

Recovery Support Programme and the Integrated Care Board

Context

1. Portsmouth has a long legacy of effective, integrated working, achieved through close partnership arrangements between the NHS and Portsmouth City Council. We know that, for our residents, they do not live or sit in pathways of care – they live in local communities. The value of leading, engaging and delivering at a local level cannot be undervalued or underestimated. NHS Hampshire and Isle of Wight remains committed to strengthening the work at place level, by leading from the centre and driving forward the health improvements we need to deliver.
2. When our Integrated Care Board was established in July 2022 it became the statutory NHS body responsible for setting the strategic plan for the NHS to deliver its part of the health and care strategy, allocating NHS resources and working through our places and transformation programmes to ensure the right services are delivered to people in our communities.
3. The benefit of new ways of working mean that there is now a greater platform for strategic commissioning, where retaining a Place-focus on our communities, not least through our existing Section 75 arrangements and the overall management of the Better Care Fund.
4. As an Integrated Care Board we are specifically responsible for the commissioning spend on:
 - Acute services
 - Mental health services
 - Community services
 - All Age Continuing Care
 - Prescribing
 - Primary care services
 - Other programmes and our own corporate running costs.
5. At the end of the first financial year (2022/23), we reported a £12.6m deficit.
6. The reasons for this deficit are complex and due to many factors that are not unique to Hampshire and the Isle of Wight. Many systems across the country are now also facing similar significant financial challenges.
7. One of the key reasons for us is because, for the previous three years prior to this year, we received significant additional support from NHS England to enable providers to continue to deliver their services alongside responding to the Covid pandemic. However, in the last financial year we started working in a recovery phase and, following the step-down of the emergency response to the pandemic, we have needed to return to pre-Covid productivity and efficiency levels.
8. This is against the backdrop of increasing demand on services, increased complexity of needs, the legacy and ongoing impact of Covid on services, and increased inflation and cost of living. The physical and mental health needs of residents is rising, particularly following the pandemic. This has all put significant financial

pressure on all services and means that, in real terms, there is a decrease in funding available.

9. In addition, productivity in some areas has been less than it was before the pandemic. While productivity in Hampshire and Isle of Wight has fallen by less than the average for the NHS, this means we are not getting the most out of the funding we have. These factors have been experienced by all NHS organisations and, as a result, our NHS trusts also found themselves collectively in a deficit position.
10. Specific to the budget of the Integrated Care Board, we experienced two drivers that exacerbated our financial position:
 - Increased prescribing expenditure which was mainly due to national price inflation, national price concessions and antibiotic prescribing in response to the Strep A outbreak.
 - Increases in cost and volume of packages of patients requiring continuing healthcare to support discharge from acute hospitals.
11. In 2022/23 we overspent when meeting the need of patients but successfully underspent on our corporate running costs and have begun an exercise to reduce our corporate costs further during 2023/24 and 2025/26.
12. The development of Integrated Care Systems allows for the consideration and creation of system and 'Place'-based plans for improving health and wellbeing outcomes, building on positive work started before by Clinical Commissioning Groups. This brings many opportunities; not least better planning of local services and alignment of spend, and there is much our wider system is and can learn from Portsmouth's best practice in this respect. However, we must do this now while also improving an unacceptable NHS financial position created following the pandemic.

Improving our financial position

13. At the start of the current financial year, across the health system as a whole (Integrated Care Board and NHS trusts) we agreed a plan with NHS England that would see the overall system finish with a deficit of £105m.
14. In response to this financial challenge, the Integrated Care Board and all local NHS trusts committed to working together to stabilise the financial position and took the decision to be part of the 'Recovery Support Programme' that provides additional national support and oversight. We entered the programme in summer 2023 and no NHS organisations will leave the programme until all, collectively, are able to do so.
15. Through this programme, we are undertaken improvement and prudent financial management, efficiency programmes across all NHS organisations, a reduction in running costs across the Integrated Care Board and system-wide transformation programmes that are driving greater productivity and efficiency across the key areas of urgent and emergency care, primary and local care, discharge, planned care and workforce.

16. The Integrated Care Board is taking its own lead in cutting the deficit by making its own efficiency savings in each of the next two years. During 2024/25 we will cut our own running costs by 20% and during 2025/26 we will reduce our costs by a further 10% meaning that three years in from its launch the ICB will be a leaner, more efficient organisation with costs 30% lower than they are now. While we consider how best to make efficiencies, we remain committed to retaining effective integrated working arrangements across the NHS and our local authority partners.
17. As part of the Recovery Support Programme, the NHS organisations in Hampshire and Isle of Wight have committed to achieving a breakeven 'run-rate' during 2024/25, which will mean we are no longer consistently spending more money than we have available. Progress has been made so far and we have seen a reduction in our monthly run-rate position.
18. We are carefully planning how to fund services for the next financial year (2024/25), in light of the need for more prudent planning and ensure we do not overspend.
19. External factors must also be considered. When planning for the next financial year, we are required to follow the priorities and operational planning guidance set nationally. Whereas in most years this is shared with commissioners shortly before the Christmas prior to the following financial year, for 2024/25 the national planning guidance has still not been published. This makes the process of setting budgets for the next financial year more challenging for NHS organisations.
20. These factors outside of our control create further complications for our partners, including Portsmouth City Council and local non-NHS organisations. The ability and need to make decisions relating to spend by NHS and local authorities does not neatly align, and this year has been made all the more challenging. Our existing planning timeline, set nationally, requires a submission of plans in March 2024, with further updates in May 2024.
21. While we await the full national planning guidance, system partners are already been working on the areas where we need greatest focus for the year ahead. Our system-wide operational plan for 2024/25 will set out the areas for investment and will be underpinned by our financial plan for the year that will aim to make sure we are making best use of the resources available. Following this work, we are now in a position to confirm Better Care Fund funding arrangements for the first quarter of 2024/25. We are grateful to partners for their understanding during this time and hope to share further updates verbally in the meeting.

Current position

22. The Integrated Care Board's financial position as of January 2024 was a year to date deficit of £10.1million, which is £4million better than our year to date plan. We intend to end the financial year at either break-even or small surplus.
23. During this year, all systems across the country were asked by NHS England to revise their financial plans to reflect the additional costs caused by the impact of the industrial action that has taken place, the increased demand on services and inflationary costs.

24. We have been working since November to submit a revised plan that would have seen the system finish with an agreed increased deficit from our original plan. We have now been notified that national financial cash support will be given to some systems across the country to offset their original planned deficits for the year to help ensure the NHS overall could deliver financial balance.
25. This will mean we are receiving cash support to enable the system to improve the overall financial position for this year. As a system we are now expecting to finish the financial year in a significantly improved deficit position. The national financial support reflects the credible planning, improved financial discipline and efforts of all partners to work together to stabilise our system-wide financial position.
26. It does not change the need for us to go further and faster in driving more efficiencies across the NHS and improving productivity to allow us to create a more sustainable and affordable health system. The national support is a one-off payment and has to be repaid over future years and we will begin the next financial year needing to continue to make significant improvements to the affordability of services.