellbeing boards (HWBs) are formal committees of local authorities bringing together a range of local partners. They are responsible for producing a joint strategic needs assessment and a joint health and wellbeing strategy for their local population

Place-based partnerships operate on a smaller footprint within an ICS, often that of a local authority. They are where much of the heavy lifting of integration will take place through multi-agency partnerships involving the NHS, local authorities, the VCSE sector and local communities themselves.

Primary care networks (PCNs) bring together general practice and other primary care services, such as community pharmacy, to work at scale and provide a wider range of services at neighbourhood level.

Improving economy, efficiency and effectiveness (continued)

Partnership working (continued)

Better Care Fund Arrangements

The ICB also participates in pooled budget arrangements under section 75 of the National Health Service Act, entering into agreements with local authorities to address pressures affecting discharges and adult social care. These include:

- nine Better Care Fund arrangements (one for each of the nine places);
- two integrated pooled funds for adult continuing healthcare arrangements;
- one integrated pooled fund for mental health, community support services, disability services and discharge fund; and
- one pooled budget in relation to integrated community equipment and disability advice services.

There are governance arrangements in place for the oversight of pooled budget arrangements. These include Place Health and Wellbeing Boards being responsible for ensuring compliance with Better Care Fund plans, and the nine Place Based Partnerships receiving quarterly finance reports.

Public Engagement

The ICB recognises the importance of involving the people and communities of Cheshire and Merseyside in shaping its strategic priorities and hearing their voice when developing services.

As such, there is a Public Engagement Framework setting out the strategy for involving people and communities in Cheshire and Merseyside. It was co-produced with local Healthwatch and voluntary, community, faith and social enterprise sector organisations across Cheshire and Merseyside as it is recognised that people may be more at ease speaking to representatives from those sectors.

The purpose of the Framework is to describe NHS Cheshire and Merseyside's ambition to empower people and communities. It also outlines how engagement will help to further tackle the inequalities in the area. A Public Involvement Policy is also in place to ensure public involvement with NHS Cheshire and Merseyside is fair, transparent and managed in a way that protects people, communities and ICB staff.

One example of public engagement is the Citizens Panel. As at June 2023, 712 people have been recruited to the Citizens Panel, with the successful launch of the ICB's first survey seeing 379 qualitative responses in relation to Cheshire and Merseyside Health and Care Partnership Strategy. The ICB is continuing its engagement by continuing with plans for targeted engagement to recruit young people, for example by visiting schools, universities, and social media campaigns.

We have not identified any risk of significant weakness with regards to the arrangements in place for collaborative working across the health system. There is evidence of partnership working and public engagement across the ICS and arrangements continue to develop and mature.

Improving economy, efficiency and effectiveness (continued)

Procurement

The ICB has arrangements in place to ensure procurement activities are subject to governance and oversight, including the Procurement Policy and regular reporting of waivers to the Audit Committee. The ICB collaborates in procurement via membership of the Cheshire and Merseyside Efficiency at Scale (E@S) Procurement Steering Committee and engagement with the Central Commercial Function led by NHSE. Waivers are regularly reported to Audit Committee following approval routes documented in the Scheme of Reservation and Delegation. Contracts are managed appropriately.

The ICB has a Procurement Policy ("Policy") in place which was refreshed during 2022/23 and approved by the Audit Committee in May 2023.

The Policy sets out the framework within which the ICB will operate and serves as a guide to ensure that procurement activities meet all legal and statutory requirements when commissioning NHS-funded services. It sets out the principles, rules and methodologies that the ICB will work to and clearly outlines how and when it is appropriate to seek to introduce competition as a means of achieving the best patient outcomes and value for money.

Section 8 of the Policy "Single Tender Action" states that "*a Single Tender Action (STA) or 'Waiver' is a document which must be completed where a purchaser intends to make a purchase without a competitive process being completed. STA documents are recorded as 'controlled stationary' and therefore can only be issued by the ICB Procurement Team as each has a unique reference number*". It further states that "*The STA must be reviewed by the Procurement Team and approved in line with the Scheme of Reservation and Delegation and where over threshold, approved by the Finance Investment and Resources Committee.*"

The process of having controlled stationery issued by the Procurement Team alongside review by the Procurement Team provides assurance that proposed waivers will be subject to appropriate scrutiny prior to approval during 2022/23. We consider that the Procurement Policy would be enhanced by including a "dummy" STA document, and also an explanation of the circumstances in which an STA may be applicable, such as there is only one specialist provider in existence.

Waivers

Contract waivers were reported to the Audit Committee in December 2022 (waivers raised July to November 2022), March 2023 (waivers raised December 2022 to February 2023) and May 2023 (waivers raised March and April 2023.

The reports state that all waivers are approved in line with the organisational Standing Orders, Standing Financial Instructions and the Scheme of Reservation and Delegation. Waivers are then reported retrospectively for information to the next appropriate Audit Committee.

The reports are well laid out for the reader and describe the rationale for each waiver. Review of waivers raised during the period did not identify any indication of the inappropriate use of waivers.

We acknowledge that the ICB has been in existence since July 2022 and so comparisons to prior periods and identification of trends were not applicable for 2022/23. However, to facilitate comparison to prior periods and identify trends we consider it may be beneficial to provide an annual summary of waivers with comparison to prior periods going forward.

To summarise, we consider that the ICB has adequate arrangements in place to mange procurement and ensure waivers are only issued where appropriate. To further enhance arrangements, we have raised an improvement recommendation that: the Procurement Policy should include a "dummy" STA template; an explanation of when waivers may be applicable; and that from 2023/24 an annual summary of waivers with prior period comparison should be provided.

Improving economy, efficiency and effectiveness (continued)

Procurement collaboration

Cheshire and Merseyside Efficiency at Scale (E@S) Procurement Steering Committee (PSC).

The ICB is a member of the Cheshire and Merseyside Efficiency at Scale (E@S) Procurement Steering Committee (PSC). The PSC is a network of procurement experts whose purpose is to identify, validate, and deliver their organisations and wider Cheshire and Merseyside workstreams cost-saving activities through procurement activity.

Engagement with the Central Commercial Function (CCF) led by NHSE.

The ICB's Procurement Team engage with the CCF via regular receipt of bulletins. Engagement provides access to tools such as the NHS Spend Comparison Service including a 'Product Benchmarking Tool' that identifies potential cashable savings when switching products to alternative, more cost-effective sources of supply.

Contract management

The ICB has arrangements in place to monitor the performance of key providers. It reviews the performance of its providers and benchmarks the cost of services procured to ensure that services are cost effective and are delivering the service levels expected in the contract. Where issues are identified, the ICB takes action to redress performance.

Central Commercial Function (CCF)

Launched in July 2022, the CCF aims to build a world class commercial community in the NHS, which will help unlock significant commercial opportunities for the NHS (including leveraging NHS buying power where appropriate), deliver value for money for the taxpayer, ensure clinicians have the right products and services they need, and tackle some of NHS England's commercial challenges such as supplier resilience.

The purpose of the CCF is to bring together and engage with 42 Directors at an Integrated Care Service level representing all Integrated Care Boards and Acute, Community and Mental Health Trust Providers.

The vision is to reduce the number and complexities of the current nation framework agreement processes and having single procurement functions at individual ICS level.

Some ICS have already adopted this method of delivery.

Improvement recommendations

Recommendation 9	The ICB should introduce integrated performance reporting to the Board by including finance and full workforce information as well as KPIs relating to reducing health inequalities. Also consider including more current data where feasible.
Improvement opportunity identified	Opportunity to provide an enhanced report and improve assurance to the Board.
Summary findings	Workforce and finance information is not integrated in the Quality and Performance Report to provide a comprehensive integrated report to the Board. Currently there is no performance reporting to the Board in relation to reducing health inequalities which could be included in an Integrated Performance Report. In addition, the most current data from various sources is not always available to align with the reporting timetable. As a result, performance metrics may not necessarily reflect current performance. We acknowledge this may be out of the ICB's control, but there is a risk that improvement or deterioration in performance may not be captured. We note that work is in train to align and enhance reporting.
Criteria impacted	Financial Sustainability; Governance; **Improving economy, efficiency and effectiveness**
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	A revised integrated performance report has been under development during Q2, and is expected to be finalised and rolled out during Q3. This will incorporate KPIs as defined and agreed with corporate directors across finance, performance, quality, workforce and health inequalities.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 10	Quality and Performance Committee should ensure that the actions planned to manage the BAF Risks P3, P4, P5 in relation to urgent and emergency care performance and eliminating long waits for elective care are undertaken and that these have a demonstrable positive impact.
Improvement opportunity identified	Opportunity to address urgent and emergency care performance and ultimately improve patient flow across all sectors.
Summary findings	The ICB's Quality and Performance Report identifies urgent care as a key risk. The majority of system acute trusts with an Emergency Department continue to report bed occupancy in excess of 95% despite the opening of additional escalation beds. Long waits for elective treatment are also identified as a key risk despite these reducing. The Board Assurance Framework includes risks related to the lack of urgency and emergency care capacity and restricted flow across all sectors resulting in patient harm and poor patient experience, and of the impact of long waits for elective care . Controls currently in place as well as actions to be taken are reported in the BAF. It is clear that the further action proposed including the establishment of a UEC Oversight and Transformation Group, and the CMAST Elective Recovery and Transformation Programme are key to realising improvements in performance in this area.
Criteria impacted	Financial Sustainability; Governance; **Improving economy, efficiency and effectiveness**
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	In relation to BAF Risk P3 in relation to elective recovery, and risk P5 in relation to urgent and emergency care, these two themes account for a substantial proportion of the performance metrics and narrative received at the Quality and Performance Committee. For P3, elective care, it should be noted that on elective long waits (65+ weeks) overall C&M is ahead of trajectory as at August 2023, providing some contingency at this stage against year end achievement. The key risk is industrial action, which has had significant impact thus far in terms of impact on elective activity. The precise scale and frequency of IA going forward is unknown, but is mitigated both through EPRR processes for the management of industrial action, and more widely for elective recovery by the elective recovery programme and the C&M cancer alliance, which are implementing the plans set out in ICB operational plans (signed off on 04/05/2023). In relation to P5, for urgent and emergency care, key actions across the UEC agenda are set out in the ICB and Trust level operational plans signed off on 04/05/2023. Further to operational plans, there has been a national discharge visit, and a national process of tiering ICBs and Trusts for UEC support requirements, within which the ICB and two Trusts in C&M (LUHFT and Warrington & Halton) have been allocated to Tier 1, therefore receiving additional support. A C&M UEC Recovery Programme is being established to address the ten high impact interventions, with a particular focus on 5 specific areas as agreed with NHSE as part of Tier 1 (SDEC, Frailty, Inpatient Flow and Length of Stay, Care Transfer Hubs and Single Point of Access for care coordination). In addition, the C&M 23/24 Winter Plan in development and will be scrutinised at committee and Board.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 11	To strengthen the Quality Governance Framework processes and improve quality oversight the ICB should: • identify its quality objectives for the system via completion of the Draft Clinical Strategy; • formalise a cycle of business for the SQG to allow timely review of the impact quality improvement has achieved; • develop effective quality standards for service providers, aligned to the Clinical Strategy which is due to be adopted, that will allow effective oversight of key issues; • formalise the process for the triangulating the system data; • embed the recently developed Assurance Framework across the system; and • ensure good practice around onboarding care homes and risk assessing them is embedded consistently across the ICS.
Improvement opportunity identified	Implementing these measures to further strengthen quality assurance arrangements will support the ICB's focus on creating a system of continuous quality improvement as set out in the Draft Clinical Strategy
Summary findings	Although there is vision and evidence of a leadership commitment to improving system quality working, the implementation and embedding of a Quality Governance Framework continues to evolve and requires further strengthening.
Criteria impacted	Financial Sustainability; Governance; **Improving economy, efficiency and effectiveness**
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	• The ICB is due to engage its clinical partners on the draft strategy and will then move to action planning and implementation. • The ICB has now developed its draft SQG work plan following an annual review by all stakeholders in July 2023 • The ICB has developed an emerging concerns protocol and associated governance as a mechanism for triangulating system intelligence and data. • The ICB has developed a model for reviewing organisational risk relating to the national oversight framework through convening of cross-function panel review process.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 12	To address variance in quality meeting review representation and quality governance arrangements across the ICB footprint the ICB should undertake a review of arrangements and representation to ensure consistency in the identification of quality issues and the escalation and sharing of these in a timely manner.
Improvement opportunity identified	Opportunity to address variances in meeting representation and quality governance arrangements to enhance the emerging arrangements in this area.
Summary findings	We noted variation in representation and arrangements across the ICB footprint such as: • variable representation of system partners at the Place Quality Group and the Provider Collaboratives at the System Quality Group; and • a lack of clarity within Place of escalation arrangements and lack of confidence the current arrangements allow the quality agenda to be effectively managed. This may limit assurance that quality issues are consistently identified and appropriately escalated or shared in a timely manner.
Criteria impacted	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The ICB has just completed its annual review of quality & performance committee effectiveness, this included review of Terms of Reference, including membership and work plan, alongside review of risk and escalation processes.

The range of recommendations that external auditors can make is explained in Appendix B.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Recommendation 13	To further enhance procurement arrangements and assurance over the use of waivers the ICB should: • update the Procurement Policy to clarify the circumstances in which the use of a waiver may be applicable; • include a "dummy" Single Tender Action (waiver) controlled stationery template; and • from 2023/24 provide an annual summary of all waivers approved with a prior period comparison.
Improvement opportunity identified	There is an opportunity to further enhance current procurement arrangements by providing clarification of the circumstances in which a waiver may be applicable along with a "dummy" Single Tender Action controlled stationery document illustrating the process to be followed should the waiver process be adopted. An annual summary of all approved waivers in year along with prior period comparatives will enhance scrutiny of the appropriate use of waivers.
Summary findings	There is evidence that the ICB has adequate arrangements in place to ensure procurement is conducted in line with policy and regulations, and the use of waivers is subject to relevant approval. There is an opportunity to enhance the arrangements in place by clarifying circumstances in which a waiver may be applicable, providing a dummy Single Tender Action (waiver) template and providing an annual summary of all waiver activity with prior period comparatives from 2023/24.
Criteria impacted	Financial Sustainability; Governance; **Improving economy, efficiency and effectiveness**
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The ICB will work to update the Procurement policy to include examples of where a waiver may be applicable. The single tender waiver is now agreed and will be included the updated policy. The ICB will review the reporting of waivers to audit committee.

The range of recommendations that external auditors can make is explained in Appendix B.

Progressing the actions management has identified to address the recommendations made will support the Integrated Care Board in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The CCG work with the ICB to inform them where they would normally make local adjustments to a baseline budget (Halton CCG, Cheshire CCG, Warrington CCG).	Improvement	June 2022	The starting point for the 2023/24 budget process was the 2022/23 Month 10 position, adjusted to calculate the exit position at year end. Growth, demand, inflation, efficiencies and funding changes are then built in to calculate the 2023/24 budget. Standard templates and consistent planning assumptions are used which are cascaded to Place from the central finance team. Place based finance officers then complete the detailed budget for their geographic area.	Yes	No
2	The Cheshire and Merseyside ICB should ensure sufficient capacity in the place based finance team (South Sefton CCG, Southport and Formby CCG).	Improvement	June/July 2022	The majority of the ICB's finance team are centrally based. Local finance resources for each Place consist of an Associate Director of Finance and Head of Finance Post (the latter is shared between two Places). The central finance team supports the Place based Assistant Director of Finance and Head of Finance, providing consistent working paper templates and planning assumptions, and also providing transactional services. This allows Place based finance officers to carry out a more strategic role.	Yes	No audit action. The ICB should continue to review the operating model as the organisation matures and roles and responsibilities develop.
3	The Cheshire and Merseyside ICB should ensure a system wide Procurement Policy is adopted (South Sefton CCG, Southport and Formby CCG).	Improvement	June/July 2022	During 2022/23 the ICB adopted the former Cheshire CCG Procurement Policy, and subsequently developed a Policy for 2023/24.	Yes	No

Opinion on the financial statements

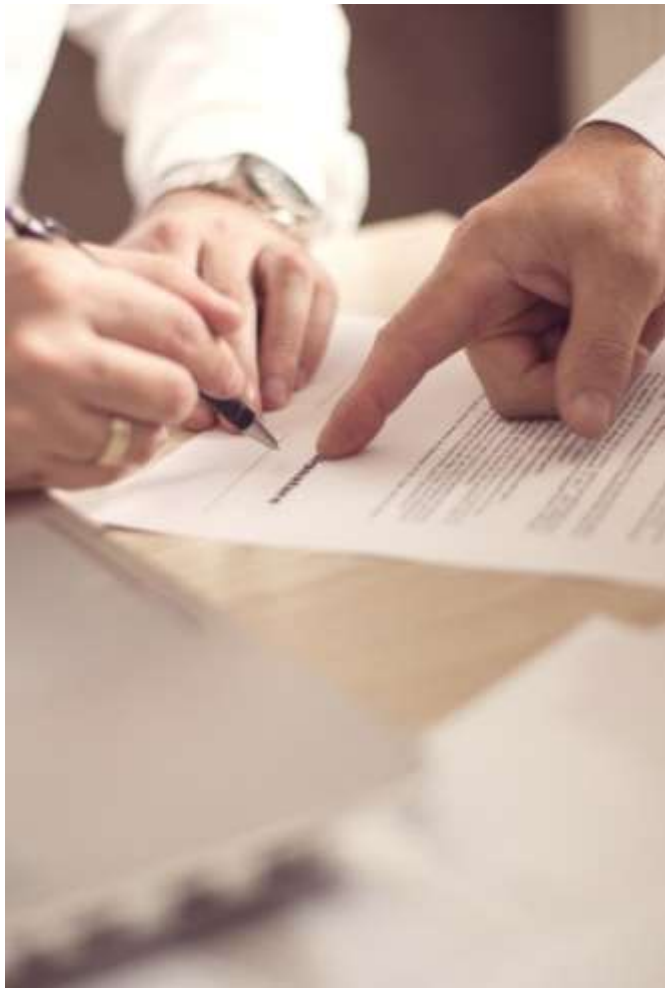
Grant Thornton provides an independent opinion on whether the ICB's financial statements:

- give a true and fair view of the financial position of the ICB as at 31 March 2023 and of its expenditure and income for the period then ended
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006, as amended by the Health and Care Act 2022.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the ICB in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.



Audit opinion on the financial statements

We issued an unqualified opinion on the ICB's financial statements on 29 June 2023.

The full opinion is included in the ICB's Annual Report for 2022/23, which is published on the ICB's website.

Further information on our audit of the financial statements is set out overleaf.

Opinion on the financial statements

Audit opinion on the financial statements

We gave an unqualified opinion on the ICB's financial statements on 29 June 2022.

Audit Findings Report

More detailed findings are set out in our Audit Findings Report, which was presented to the ICB's Audit Committee on 27 June 2023. Requests for this Audit Findings Report should be directed to the ICB.

Preparation of the accounts

The ICB provided draft accounts in line with the national deadline.

Issues arising from the audit of the financial statements

There were no key findings to report in relation to our work in response to the identified significant risk of Management Override of Controls.

No adjustments were made to the financial statements presented for audit, other than a number related to disclosure and misclassification issues.

One unadjusted misstatement was identified relating to the prescribing accrual being overstated by £1.2m when compared to the actual outturn.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

Other reporting requirements

Regularity of income and expenditure

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether, in all material respects, the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions in the financial statements conform to the authorities which govern them. We have nothing to report in this regard.

Remuneration and Staff Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to audit specified parts of the Remuneration and Staff Report included in the ICB's Annual Report for 2022/23. These specified parts of the Remuneration and Staff Report have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2022-23.

Annual Governance Statement

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the ICB's Annual Report for 2022/23 does not comply with the guidance issued by NHS England, or is misleading or inconsistent with the information of which we are aware from our audit. We have nothing to report in this regard.

Annual Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether, based on the work undertaken in the course of the audit of the ICB's financial statements for 2022/23, the other information published together with the financial statements in the ICB's Annual Report for 2022/23 is consistent with the financial statements. We have nothing to report in this regard.

Whole of Government Accounts

To support the audit of NHS England group accounts, the Department of Health and Social Care group accounts, and the Whole of Government Accounts, we are required to examine and report on the consistency of the ICB's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work found no inconsistencies between the ICB's consolidated schedules and the audited financial statements, with the exception of the unadjusted misstatements which we have reported to NAO.

The use of auditor's powers

We bring the following matters to your attention:

Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body	We did not issue any statutory recommendations to the ICB in 2022/23.
Section 30 referral Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of an NHS body has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State, and/or relevant NHS regulatory body as appropriate	We did not issue a section 30 referral to the Secretary of State for Health and Social Care regarding the ICB's break even duty. We do not consider that any unlawful expenditure has been made or planned for.
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We did not issue a report in the Public Interest with regard to arrangements at NHS Cheshire and Merseyside ICB for 2022/23.

Appendices

Appendix A: Responsibilities of the Integrated Care Board

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Accountable Officer of the Integrated Care Board (ICB) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accountable Officer is required to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the ICB is informed of the intention for dissolution without transfer of services or function to another entity. An organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to function for the foreseeable future, usually regarded as at least the next 12 months.

The ICB is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Appendix B:
An explanatory note on recommendations

A range of different recommendations can be raised by the Integrated Care Board's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Integrated Care Board under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Integrated Care Board . We have defined these recommendations as 'key recommendations'.	Yes	7,8
Improvement	These recommendations, if implemented should improve the arrangements in place at the Integrated Care Board, but are not a result of identifying significant weaknesses in the Integrated Care Board 's arrangements.	Yes	26-29, 39-40, 62-66