

Achieving Financial Sustainability in the NHS

Briefing for Nottingham Health and Adult Social Care Scrutiny Committee

19 September 2024

1. Introduction

In July 2024, Nottingham and Nottinghamshire Integrated Care Board (ICB) briefed the Nottingham Health and Adult Social Care Scrutiny Committee on the current financial position of the NHS in Nottingham and Nottinghamshire and initial ICB plans to achieve financial stability over the next two years. The main goal is to make the best use of the NHS funding available to us, operating within the level of national funding that has been allocated.

We have increased levels of funding this year for our local NHS, but our cost pressures have also increased, meaning that we have a 6% savings requirement across our local NHS. We have an agreed £100m deficit with NHS England for 2024/25, so we still have a considerable planned overspend for this financial year. We have a regulatory requirement to be in a balanced financial position by the end of 2025/26, so our savings programme will be phased over a two year period.

We are committed to meeting our financial duties in a manner that minimises (but cannot entirely rule out) the need for front line service changes and maximises efficiency, productivity, strong financial governance and control. This initial phase of work is primarily focused on achieving best value for money in our services and comprises the majority of the schemes presented to the Committee to date.

Previously, a number of high-level scheme descriptors were shared to give the committee visibility of the scope of our work and for transparency purposes. This paper builds on previous discussions and provides more information about the nature and likely levels of impact for our population, benefiting from additional work done on the schemes over the summer. We will do as much as we can to improve value for money in our services, without materially changing the service offer and therefore most of the presented schemes are not considered to meet significant service change thresholds. We will continue to monitor overall impacts of efficiencies, with a view to enhancing and spreading best practice, as well as mitigating unforeseen negative impacts as far as possible within our available resources. This oversight will include the impact on organisations, or particular cohorts of our population.

Additional areas of focus are being explored with system partners to support our ambition to provide the best possible health and wellbeing for our communities, creating a health and care system that is fit for the future. These may be more transformative in nature than this first phase and may be areas that require longer-term work for engagement and potential consultation in the future. It is too early in our work to be able to predict this with a level of certainty.

The purpose of this paper, therefore, is to:

- Provide information on the nature and scale of likely impact in relation to the proposal descriptors that the Committee received in July.
- Indicate some further areas of focus for the ICB and system partners, about which we will bring more detail on in the future.
- Describe the process being used by Nottingham and Nottinghamshire ICB to assess the likely impacts of proposals on Nottingham citizens.

2. Our approach

Our approach is focussed on working within our resources to minimise any negative impact on patients and therefore takes the following approach:

- Prioritising schemes that enhance efficiency and productivity, as well as reviewing contractual arrangements and value for money in the services that are currently provided.
- Maximising efficiencies in non-patient-facing areas and enhancing financial controls across the system.
- Ensuring compliance with existing NHS funding policies, particularly where thresholds are not being applied in line with policy. This may include clinical procedures or situations where clinical intervention has limited proven benefit. It may also include the application of eligibility criteria for NHS funding, in line with national funding frameworks for the NHS.
- Deferring some investments in services, so that we don't increase operating costs and can therefore protect existing services within affordable levels.
- Conclude pilot activities where clear benefits have not been demonstrated.

3. Assessing impact

There is an established process to assess the impact on quality and equality of our savings plans where services are proposed to be changed or ceased. In order to ensure consistency across all proposals we will complete an Equality and Quality Impact Assessment (EQIA) screening tool for all schemes to identify whether a full EQIA is required. It is acknowledged that proposals will have both positive and negative impacts, depending on individual circumstances, and these assessments will ensure that the impacts are understood and acknowledged in decision making. Consideration of these impacts supports our process for efficient decision-making (see process map at Appendix 1).

The ICB and other organisation must complete the tool for all proposals that are being considered as part of achieving financial sustainability across in the NHS in Nottingham and Nottinghamshire. Whilst the consideration of equity impact is a statutory duty the addition of quality and population health considerations give a far greater oversight of the impact of decision making. This risk matrix approach to determine impact also considers:

1. Whether there is alternative service provision.
2. Risks that may result in in unfair or unavoidable differences in health across different groups in society.
3. Risks that may result in poor or worsening health outcomes for individuals or populations.

Proposals that are identified as having a high or medium impact are reviewed at two internal ICB Panels:

1. EQIA Consultation Panel
2. EQIA Endorsement Panel

To date no decisions have been made through our process that demonstrate an overall negative impact on health, noting that most decisions have a variety of mixed impacts. We recognise that there is the potential for this to change and ICB Board members are currently considering how we develop a formal approach to such decisions.

We have also implemented a system review group so that the impacts of decision making are also considered collectively to ensure that interdependencies are identified and managed, and in particular to consider if any population group will be impacted by the collective changes made by NHS providers and commissioners. The ICB, along with Public Health colleagues from both Local Authorities, have supported the development of this approach, and the first meeting took place in August. This System Impact Panel does not take away from the statutory responsibilities of organisations to consider impact, but adds an additional lens to view the impacts of our collective decision making.

At this stage it is too early to provide any emerging themes or trends regarding the potential system-wide impact of NHS, local authority and wider proposals but we are committed to sharing these with the Committee in due course.

4. Update on proposals

In July 2024, a number of scheme descriptors were shared with the Committee, and they have been categorised into three groups to facilitate easier identification of areas where ongoing scrutiny may be most applicable. The categorisation of schemes has evolved since July 2024, benefiting from the additional work conducted over the summer.

a) Group 1

Group 1 includes proposals that do not affect Nottingham citizens, including:

- Review of ICB corporate administration costs and estates.
- Those that may impact on Nottinghamshire citizens only.

b) Group 2

Group 2 includes proposals that maintain existing services with minimal impacts on how people access care. A summary can be found in the table below:

Activity Type	Service Areas
<p>Business As Usual Efficiencies This is routine ICB activity and tasks that is performed on a daily basis to maintain its standard functioning. It includes efficiency, productivity, and value for money improvements within services.</p>	<ul style="list-style-type: none"> • Prescribing (e.g. switching from expensive branded medication to cheaper generic alternatives) • Savings on the administrative services provided to GPs by the ICB including IT updates, SMS software and training support • Ending of pilot activity where the activity transitioned into regular operation
<p>Contract Consolidation and Administration This includes:</p>	<ul style="list-style-type: none"> • Primary Care

<p>Combining multiple smaller contracts into a single, larger contract to reduce administrative costs. Ongoing management and oversight of contracts. Review of contracts across service lines – enhancing value for money without changing services.</p>	<ul style="list-style-type: none"> • Planned Care including musculoskeletal and gynaecology referral pathways. • Mental Health to ensure spread of growth funding across hospital and community services and to ensure no duplication from prior year investments. • Urgent and emergency care, including Pathway 1 funding to be reviewed in line with historical activity, funding to be reduced where activity has under-delivered and ensuring all eligible patients included in provision (including non-weightbearing) • Independent Sector Providers • Urgent Community Response (consolidate different service models to provide one consistent offer, reducing management and administrative overheads and duplication)
<p>Deferred Investment This represents a savings opportunity to not provide additional investment or where funding has been received for activity not yet delivered. It is not a reduction in business as usual spend. The services that patients will be used to receiving will remain the same. Service Development Funding (SDF) is annual non-recurrent funding received by the ICB to support specific transformation areas.</p>	<ul style="list-style-type: none"> • Community Diagnostic Centres • Better Care Fund (review of growth application and existing funding to remove duplication in funding areas) • Prevention and long-term conditions • Service Development Funding (SDF)
<p>Adherence to Eligibility Policies Compliance with the existing ICB Value Based Commissioning Policy (including restricted procedures and eligibility criteria) and other policies which set out thresholds for receiving care. Patients will be able to access the care and treatment that they are eligible for, but not over and above those levels.</p>	<ul style="list-style-type: none"> • Planned care • Continuing Health Care (joint care package funding and eligibility reviews of health needs in joint packages and in line with national policy frameworks, NHS requirement to meet health needs and health tasks still met). Some individuals may have changes to their care packages and these will be assessed in relation to specific individual needs. Regular reviews of health needs and changes to care packages are business as usual and best practice. Financial processes regarding funding splits between the NHS and councils for jointly funded

	<p>packages are being jointly developed through refining operational processes and financial mechanisms. The NHS funding element of joint packages is now based on individual health needs assessments rather than pre-determined % splits between the NHS and councils. This work is in parallel to ongoing assessment of health and care needs for individuals, which remains in line with national requirements.</p>
<p>Maximising National Income Ensuring national income is received for all applicable planned care procedures.</p>	<ul style="list-style-type: none"> • Reporting of planned care activity to ensure we are paid for all services delivered.

c) Group 3

Group 3 includes proposals that may change services, and this is likely to require ongoing information and monitoring by the Committee.

In some circumstances, NHS commissioners pay providers for healthcare services determined locally rather than nationally. In Nottingham and Nottinghamshire, the arrangements in place are historic and may now be out of date or be duplicating services. It is proposed that a local price service review is undertaken.

When we have more details of proposals which will require statutory scrutiny by the Committee and may require public consultation then we will highlight those in the usual way.

5. Further areas of focus

Since July 2024, work has continued with system partners to identify further areas/services that can support the ICB to operate within the level of national funding that has been allocated. These include:

- Community crisis response services, developing an integrated community offer alongside Urgent Community response coordination and navigation services
- Other Community services including hospice services, podiatry and dietetics and other service areas.
- Interpretation and Translation Services, in line with other NHS services
- Informatics system support

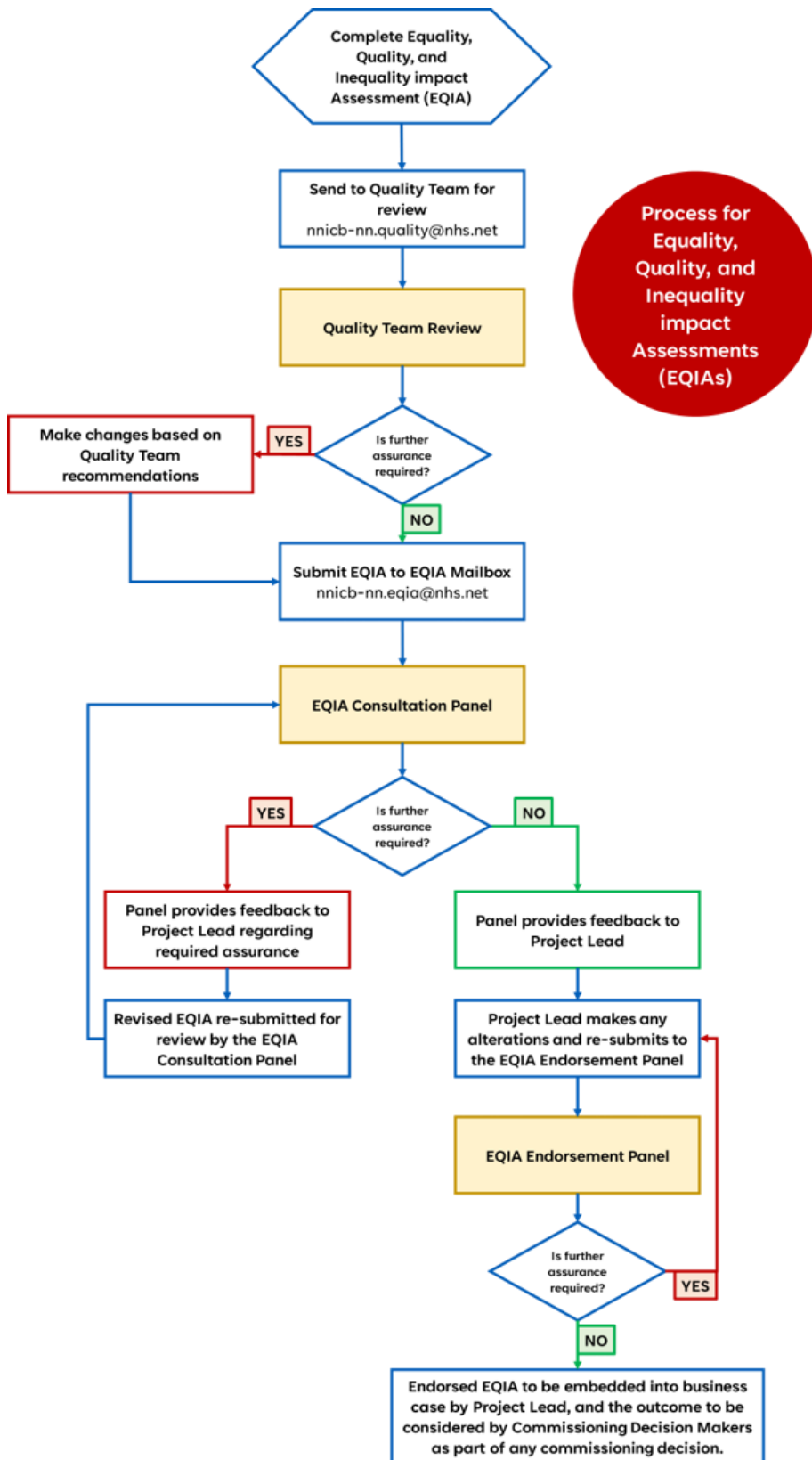
These services will be reviewed over the coming months and proposals brought forward for scrutiny as appropriate. Since our programme extends over two years, additional schemes will be identified and developed on an ongoing basis. NHS providers are also considering potential areas for service change and the ICB will work with them to undertake service reviews and impact assessments where appropriate and again will share with the committee for scrutiny and discussion at the appropriate time.

6. Recommendations

Nottingham Health and Adult Social Care Scrutiny Committee is asked to:

- Note the contents of this report.
- Discuss how the Committee would like to receive further updates.

Appendix 1 – ICB process for EQIA



Process for Equality, Quality, and Inequality impact Assessments (EQIAs)