Grant Thornton

Bristol, North Somerset and South Gloucestershire Integrated Care Board

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

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 recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Integrated Care Board 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	Our Audit Plan included a risk of significant weakness regarding the ICS' historic financial deficit. We have reviewed the work that the ICB has undertaken across the ICS to ensure that the whole system achieves financial balance and is sustainable.	A	No significant weaknesses in arrangements identified, but two improvement recommendations made to support the ICB in improving arrangements for working across the system to ensure a financial balanced position without the need for recurrent items.
Governance	Our Audit Plan included a risk of significant weakness regarding whether the ICB has developed appropriate and effective governance arrangements. We had assessed risk in this way, given the level of expected change to governance arrangements between CCGs and ICBs and the need to understand these areas given the newness of the arrangements in place this year.	A	No significant weaknesses in arrangements identified, but two improvement recommendations made to support the ICB in improving arrangements for ensuring stakeholders are involved in decisions affecting them and that the latest policies are publicly available. We have made one further recommendation in respect of clinical governance.
Improving economy, efficiency and effectiveness	Our Audit Plan included a risk of significant weakness regarding the ICB's arrangements for addressing health inequalities. We had assessed risk in this way, given the importance of addressing such inequalities to the ICB and the potential for increased systems working under the new ICB model.	A	No significant weaknesses in arrangements identified, but two improvement recommendations made to support the ICB in improving arrangements for performance and health inequalities progress reporting.

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 ICB has already well-established arrangements in place for working with system partners to address ICS wide financial challenges. We note that in 2022/23 the ICB achieved its breakeven target. For 2023/24 the ICB and system as a whole are planning for a breakeven position. To achieve its share of the system position, the ICB needs to deliver £22m of savings, £10m of which impact provider trusts. It plans to achieve all savings recurrently. The 4 May financial planning submission to NHS England showed that only £1.5m of this was unidentified at that stage. The challenge for the ICB is likely to be around working with provider trusts to support their financial position, and thereby the whole system, if the financial challenges become greater. We have raised two improvement recommendations to support the ICB with this. See pages 11 to 13 for more detail and pages 17 and 18 for the recommendations.

Governance

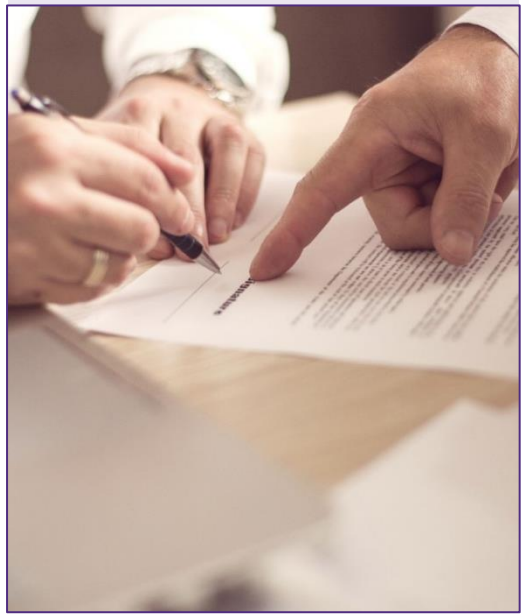
The ICB's governance arrangements are still developing, particularly in regard to risk management and the Board Assurance Framework. This is linked to finalisation of the Strategic Plan and associated objectives. Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised. However, we have identified two areas where the ICB could improve arrangements and as such, have raised improvement recommendations in respect of arrangements for ensuring stakeholders are involved in decisions affecting them and ensuring that the latest policies are publicly available. See pages 21 and 22 for more detail and pages 25 and 26 for the recommendations. The ICB is working maturely with system partners to further develop quality governance. We have made one improvement recommendation to support this process. See page 24 for more detail and page 27 for the recommendation.

Improving economy, efficiency and effectiveness

The ICB has generally sound arrangements in place, and our work has not identified evidence of significant weaknesses. However, we have identified two areas where the ICB could improve arrangements and as such, have raised improvement recommendations in respect of performance reporting and demonstrating progress in tackling health inequalities. See pages 30 and 33 for more detail and pages 38 and 39 for the recommendations.

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 & Risk Committee meeting on 20 June 2023. Our findings are set out in further detail on pages 41 to 42.



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 9 to 39.

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 & Risk 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. ICSs 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 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 their 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

The ICS serves the areas of Bristol, North Somerset and South Gloucestershire. It is comprised of 10 partner organisations, including the three Local Authorities in the area, NHS Trusts, the new Integrated Care Board and community and General Practice providers. It is also known as the Healthier Together Partnership.

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
4. help the NHS to support broader social and economic development.

The "Our Future Health" report presents an overview of key health and wellbeing issues for the population and key opportunities for local interventions across all stages of life to maintain good health and wellbeing and reduce ill health for the residents of Bristol, North Somerset and South Gloucestershire (BNSSG) and reduce health inequalities. The report explains that the leading causes of early deaths in the population are ischaemic heart disease (IHD), stroke, cancer (especially lung cancer) and chronic obstructive pulmonary disease (COPD). These are largely the result of unhealthy habits such as smoking, poor diet and inactivity, and treatable conditions such as high blood pressure and diabetes. Data shows that high levels of multi-morbidity in combination with older age is the major driver of hospital admissions and other health service use.

The current NHS landscape (continued)

Local context (continued)

This graphic is taken from the ICB's "Our Future Health" report. It clearly sets out the key messages around health inequalities across the system.

AROUND ONE MILLION PEOPLE LIVE ACROSS BNSSG

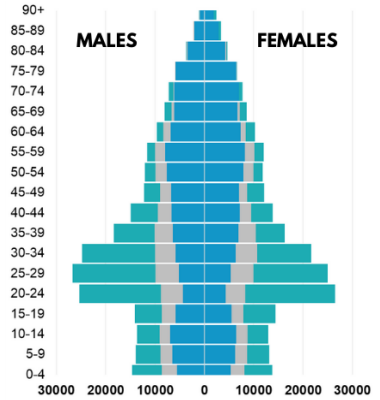
1 ICS

3 Places

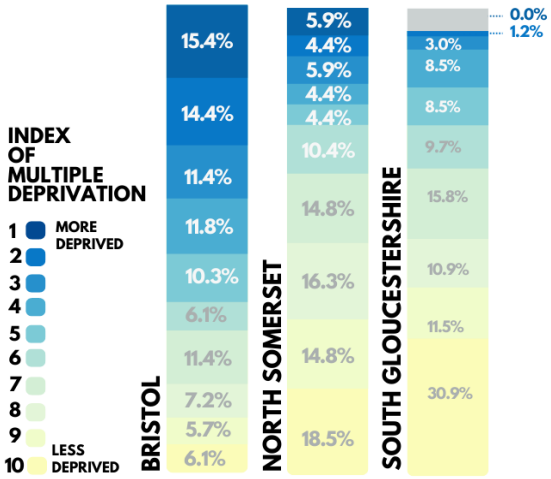
6 Localities

THE POPULATION IN BRISTOL IS YOUNGER WITH AN AVERAGE AGE OF 30 COMPARED TO 46 IN NORTH SOMERSET AND 40 IN SOUTH GLOUCESTERSHIRE

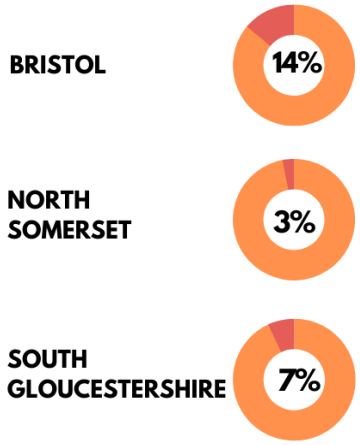
BRISTOL
NORTH SOMERSET
SOUTH GLOUCESTERSHIRE



THERE ARE WIDE VARIATIONS IN DEPRIVATION



BLACK AND MINORITY ETHNIC GROUPS



THERE ARE LARGE DIFFERENCES IN LIFE EXPECTANCY BETWEEN THE MORE DEPRIVED AND LESS DEPRIVED AREAS

A MAN LIVING IN THE MOST DEPRIVED AREA OF BRISTOL

LIVES 9.9 YEARS LESS THAN A MAN LIVING IN THE LEAST DEPRIVED AREA

74.6

83.2

A WOMAN LIVING IN THE MOST DEPRIVED AREA OF NORTH SOMERSET

LIVES 7.9 YEARS LESS THAN A WOMAN LIVING IN THE LEAST DEPRIVED AREA

80.3

87.8

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 NHS deficit position for England 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-19 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 (CIPs) 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 its financial performance targets for the period ended 31 March 2023. However, this was achieved through the use of £76m non-recurrent items.

The ICB planned to breakeven in 2022/23 and this target was unchanged in year. Within the pre-audit financial statements, the ICB has reported a small surplus of £0.003m against the 9-month Revenue Resource Limit of £1,490m. This is consistent with the ICB year end outturn report.

This is the third successive year that the ICB and predecessor CCG has delivered a balanced financial position. This is important because the predecessor CCG had an accumulated deficit against allocations of £116m; and NHSE England (NHSE) has confirmed that delivering breakeven or better in both financial years 2022/23 and 2023/24 will result in the cancellation of this debt and remove the need to pay back in future years.

It is important to note however that the financial performance was reliant on £76m of non recurrent measures as follows:

- £20.8m retained COVID-19 funding
- £7.8m full release of ICB contingency reserve
- £3.5m slippage on planned investments (SDF, adult community)
- £34.9m non recurrent actions and savings
- £9.2m NHS England funding for excess inflation costs

2023/24 financial planning

The 2023/24 system operational financial plan shows that the system has prepared a balanced financial plan at both system and organisational level. However, the plan includes utilisation of £98.2m of non-recurrent items, of which the ICB figure is £47.5m. We consider the relatively high reliance on non-recurrent savings to represent a challenge to the system's future financial sustainability and, as such, have made an improvement recommendation.

The financial plans submitted to NHSE include the resource allocation as advised by NHSE. Expenditure is derived from contracts with NHS providers and other non-NHS providers and services, for example, mental health services - Independent / Commercial Sector, Community Health Services, Continuing Health Care (CHC) Adult, Prescribing and General Medical Services (GMS). The forecasts include items such as recurrent and non-recurrent efficiency, inflation and growth. ICB pay costs are not significant, but the plans do include expected pay and agency costs for the provider trusts.

Historically, the ICB (and predecessor CCGs) have a good track recording of achieving their savings targets year on year. Therefore, the delivery of £12.2m ICB savings (net of the impact on provider trusts) per the operational plan is reasonable. The ICB 2023/24 financial plan appears to be low risk, with unidentified or high risk savings amounting to only £1.5m. The ICB challenges itself to hold to the national guidance and, if they go beyond this, then it implies they are making the best use of medicine. The ICB is undertaking a lot of work with Primary Care Networks (PCNs) and have taken opportunities where they can.

The ICB's performance against key financial and performance metrics is set out in this table.

	2022/23
Planned surplus/(deficit)	£0
Actual surplus/(deficit)	£0
Adjusted surplus/(deficit)	£0
Planned capital spend	£0.3m
Actual capital spend	£0.3m
Planned CIP (recurrent/non-recurrent)	Recurrent £13.1m Non-recurrent £0m
Actual CIP (recurrent/non-recurrent)	Recurrent £12.7m Non-recurrent £0m
Year-end cash position	£0.08m

Financial sustainability (continued)

Short and medium term financial planning (continued)

2023/24 financial planning (continued)

The ICB and system partners expect to draw on £98.2m of non-recurrent items and funding sources that will not be repeatable in future years. Further plans to recover to a sustainable balanced financial budget over the medium term will be required. The underlying position of £98.2m deficit is £57.1m adverse to the trajectory included and approved in the Medium-Term Financial Plan. This is due to:

- £18.3m deterioration in underlying deficit due to delays in acute provider savings arising from delivering the financial benefits of system transformation programmes
- £38m excess inflationary pressures

While the ICB and system recognise the need to move to recurrently balanced financial position we have raised an improvement recommendation.

The ICB needs to continue to monitor the system-wide £98.2m underlying deficit to ensure it does not continue on the adverse trajectory against the Medium Term Financial Plan. The ICB will need to ensure action is taken to address any negative movement as the MTFP will be challenging to deliver if the starting position worsens further.

The ICB's performance against key financial and performance metrics for 2023/24, as at 4 May when the final planning submission was made to NHSE, is set out in this table. At that stage nearly 75% of CIP schemes were rated amber or green risk.

	2023/24
Planned surplus/(deficit)	£0
Planned surplus/(deficit) as a % of income	0%
Planned CIP	£22m
Planned CIP as a % of income	1%
Planned CIP (recurrent/non-recurrent)	Recurrent £22m / 100% Non-recurrent £0m / 0%
Planned CIP schemes rated amber/green	Amber £13.2m / 40% Green £7.3m / 33%

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

Financial sustainability (continued)

Short and medium term financial planning (continued)

2023/24 financial planning (continued)

As reported on the previous page, the ICB and system partners expect to draw on £98.2m of non-recurrent items and funding sources that will not be repeatable in future years. This is shown, for each system partner, in table below, taken from the 4 May 2023 ICB Board report – "Our System Operational Plan 2023/24". The report states *"The Directors of Finance have identified a further £60.7m of financial risks to the plan, of which £19.9m relate directly to ICB budgets; of this £29.8m relates to Savings Plans not identified or deemed high risk of non-delivery at this stage of the year and £30.9m relates to other potential cost pressures. £28.7m of potential mitigations have also been identified. Leaving £21.1m savings gap and £10.9m further mitigations to be delivered in year. As this represents c1% of system funding envelope and given provider Board commitments to delivery of the savings and the track record of delivering more savings as the financial year develops with focussed executive management actions, Directors of Finance are content to present this as a balanced financial plan."*

We are satisfied that the ICB and system partners have appropriate arrangements in place to meet the financial challenge for 2023/24.

	AWP £m	NBT £m	UHBW £m	BNSSG ICB £m	BNSSG System £m
Planned Surplus / (Deficit) as per MTFP Year 1	**(£9.6)**	**£0.6**	**(£27.3)**	**(£4.8)**	**(£41.1)**
Excess Inflation	(£3.4)	(£15.2)	(£10.7)	(£8.7)	**(£38.0)**
Delay in MTFP savings	£0.0	(£7.6)	(£10.7)	£0.0	**(£18.3)**
Other, including unallocated growth	(£2.0)	(£6.4)	(£6.7)	£14.3	**(£0.8)**
Restated March 2024 exit position	**(£15.0)**	**(£28.5)**	**(£55.4)**	**£0.8**	**(£98.2)**
Non Recurrent Actions	£3.0	£15.9	£19.8	£47.5	**£86.2**
Non Recurrent Funding				£12.0	**£12.0**
Provider Deficit Support	£12.0	£12.7	£35.7	(£60.3)	**£0.0**
TOTAL In Year Surplus / (Deficit)	**£0.0**	**£0.0**	**£0.0**	**£0.0**	**£0.0**

Medium term financial planning

There is strong leadership in place and a good tone from the top around financial planning. There is a Medium Term Financial Plan (MTFP) in place which was developed pre-covid, refreshed in November 2021 and is regularly updated.

The MTFP provides the financial framework for the system to:

- Allow annual budgeting and operational planning to take place
- To set context for the ICS Strategy and Five year Joint Forward Plan

On page 11 we have reported that the ICS plan to use £98.2m of non-recurrent items in 2023/24 is £57.1m adverse to the MTFP trajectory and we have raised an improvement recommendation.

Financial sustainability (continued)

Short and medium term financial planning (continued)

Workforce financial challenges

The 2022/23 system workforce plan was severely challenged due to over optimistic recruitment forecasts and retention challenges. These challenges are expected to continue through 2023/24. This is an area that the system should look to improve, albeit recognising the inherent challenges it represents.

The text box sets out some of the national pressures. The challenges presented by industrial relations are particularly difficult to manage locally, as the discussions over pay and conditions take place at a national rather than local level. This further destabilises the situation and adversely impacts the ability of the ICS to plan and manage the workforce agenda effectively.

The ICS system finance report to February ICB Board confirms a 2022/23 Agency Spend Limit of £59.9m, and forecasted expenditure of £89m by end of year. The report states the increased expenditure has been due to "*non-availability of workforce, high staff turnover, continued high levels of sickness, and unplanned escalation capacity are driving premium workforce costs which will need to be mitigated by the implementation of controls on agency expenditure whilst maintaining patient safety.*"

In 2023/24 the system has been set an agency expenditure cap of £64m. The assumptions underpinning this cap are as follows:

- The system is planning for substantive staff growth in 2023/24
- It is expected that substantive staff vacancies will reduce in 2023/24
- The planned nursing growth is heavily reliant on a successful international recruitment campaign. Providers have articulated a confidence of the international recruitment plans based on previous levels of performance in 2022/23
- By March 2024, agency use is planned to reduce. The reduction will come from the increased bank fill, closing of the vacancy gap, and investing in models of care that reduce reliance on escalation capacity using temporary staffing

While the ICB and system recognise the need to move to recurrently balanced financial position, we have raised an improvement recommendation.

The ICB should work with providers to ensure that agency expenditure is estimated prudently to factor in further potential retention struggles, non-availability and continued high level of sickness, despite expected staff growth in 2023/24.

Workforce pressures

There are significant workforce challenges across all roles and all regions. Many bodies are reporting that the recruitment and retention of skilled and experienced staff is their greatest risk. How the NHS found itself in this position is a complex picture; a perfect storm.

- **Historic understaffing:** inadequate workforce planning with insufficient funding and infrastructure
- **Declining wellbeing:** delivering care amid persistent staff shortages with agency staff and normalised increased workloads
- **Early retirements:** staff choosing to retire earlier than planned has reduced both capacity and experience
- **Poor retention:** greater workloads and stressful working conditions have increased attrition
- **Pay pressures:** recent strike action has highlighted the level of feeling from NHS workers

Financial sustainability (continued)

Identifying savings

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 to deliver.

System-wide working

There is clear communication with stakeholders on the development of savings plans. The BNSSG ICS Decision Making Framework which was presented within "Developing an Approach to Oversight & Assurance of Plan Deliver" confirms that it is important that all partners understand their responsibilities for delivery at each level.

A System Finance Report is shared with ICS partners monthly. This reports the savings progress made against the plan for the financial year. As set out on page three, our initial planning identified a risk of significant weakness regarding the ICS deficit. The ICS delivered a small surplus in 2022/23 and plans to breakeven in 2023/24. Partnership working arrangements are very strong.

2022/23

The ICB has saving plans in place which are monitored monthly and taken to Board. In 2022/23 the ICB was required to deliver £8.98m of savings. This comprised:

- Funded care - £3m
- Meds Optimisation - £4.4m
- Mental Health - £1.58m

The interim year end position showed a savings delivery of £8.51m. This represents a modest under-delivery of the planned savings for 2022/23 of £0.4m and is primarily due to the underachievement of the Funded Care Control Centre projects.

2023/24

The 2023/24 consolidated system financial plan assumes delivery of £74.4m efficiencies (3.8% of ICB allocation). Of this, £44m relates to meeting the National Efficiency ask (1.1% of allocation). A further £30.4m relates to recovery of savings not delivered recurrently in 2022/23, and improvements to the underlying financial position. Of this, £14.5m relates to savings associated with investments in Urgent and emergency Care, Home First, and Discharge to Assess pathways.

Monitoring and reporting

Each savings plan is risk rated and for 2022/23 there were a minimal number of red rated plans (3/15). Given the small slippage and the lagged data which should be validated in June 2023, there are no additional plans included in the savings report.

Financial planning and strategic priorities

There is a coherent link between stated corporate strategic plans and the design of the budget and longer-term financial plans and this is demonstrated in the Medium Term Financial Plan (MTFP).

The MTFP sets out both expected revenue spend for years one to five, as well as capital allocations for investment over this time period. The MTFP does not state that there will be disinvestment in any services but confirms investment in services such as Mental Health and Primary Care to help reduce acute demand.

Financial sustainability (continued)

Financial planning and other operational plans

The ICB has robust arrangements in place to ensure that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning, including working with other local public bodies as part of a wider system.

The System Operational Plan 2023/24 presented to Board in May 2023 details how the system will deliver a balanced plan for 2023/24. This includes workforce planning, estates planning and clinical effectiveness. On page 13 we have set out our commentary on the arrangements in place to tackle the workforce challenges.

The ICB works well with local authorities, including through the Better Care Fund. It recognises the challenges facing local authorities and tries to work on a more local level, through place based organisations, to achieve its objectives.

Estates/Capital

The ICB Estates Steering Group developed a system approach to prioritise and allocate NHS capital funding between projects and NHS partner organisations. This has enabled the system to take a more balanced and targeted approach to capital investment to support delivery of their shared strategic and operational objectives.

Health inequalities

The plan also addresses health inequalities. The planning process specifically challenged each contributor to articulate the impact of their actions on health inequalities. We comment later in this report on the Health Inequalities agenda.

Managing risks to financial resilience

The ICB works closely with systems partners to identify risks and impacts to the financial plan.

Weekly meetings occur between the system Directors of Finance to discuss key topic areas as set out in the System Leadership Strategy. These frequent meetings and constant use of the MTFP has led to the development of a system plan that has identified potential financial and operational risks, as well as provide mitigations to address them. The risks identified range from expenditure/inflationary pressures, income risks, operational issues that impact financial performance and local healthcare system risks.

For example, as set out in our commentary on page 12, the NHS Directors of Finance identified £60.7m of financial risks to the 2023/24 plan, of which £19.9m related directly to ICB budgets. Of this £29.8m related to Savings Plans not identified or deemed high risk of non-delivery at that stage (May) and £30.9m related to other potential cost pressures. Some of these potential cost pressures were Local Authority cross charges, loss of Local Authority income, Elective Services Recovery Funding (ESFR) under-delivery and FIT test funding.

£28.7m of potential mitigations were identified, mainly made up of ESFR Productivity, reduction of HomeFirst / Urgent and Emergency Care (UEC) investment plan and further slippage on Strategic and Health Inequalities investment. This left a £21.1m savings gap and £10.9m further mitigations to be delivered in year. As this represented around 1% of the system funding envelope and given the track record of delivering more savings as the financial year develops with focused executive management actions, the Directors of Finance were content to present the financial plan as balanced.

The ICB has recognised that the pace of savings delivery as well as planning for 2024/25 and 2025/26 savings, will need to significantly increase over the coming year.

Financial Governance

Annual budget setting

The ICB has appropriate arrangements in place, with an action plan to further develop these.

The ICB has to follow the national and technical guidance when setting financial plans and budgets. The 2023/24 Revenue Budget was taken to and approved at the March Finance, Estates and Digital Committee meeting. The budget was developed as part of the whole System Financial Plan. The total ICB revenue budget for 2023/24 is £2,047m and is underpinned by the operating plan, and year two of the ICS Medium-Term Financial Plan (MTFP). The MTFP provides the financial framework for the system which allows annual budgeting and operational planning to take place.

The ICB broadly knows the financial envelope in which it will have to work and has a good understanding of likely expenditure based on activity and demand.

Engagement

There is adequate internal and external engagement in the budget setting process.

The budget setting timetable shows the overall budget setting procedures and is sent to every NHS Head of Finance within the system. The timetable demonstrates that the Heads of Finance complete budgets for each of their respective areas. During this process they review the 2022/23 budget, Forecast Out Turn, assumptions on the planning file and work with budget holders to finalise figures. The budgets are then reviewed by the ICB's Head of Management Accounts in early May prior to upload to the ICB ledger.

All future budget movements will require a signed budget virement form, these are approved by budget holders and filed.

All NHS organisations were directed by NHSE to complete the Healthcare Financial Management Association (HFMA) checklist and to commission internal auditors to review the self-assessment and the arrangements in place. The internal audit report on Financial Sustainability confirmed the ICB had developed an action plan with 35 actions to improve the core elements of financial sustainability, including budget setting.

Budgetary control

There is regular reporting to both the Finance, Estates and Digital Committee and the Board. Reports to Board include Finance Committee minutes as well as detailed Finance Reports and System Finance Reports. The reports provide a clear summary of the in-year position with links between expenditure and activity. Reasons for any variance to plan are detailed within the key messages. Reports also include relevant non-financial information, such as service activity and workforce information, which has been integrated into financial information.

The ICB recognises there is scope to enhance and formalise arrangements to ensure that, where financial performance is a key part of a role, that is reflected in the annual appraisal for that role.

The ICB also recognises that budget managers formally reviewing their budget performance each month, and developing remedial actions plans that are followed up on, is not often in place. In future, it plans to ensure meetings between the management accounts team and budget managers are undertaken and a template used to direct discussion points and actions.

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.

Improvement recommendations

Recommendation 1	The ICB needs to continue to monitor the system-wide £98.2m underlying deficit to ensure it does not continue on the adverse trajectory against the Medium Term Financial Plan. The ICB will need to ensure action is taken to address any negative movement as the MTFP will be challenging to deliver if the starting position worsens further.
Improvement opportunity identified	The ICB and ICS have robust system-wide financial management arrangements in place, but need to ensure that financial balance is achieved without the need to rely on non-recurrent items.
Summary findings	The ICS is off trajectory from the five year Medium Term Financial Plan and needs to ensure it returns to plan in order to be able to support the delivery of healthcare in a financially stable environment.
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 robust arrangements in place for monthly reporting of the financial position in the System finance report. This is presented to the Board each month. In addition the Finance, Estates and Digital Committee carries out a range of deep dives to get further assurance. The ICB Board will also sign off an updated MTFP at it's meeting in September prior to its submission to NHS England.

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 & Risk 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 2	The ICB should work with providers to ensure that agency expenditure is estimated prudently to factor in further potential retention struggles, non-availability and continued high level of sickness, despite expected staff growth in 2023/24.
Improvement opportunity identified	The ICB has good arrangements in place to work across the system to address workforce challenges. However, agency staff costs continues to be a big drain on system finances.
Summary findings	The system needs to develop and implement plans to stay within the agency cap without comprising the quality of healthcare provided.
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 system has in place a temporary worker programme of work in place which is looking to reduce agency expenditure across the system. The People Committee receives regular updates on progress and has monthly reporting of all the key workforce metrics in place for the system.

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 auditors' value for money work related to governance.

Common themes included:

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

We are seeing a greater number of 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.

Risk management and board assurance

The Integrated Care Strategy is still in development and consequently strategic objectives have not been fully formulated. Therefore, it is not possible to fully assess the risk of achieving system strategic objectives. While the strategic objectives are being formulated, the Strategic Risk Register (SRR) assesses and records the perceived causes of risks to the BNSSG Integrated Care System not achieving its four constitutional core purposes (set out on page 29). It is important to note however that there is no evidence that risk is not being properly managed while the framework develops.

As set out on page three, our initial planning identified a risk of significant weakness as we needed to obtain sufficient assurance that the ICB has developed appropriate and effective arrangements, especially around internal control and risk management. We are satisfied that the ICB has appropriate arrangements in place, although we note that these are still developing.

The ICB Risk Management Framework was approved by ICB Board in July 2022. This describes the arrangements for the identification, assessment, treatment and monitoring of risk. There are three key Committees with responsibility for the management of risk – Audit & Risk Committee, Quality & Performance Committee, and Finance, Digital & Estates Committee, with escalation to the Board as appropriate.

Although the Risk Management Framework is still to be fully embedded, from our review of Board and Committee Papers we noted that the Board has received regular updates on the progress of the work being undertaken around the development of both the Corporate Risk Register (CRR) and SRR, via the Audit & Risk Committee, and was given the opportunity to provide feedback and challenge on the format and structure of the revised CRR at the May 23 Board meeting.

Internal Audit undertook a review of the ICB's risk management and governance arrangements, resulting in a management letter which identified three suggested areas of improvement. These fed into the development of the Risk Management Framework. Internal Audit concluded that whilst they were able to see that directorate and corporate risk was being monitored via the executive team and the Committees, there was no presentation of the Corporate Risk

Governance (continued)

Risk management and board assurance (continued)

Register to the Board during the year. It was noted however that there was evidence that the ICB was enabling system wide engagement in system risk management and assurance which forms the basis of the new framework. This is consistent with our findings and therefore no further recommendations will be made in this area as a comprehensive review has been undertaken.

Internal Audit concluded that that the delay in developing and rolling out the new framework is attributable to the "*desire for an engaged product as well as the challenges of delays to appointments into key roles and development of portfolios*". This is consistent with our findings. It will be important that the risk register for the ICB is finalised shortly so there is clarity and a consistent view as to how risk will be managed going forward both within the ICB and within the ICS more broadly. We are satisfied that whilst there has not been a formal ICB-wide risk register developed, risk management has continued to operate throughout the organisation throughout the period.

Internal controls

Internal audit

The ICB has an adequate and effective internal audit function in place.

Internal Audit is provided by RSM who are an independent audit, tax and consulting adviser to both the private and public sector . The audit plan for 2022/23 was approved in principle by the legacy CCG's Audit, Governance and Risk Committee (AGRC) in February 2022 and further approved by the executive team and the ICB Audit & Risk Committee in September 2022. As developments around the new ICB and system working have impacted the risk profile RSM have worked with management to deliver an internal audit programme which remained flexible and agile.

As the risk management and assurance framework is still in development, the Internal Audit plan for 2023/24 has been developed based on sector risk, management and audit committee concerns and other sources and provides for substantial coverage of core areas including governance and clinical aspects.

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

This will include:

- Corporate risks – those which directly relate to the ICB's objectives/duties
- System risks – those which relate to the delivery of system priorities.

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

It is important to get the number of risks right – with too many strategic objectives or too many risks, it is difficult to maintain a meaningful BAF

Governance (continued)

Internal controls (continued)

Effectiveness of controls

The term "internal control" encompasses a wide range of activities including the ICB's:

- Risk assessment process
- Process to monitor the system of internal control
- The information system, including the related business processes relevant to financial reporting, and communication
- Control activities

There is no evidence of pervasive and significant weaknesses in controls. The main item to note is that an internal audit review of the Use of Agency Staff was assigned a "Partial" assurance opinion due to the lack of a centralised process and definition of responsibilities for managing agency usage and spend across the ICB. Two 'high' and five 'medium' priority actions were agreed with management to address the weaknesses and risks.

Counter Fraud

The ICB has adequate arrangements in place in respect of fraud and no weaknesses in arrangements have been identified.

The Counter Fraud Service for the ICB is provided by ASW Assurance. Counter Fraud Progress reports and workplans are reported to Audit & Risk Committee.

The Counter Fraud, Bribery & Corruption Policy was updated and approved by the Board in December 2022. However, the version available on the website is dated 2019 and still relates to the former CCG as does the Freedom to Speak up Policy. This is linked to our prior year improvement recommendation around reviewing and ensuring all policies and procedures are reviewed and up to date. It is important that public documents are the latest ones. We have therefore raised an improvement recommendation.

The ICB needs to ensure that where policies have been reviewed updated and approved, the latest version is made available on the website promptly.

Informed decision making including the Audit & Risk Committee

Generally the ICB has adequate arrangements in place to ensure that relevant information is provided to decision makers.

Two examples - Healthy Weston & autism referrals

Substantial supporting information was provided to Board to support the full business case for "Healthy Weston 2 Phase 1 - Safe, high-quality and sustainable emergency care at Weston General Hospital". There is evidence of scrutiny and challenge with the Board giving qualified support and setting out clear requirements for further work to be undertaken with regards to benefits realisation.

	2022/23
Annual Governance Statement (control deficiencies)	A number of control issues identified and reported in the 2022/23 Month 9 return to NHS England are included, but there are no significant control deficiencies.
Head of Internal Audit opinion	"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

The Integrated Care Board's performance against key governance metrics is set out in the table above.

Governance (continued)

Informed decision making including the Audit & Risk Committee (continued)

In contrast, recent press coverage regarding a decision taken around the criteria for access to the autism referrals/diagnosis service provided by Sirona, criticised the decision making process, citing a lack of consultation with partners and the public. Although this demonstrates that the ICB is willing to take difficult decisions where necessary, it is evident that the decision making framework adopted by the ICB is still being embedded. There are valuable lessons to be learned from this process in aligning and consulting with partners and ensuring that the right decisions are made with adequate input and consultation, at the most appropriate forums to avoid further reputational risk. We have therefore made an improvement recommendation.

The ICB should continue working to ensure that the decision making framework is fully embedded and that all partners are consulted at the right time via the appropriate forum. Compliance with the framework should be routinely monitored going forward.

"Closed" papers

In the prior year we raised an improvement recommendation that the CCG (as it was then) reviews the quantity of "closed" papers and ensures that this forum is only used when needed.

Our review of the private board minutes identified that the private sessions during the period have been quite lengthy on some occasions. However, this could be attributed to the newness of the ICB Board arrangements. In the March session, when discussing risk management arrangements and whether this was a public item, the Chair assured the Board that there was regular challenge of papers' confidentiality to ensure they were discussed in the appropriate forum. We therefore consider this recommendation to have been addressed.

Governance in partnership working

When working in partnership across the local health economy the ICB has appropriate governance arrangements in place to support system working and sufficient information and reports on systems working are being made available to decision makers.

The BNSSG Integrated Care System is comprised of ten partner organisations including the ICB, Local Authorities and NHS Trusts, the local voluntary sector and community groups.

A BNSSG Integrated Care System Partnership Day was held in October 2022. This involved over 200 participants from 88 different organisations across the health, local government and the voluntary and community sectors. Three sessions were held focussing on :

- The opportunities and challenges for the Partnership
- Working together as a Partnership
- Future strategic focus areas

The ICB Board has agreed the adoption of a decision-making framework which sits within the governance arrangements which introduces new system groups with specified delegated authority:

The System Executive Group includes the ICS's delivery partners (NHS and Local Authority) Chief Executives, and is chaired by the ICB Chief Executive. This group drives activity requested by the ICB Board, takes system decisions when required within delegated limits and is a forum for deeper discussions on system challenges or opportunities.

Health and Care Improvement Groups are being established and will be responsible for achieving the ICS's System Deliverables. These deliverables are the ICS Integrated Care Strategy (including the ICS Green Plan) and subsequent System Outcomes and Joint Forward Plan, national priorities as directed by NHS England and the ICB in-year and medium term financial operating plan. The Groups will also provide the surveillance structure for the system; ensuring ICS partners and ICB enabler functions are working together effectively and collaboratively. They operate under standardised terms of reference, with system delivery as their primary purpose. The ICB Health and Care Improvement Groups are the gatekeepers of the ICB Transformation Hub; driving innovation and continuous improvement. The ICB Health & Care Improvement Groups will report directly to the ICB Board.

Governance (continued)

Standards and behaviours

Adequate arrangements are in place to monitor compliance with legislation and regulatory standards.

The ICB has in place various codes of conduct for staff which are summarised in different policies including the Code of Conduct, the Standing Financial Instructions, Gifts and Hospitality Policy, Conflicts of Interest. These are available on the ICB's website as part of the Governance Handbook. The Gifts and Hospitality Register is available on the ICB website and provides sufficient detail. We found that the gifts or hospitality documented as accepted appeared reasonable and appropriately approved.

The ICB has adequate arrangements in place to ensure that it meets legislative and regulatory standards where it procures or commissions services. This includes has a Procurement Policy which sets out roles and responsibilities and requirements for compliance with legislation. Section 12 of the Managing Conflicts of interest Policy includes a section on" Managing Conflicts of Interest Throughout the Commissioning Cycle" with a specific sub-section relating to Procurement. Where a conflict is identified which may impact on the management of an existing contract, a discussion must take place with the Corporate Secretary, and if necessary the Conflicts of Interest Guardian, so that steps can be put in place to manage this.

Authors of Committee or Board reports are required to complete the Legal, Policy and Regulatory requirements section within Board reports which provide assurance that processes have been followed.

Leadership

The adjacent text box sets out the crucial role senior leaders play in NHS bodies, and some of the challenges they face. Within the ICB there is an appropriate 'tone from the top' in respect of decision making, with senior officers demonstrating openness, transparency, personal ownership, and engagement. The ICB Board includes officers with clinical skills and experience. The Chief Executive provides a briefing to every Board, which is publicly available.

The ICB is also taking a system leadership role, working with NHS partners to agree which organisation will be responsible for delivering different strands of work, such as estates, digital, workforce and discharges.

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"?

Governance (continued)

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.

Quality Governance

The ICB has worked well with partners to develop a comparatively mature quality governance system which is open to sharing individual issues and seeking system solutions. Based on our working at other ICBs we have identified some areas where there is scope for further improvement, and we have raised an improvement recommendation.

The System Quality Group (SQG) is an established forum which is held monthly and chaired by the Chief Nurse who is the designated executive clinical lead for quality, including safety for the ICB as whole.

The ICB Quality Team is represented at a variety of forums such as the Local Authority Children and Adult Safeguarding Boards, routine Provider visits and the Local Maternity & Neonatal System meeting which is chaired by the ICB's Chief Nurse. This demonstrates the ICBs wide engagement across the system.

Ahead of each SQG there is a members' pre-meeting. This has been introduced to benefit the Providers as it allows a safe space to discuss emerging issues and new concerns. This is reported to have assisted in building a trusting relationship with system partners. Furthermore, the ICB has sought to protect the membership of the SQG to allow trust between system partners to become established.

The SQG cycle of business has to date been directed by areas of concern and the ICB has had to prioritise areas of current system risk. However, key areas such as safeguarding, the maternity transformation progress and patient safety have been discussed quarterly .However, there is no formal cycle of business. This is an improvement point area.

The SQG is well attended with evidence of representation on the group from all the Provider trusts in the system, local authorities and regulatory partners. In addition, there is attendance by independent Health Care Providers such as Sirona and the Local Hospice. This suggests the benefit of the SQG is recognised by System Partners and we were told the group has received positive feedback from attendees. However, as we have seen at other ICBs, there is limited evidence to support representation at this forum of Primary Care colleagues and this may be an area the ICB seeks to strengthen. This is an improvement area.

Consideration is given to how the system can support the individual providers and review aspects of learning which can be shared to support the wider system. The SQG has been used as a forum by members to test out newly developed processes. This allows the providers to hear wider system approaches to similar problems and gives an opportunity for robust check and challenge. This suggests a system which is more open and mature in sharing individual issues and seeking system solutions.

Quality priorities for the providers have been identified. However, System Quality Objectives and a System Quality Strategy have not yet been agreed and developed. This is an improvement area.

The ICB could further improve system working by:

1. Developing a Quality Strategy and identifying quality objectives for the System.
2. Establishing consistent attendance and representation of all System partners at the ICB Quality Forums to ensure equitable engagement with the quality agenda across the System.
3. Developing a formal cycle of business for the SQG that routinely includes updates related to non-health system concerns and information updates from the ICB and Regulator, to ensure the level of engagement is maintained from non-health partners and promote communication up and down the system.

Improvement recommendations

Recommendation 3	The ICB needs to ensure that where policies have been reviewed, updated and approved, the latest version is made available on the website promptly.
Improvement opportunity identified	While the ICB has addressed our prior year recommendation regarding reviewing policies to ensure they are up to date, we identified policies on the public ICB website which are out of date and not the latest versions.
Summary findings	Ensuring that the latest approved policies are publicly available is important for good governance arrangements and to generate public confidence in the ICB.
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 review of the public ICB website will be undertaken to ensure latest versions are made available.

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 & Risk 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 continue working to ensure that the decision making framework is fully embedded and that all partners are consulted at the right time via the appropriate forum. Compliance with the framework should be routinely monitored going forward.
Improvement opportunity identified	It is clear that the ICB is willing to take difficult decisions and is provided with appropriate information on which to make them. However, there is scope to ensure that all partners and interested parties are fully engaged and aware of those decisions which are likely to impact them.
Summary findings	The ICB engages well with partners the significant majority of the time, but needs to ensure this is 100% of the time.
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	To support the developing working relationship with ICS partners, the CEO shared a set of principles with the System Executive Group to support the decision making framework. It is intended that Governance leads become involved to refine the decision making framework.

Improvement recommendations

Recommendation 5	The ICB could further improve system working by: 1. Developing a Quality Strategy and identifying quality objectives for the System. 2. Establishing consistent attendance and representation of all System partners at the ICB Quality Forums to ensure equitable engagement with the quality agenda across the System. 3. Developing a formal cycle of business for the SQG that routinely includes updates related to non-health system concerns and information updates from the ICB and Regulator, to ensure the level of engagement is maintained from non-health partners and promote communication up and down the system.
Improvement opportunity identified	We have identified a small number of areas where the system wide clinical governance arrangements could be further strengthened.
Summary findings	The ICB has established comparatively mature system wide arrangements to oversee quality governance. There are some areas where this could be further strengthened as arrangements become embedded.
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 begun conversations with other clinical leaders in the ICS regarding aggregating the quality priorities that have been identified by their organisations through their patient safety work and this is informing some of the Task and Finish work being commissioned by the System Quality Group. This will then be included in the forward work programme of the SQG which will also be aligned to the work programme of the Health and Care Professional Executive. Ongoing work with the newly formed HCIGs to ensure a strong link between the HCIGs and the SQG which will support the SQG work programme representing the interests of wider system partners. Reporting already in place of the SQG through to BNSSG ICB Outcome, Quality and Performance Committee then onward to board. High risk escalation areas already reported directly to board. Routine attendance of the Regional Quality Group either by CNO or deputy CNO ensures reporting links through to regulators as well as their routine inclusion in the core SQG meetings, any risk escalation meetings plus a regulators and ICB premeet.

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 National Audit Office (NAO) data to provide a comparison for population health outcomes within your ICB, compared with other ICBs.

Indicators	Value	Rank
Inequality in life expectancy at birth (female)	7	29
Life expectancy (male)	80	19
Life expectancy (female)	84	20
Neonatal mortality and stillbirth rate (per 1,000 live births and still births)	6	5
Cancers diagnosed at stages 1 or 2 (%)	58	6
Under-75 cancer mortality rate (per 100,000 people)	126	24
Inequality in life expectancy at birth (male)	8	27
Under-75 Cardiovascular mortality rate (per 100,000 people)	126	33
Percentage of adults overweight or obese	58	5
Smoking prevalence in adults	15	15
Alcohol-specific mortality (per 100,000 people)	11	29
Deaths from drug misuse (per 100,000 people)	6	33
Musculoskeletal problems (%)	16	12
Indices of Deprivation Rank	12	N/A
Health Deprivation Rank	21	21
System Oversight Framework Segmentation	3	N/A

The indicators show that, overall, the ICB is performing well in these key areas, with only a couple of areas where it is in the worst performing quartile.

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

Improving economy, efficiency and effectiveness

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.

Local overview of population health outcomes (continued)

The table on the previous page shows that the ICB is generally performing well with only two areas in the worst performing quartile:

1) Under-75 Cardiovascular mortality rate (33/42)

2) Deaths from drug misuse (33/42).

While these indicators are not reported to Board, the ICB is aware of the position and is working with partners - including the private sector and councils - to delve deeper into the challenges and develop improvement strategies. There are also internal reporting and oversight arrangements in place through appropriate groups.

Improving population health and health inequalities

As set out on page three, our initial planning identified a need to undertake more work in understanding the ICB's arrangements to address health inequalities. "Our Future Health" was published in September 2022, and was used to inform the ICS Strategy. The impact of health inequalities runs throughout the report, with evidence based examples of what causes them and the impact. The report cites a wealth of examples including:

1) Access, experience and outcomes in maternity care

2) Reducing childhood obesity

3) Reducing smoking among children and young people

4) Cancers being the second biggest contributor to the gap in life expectancy across BNSSG

5) The impact of type 2 diabetes

National challenges

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.

Improving economy, efficiency and effectiveness (continued)

Improving population health and health inequalities (continued)

The report stops short of actually providing any key performance indicators (KPIs) that could be used to measure the impact of interventions as these were to be developed. However, our review of public Board papers does not provide any information which would allow the Board or public to have oversight on what health inequalities have been identified, actions taken, and the impact. The ICB therefore appears to have made limited progress in agreeing KPIs which can be used to measure progress in addressing health inequalities, with public reporting to Board. While recognising the ICB is a developing body, this is a national priority and the ICB needs to be able to demonstrate the impact that any programmes or initiatives are having. This is an improvement area, and we have made a recommendation as below.

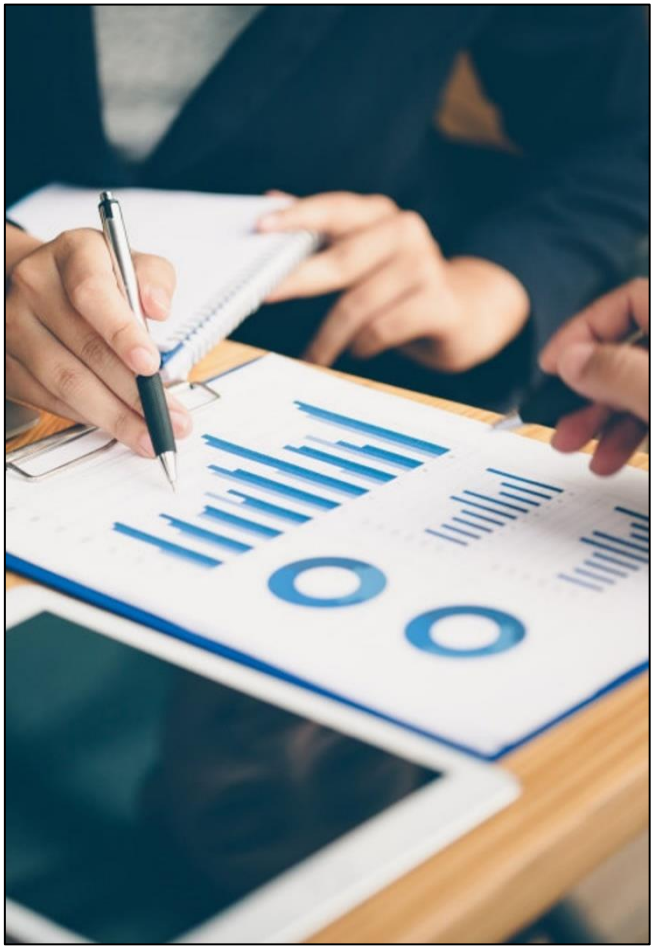
The ICB needs to agree Key Performance Indicators to measure progress in addressing health inequalities, with public reporting to Board. While recognising the ICB is a developing body, this is a national priority and the ICB needs to be able to demonstrate the impact that any programmes or initiatives are having.

Assessing performance and identifying improvement

The ICB has identified clear strategic priorities which are driven by the needs of the local population. The ICB and partners across the ICS have worked together in a systematic way to produce a Strategic Framework which sets out the vision and four objectives for the ICS. Performance indicators are reported to Board and it is clear that there is robust discussion here, and at other committees, to ensure that appropriate actions are taken where performance is not at the level expected.

Quality & Performance reports to the ICB Board highlight a significant number of performance indicators where performance is below target. The report shows that there are performance challenges at all providers, and that this has been the case, for many indicators, for at least a year. It is clear from the minutes of other sub committees that these challenges are discussed, including with the Care Quality Commission (CQC) and appropriate actions taken.

The ICB also ensures that reports and lessons learned from inspections elsewhere are reported and actions taken. For example, the February 2023 Quality & Performance report includes presentation and discussion of Dr Bill Kirkup's Independent Investigation into East Kent Maternity and Neonatal Services. The recommendations and impact on BNSSG were discussed, and further actions agreed. The Chief Nursing Officer has discussed the report with peers at provider trusts.



Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

The ICB has appropriate arrangements in place to agree strategic priorities including a Joint Strategic Needs Assessment and extensive public consultation. The ICB then has processes in place to identify areas where activities are not contributing sufficient value and savings need to be made. These include Outpatients Transformation & Demand Management and High Cost Drugs & Direct oral anticoagulants (DOACs.) The ICB also reviews transformation programmes, for example, Community Services: Making the Home First, in order to prioritise areas for service change

Using our bespoke Grant Thornton ICB benchmarking tool, we have used National Audit Office (NAO) data to provide a comparison for access to treatment for BNSSG ICB, compared with other ICBs.

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

Indicators	Value	Rank
COVID-19 hospital cases (per 100,000 people)	6	14
Percentage of elective care patients waiting 52 weeks or more	6	31
Percentage of elective care patients waiting 18 weeks or less	66	33
Emergency hospital admissions (per 100,000 people)	94	19
GP appointments (per patient)	0	11
IAPT access as % of population	1	3
IAPT recovery rate for BAME	52	32
Physical health checks for people with severe mental illness	4,631	20

The table shows that the ICB is performing well against the majority of key indicators. For the two where it is not, the impact of COVID-19 has meant that the 18 week wait target has been superceded as the NHS tackles longer waits first. The ICB has robust arrangements in place to improve Improving Access to Psychological Therapies (IAPT) recovery though. This includes meeting with the IAPT/Talking Therapies provider every month for a contract meeting where all KPIs (including all elements of recovery rates) are discussed. In 22/23 the performance was then reported into the monthly Performance Whole System Oversight Group and the Mental Health Performance dashboard via contract managers.

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

The ICB has identified clear strategic priorities which are driven by the needs of the local population. The ICB and partners across the ICS have worked together in a systematic way to produce a Strategic Framework which sets out the vision and four objectives for the ICS. This is underpinned by "Our Future Health" a research based report which sets out the key health and wellbeing issues for the population as well as the opportunities for improvement. Public consultation built on this, gathering feedback on what keeps the population well, what support is needed to keep them well and what barriers to keeping well exist. The Strategic Framework sets out the vision and four objectives as well as how ICS partners will work together to agree priorities, and the timeline. It is clear that this is an ongoing process with final approval not expected until later in 2023.

System Oversight Framework (SoF)

The adjacent text box explains how the SoF rating system works. All three provider trusts in the ICB area and the ICB itself are in level three. The adjacent table sets out the main reasons for this assessment. On pages 34 and 35 we comment on the arrangements the ICB has in place to address the performance challenges.

The ICB has appropriate arrangements in place to oversee and monitor the System Oversight Framework (SOF) and to ensure that system partners are working towards improving the areas of concern. This is done through the Planning and Oversight Group, as the SOF metrics form part of the operational plan. The operational plan for 2023/24 will put the ICB, North Bristol Trust and University Hospital Bristol and Weston Trust in SOF 2 by delivery of the planned trajectories. Each area where performance is not delivering to the operational plan trajectory standards have a dedicated performance improvement plan.

Each area where performance is not delivering to the operational plan trajectory standards has a dedicated performance improvement plan as opposed to one action plan for the whole of SOF.

Organisation	Areas of Concern
Avon & Wiltshire Partnership NHS Trust	Out of Area Placements Agency Expenditure
North Bristol NHS Trust	Elective Performance Urgent Care
University Hospital Bristol and Weston NHS Foundation Trust	Elective Performance Urgent Care Quality Concerns - Weston Site (HEE)

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)

Use of financial and performance information

The ICB Board is provided with a lot of performance information but there is scope for further clarity on what actions are being taken and their effectiveness.

Quality and Performance reports to Board include a lot of detailed performance information. However, there is very little commentary regarding actions being taken where performance is below the required standard. For example, cancer, mental health, learning disabilities & autism, urgent care and ambulance handovers all have a lot of "red" indicators, and have been over an extended period, but there is no commentary within the report on the actions being taken or their effectiveness. The Board also receives the minutes of the monthly "Outcomes, Performance and Quality Committee", which do include discussion of the key issues and challenges. It is clear from the minutes that there is a thorough discussion and understanding of the issues. Examples we noted included the creation of a Children's Hub in Bristol as part of the response to challenges around autism and discussions around new ways of acute partners triaging patients from ambulance handovers, and discussion around two week cancer waiting times. However, it is not easy to tie missed performance indicators to actions as they are in different sections of a lengthy report.

The ICB has been developing a revised integrated performance report, using Power BI, which was initiated in quarter 4 of 2022/23. The ICB plans to have a tool for each key area of performance and believes that this will support it in addressing the recommendation made. For 2022/23 this is an improvement area, and we have made a recommendation as below.

The ICB should use the Power BI tool being developed to ensure Quality and Performance Reports include more explanation on challenges, actions taken and their impact within the main Board paper - especially where performance indicators have been below target for an extended period of time.

Internal Audit have provided assurance that the financial information reported to the Board, and to NHSE, are consistent with the general ledger, and that there are reasonable controls in place to ensure this is accurate.

In terms of the accuracy of performance information, the ICB takes assurance from the national defined process with defined technical guidance and templates set out by NHS England and NHS Digital. Validation work occurs internally at providers prior to submission. When submitted, data quality checks are undertaken by local (Commissioning Support Unit) and national teams NHS England and NHS Digital.

Internal Audit have reviewed the "System Performance Management" arrangements for 2022/23 and noted "Whilst there is currently no formal System performance management framework in place, we found evidence that the controls in place were effective, with room for improvement". This has led to a small number of management actions.

The ICB has appropriate arrangements in place to benchmark costs and performance to identify areas for improvement. This includes use of RightCare data and National Continuing Healthcare benchmarking.

Workforce

Using our bespoke Grant Thornton ICB benchmarking tool, we have used National Audit Office (NAO) data to provide a comparison for workforce indicators for BNSSG ICB, compared with other ICBs.

Indicators	Value	Rank
NHS vacancy rate (Nursing)	9.1	16
NHS vacancy rate (Total)	7.1	10
NHS vacancy rate (Medical)	1.6	2
Full Time Equivalent GPs per 100,000 people	58	16
Adult Social Care vacancy rate	7	29

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

While the BNSSG system does not have the same workforce pressures as others, it still recognises the challenges. The System Operational Plan 2023/24, presented to Board in May 2023, sets out that it is highly dependent on workforce, creating a significant risk of delivery due to the high turnover and attrition within the system.

Please see page 13 for the financial impact of workforce challenges.

Improving economy, efficiency and effectiveness (continued)

Use of financial and performance information (continued)

Main performance challenges facing the system

The ICB draft Annual Report for 2022/23 shows performance against NHS Constitutional Standards. We have included the table in our report and provide commentary on some of the key indicators below.

Planned Care

All systems have struggled to recover from the impact of Covid-19 and were then affected by the challenges of winter and industrial action. The Annual Report reflects that the system has supported recovery "*through providing more appointments in the evenings and super clinics at the weekends as well as using Independent Sector providers to support the delivery of NHS care.*" The report comments on the progress made in reducing the number of patients waiting long periods of time for operations – "*Whilst the referral to treatment standard of 18 weeks remains as a constitutional standard, the national focus has been directed to the backlog of patients that have been waiting a long time for treatment as a result the Covid-19 pandemic. Our system started the year with significant numbers of long waiting patients, with over 400 people waiting 104 weeks or more and over 1400 people waiting 78 week or more. We have made significant progress in tackling these backlogs and will close this year with 11 people who have been waiting for 104 weeks or more and 254 people who have been waiting for 78 weeks or more.*"

Our own benchmarking, using data provided by the National Audit Office, shows on page 30 that the ICB ranked 31 out of 42 for the percentage of patients waiting over 52 weeks. Performance reports to the ICB Board show that the ICB is aware of the challenges and taking steps to address them. This includes detailed reporting on the numbers of patients waiting for treatment, actions to increase capacity in trusts and the private sector and working with NHSE regional and national teams to identify areas for further improvement.

Indicator	Standard	2021/22	2022/23	Change
Percentage of patients admitted, transferred or discharged from A&E within 4 hours (BNSSG Acute Trusts Total)	95%	64.98%	60.74%	😟
Percentage of patients on an incomplete RTT Pathway waiting less than 18 weeks	92%	65.40%	64.12%	😟
Number of patients on an incomplete RTT Pathway waiting more than 52 weeks	1	3,779	4,961	😟
Percentage of patients waiting six weeks or more for a diagnostic test (15 key tests)	1%	37.90%	32.18%	😐
Maximum two-week wait for first appointment for patients referred urgently for suspected cancer	93%	64.90%	48.87%	😟
Maximum two-week wait for first appointment for patients referred urgently with breast symptoms (where cancer was not initially suspected)	93%	28.20%	41.56%	😐
Percentage of patients receiving a diagnosis or ruling out of cancer, or a decision to treat within 28 Days of an urgent referral for suspected cancer (new standard for 2021/22)	75%	66.80%	57.40%	😟
Maximum 31 day wait from diagnosis to first definitive treatment for all cancers	96%	92.50%	90.83%	😟
Maximum 31 day wait for subsequent treatment where that treatment is surgery	94%	81.10%	71.71%	😟
Maximum 31 day wait for subsequent treatment where that treatment is anticancer drug regimen	98%	99.00%	98.06%	😀
Maximum 31 day wait for subsequent treatment where that treatment is radiotherapy	94%	99.70%	99.40%	😀
Maximum 62 day wait from urgent GP referral (two-month wait) to first definitive treatment for cancer	85%	68.80%	53.87%	😟
Maximum 62 day wait from referral from an NHS screening service to first definitive treatment for cancer	90%	59.60%	57.95%	😟
Total Number of CDIFF Cases	<same period previous year	304	230	😀
Total Number of MRSA Cases Reported	0	38	23	😐
Eliminating Mixed Sex Accommodation	0	2	13	😟

Key to symbols in table :

😐 Better than last year but not achieving standard

😀 Achieving standard

😟 Worse than last year and not achieving standard

Improving economy, efficiency and effectiveness (continued)

Use of financial and performance information (continued)

Main performance challenges facing the system (continued)

Urgent Care

As shown on the previous page, the number of patients waiting for less than fours in A&E has reduced from 65% in 2021/22 to 61 in 2022/23. Both years are well below the 95% target.

Many systems are experiencing delays in handing over patients from ambulances to hospitals. The adjacent text box sets out what good arrangements look like. The ICB Annual Report states "*We have made good progress into our ambulance handover delays performing to our local trajectory and reducing from 6,888 hours lost in ambulance handovers in April 2022 to 2,592 hours lost in handovers in February 2023.*"

The ICB has been working with South Western Ambulance Service NHS Foundation Trust in a number of areas, as set out in the Annual Report. These include "*increasing ambulance validation in 111, developing access to 24/7 mental health crisis services, developing direct referral protocols and alternative destinations to ED, developing the directory of services, and the implementation of safely reducing avoidable conveyance schemes such as improved access to care plans.*"

Our own benchmarking, using data provided by the National Audit Office, shows on page 30 that for Emergency hospital admissions per 100,000 people the ICB ranked 19 out of 42 areas with 94. This indicates that the ICB is broadly average in terms of the number of emergency admissions for the size of the population. The initiatives being taken with the ambulance trust appear to be appropriate to try to reduce the number of people presenting at hospitals, rather than trying to increase hospital capacity.

Ambulance delays

Much of England has experienced ambulance delays in 2022/23, both in attendances at emergencies and the handover of patients to an acute setting.

What good arrangements look like

- Formalised agreement with ambulance Trusts regarding responsibility for patients in ambulances or holding areas
- Clear and jointly agreed escalation and monitoring protocols for deteriorating patients in ambulances and holding areas
- Risk Assessments of areas created and equipment and resources to accommodate additional patients to increase flow
- Effective front door assessment processes that allow patients to be triaged away from ED to more appropriate point of care
- Same Day Emergency Care service (SDEC) in place to allow urgent care to be delivered in a hospital setting without overnight inpatient admission
- Available and experienced decision makers at the front door of hospital
- Sharing of learning from incidents with both hospital and ambulance staff following patient safety incidents

Improving economy, efficiency and effectiveness (continued)

Partnership working

The ICB has effective arrangements in place for working with partners across the system to deliver health improvements to the population. The relationships between NHS bodies are mature and collaborative. The ICB recognises that there is scope to engage more with local authorities, particularly with regard to issues such as housing. Often though change is easier to achieve at place level, and the ICB focuses on this.

The ICB has worked with system partners to put in place appropriate structures for decision making and governance to provide a framework for the principles of the new approach to collaborative working to be realised. This includes the establishment of the System Executive Group which will drive activity, working on challenges and opportunities at a system level and Health and Care Improvement Groups which will be directly responsible for achieving the ICS System Deliverables.

The ICB has worked with a number of partners to move forward on the plan to relocate the Graham Road Surgery. A further example is the service enhancements to Weston Hospital, where the ICB has again worked across the ICS and the Somerset ICS.

The ICB has developed effective relationships with local authorities to address pressures affecting discharges and adult social care. For example, proposals for the funding allocations to Bristol City Council, North Somerset Council, South Gloucestershire Council and BNSSG ICB to accelerate discharges to the most appropriate setting were presented to the ICB Board and developed following engagement with the Care Sector, Commissioning Leads and signed off by the Directors of Adult Social Care and the Chief Operating Officers across BNSSG. Progress is reported back to the ICB Board.

The ICB continues to work with local authorities on Better Care Fund (BCF) agreements where additional funding is available and the BCF is the most appropriate vehicle.

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)

Commissioning and procurement

The ICB has appropriate commissioning and procurement arrangements in place.

The ICB has appropriate arrangements in place to monitor key service providers and to resolve any issues. This is done through the System Quality Group and Outcomes, Performance and Quality Committee, which then report to Board. Appropriate colleagues from partners are part of these meetings. The ICB also has monthly meetings with appropriate service providers, including those in the private sector. For example, the Improving Access to Psychological Therapies (IAPT) service, which the ICB knows needs to improve.

While the ICB is not involved in significant commercial ventures such as outsourcing, it is demonstrating an innovative approach in working with a digital partner to map patient flows in real time, with an ambition to be able to predict activity and demand later in 2023/24. The ICB is believed to be at the forefront of developing predictive analytics to inform decision making.

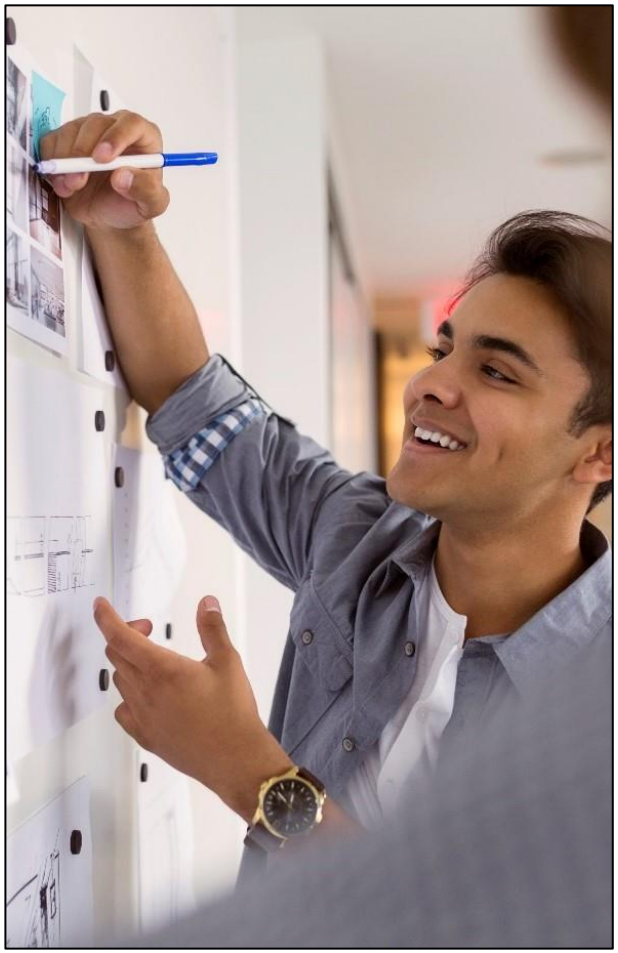
The Audit & Risk Committee receives reports for each waiver explaining why it is necessary and the cost, and that it is approved appropriately. There is no indication that waivers are used inappropriately or indicate poor governance / planning etc.

The ICB has appropriate arrangements in place to work with the Central Commercial Function (CCF) led by NHSE, including access to good practice and policies which the ICB is then able to implement as appropriate. The ICB also works with Bristol & Weston NHS Purchasing Consortium. While the consortium is Trust based, it works across the ICS, including with the ICB.

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 6	The ICB needs to agree Key Performance Indicators to measure progress in addressing health inequalities, with public reporting to Board.
Improvement opportunity identified	While recognising the ICB is a developing body, this is a national priority and the ICB needs to be able to demonstrate the impact that any programmes or initiatives are having.
Summary findings	The ICB has undertaken a lot of work to identify the challenges and opportunities health inequalities presents. It will be important to clearly demonstrate the impact actions are having.
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	Identifying the metrics and embedding them at both a strategic and operational level is in progress.

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 & Risk 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 7	The ICB should use the Power BI tool being developed to ensure Quality and Performance Reports include more explanation on challenges, actions taken and their impact within the main Board paper - especially where performance indicators have been below target for an extended period of time.
Improvement opportunity identified	The ICB Board is provided with a lot of performance information but there is scope for further clarity on what actions are being taken and their effectiveness.
Summary findings	Insert a summary of the issues identified While we can see that actions are being taken and reported it is not easy to tie missed performance indicators to actions as they are in different sections of a lengthy report.
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 Nursing and Quality team are working with BI team to develop the new reports for committee and board so that performance variance is supported by relevant narrative regarding mitigation or associated quality indicators.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	We would recommend that the CCG reviews the quantity of 'closed' papers and ensures that this forum is only used when needed.	Improvement	June 2022	Our review of the private board minutes identified that the private sessions during the period have been quite lengthy on some occasions. However, this could be attributed to the maturity of the ICB Board. In the March session, when discussing risk management arrangements and whether this was a public item, the Chair assured the Board that there was regular challenge of papers confidentiality to ensure they were discussed in the appropriate forum. See page 22.	Yes	No
2	We recommend that the CCG reviews all policies and procedures and ensures that these are updated to remain current. We would also recommend that the CCG maintains a central register of policies and procedures, including date of review, to ensure that these do not become outdated.	Improvement	June 2022	All core CCG policies were adopted by the ICB in July 2022 and are subject to a regular review cycle. The Counter Fraud, Bribery & Corruption Policy was updated and approved by the Board in December 2022. However, the version available on the website at the time of review was dated 2019 and still relates to the former CCG. We have not made a further recommendation, but the ICB needs to ensure that policies on its website are also up to date. See page 21.	Partly	Yes

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

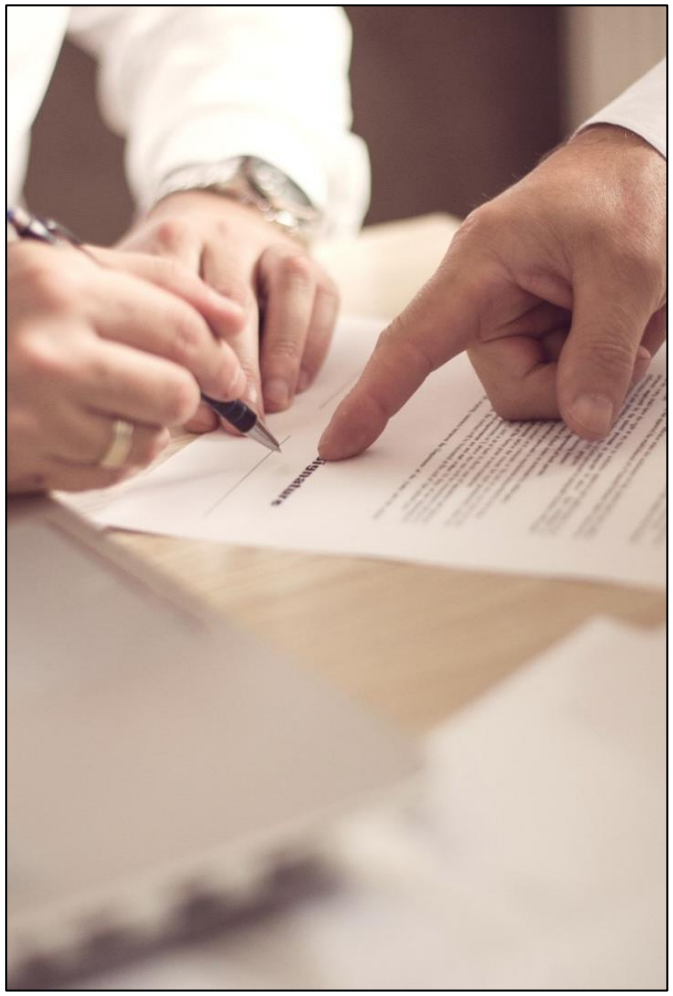
We are independent of the ICB in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

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 can be obtained from 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

Our Audit Plan was issued in February 2023 and set out our agreed audit approach for the 2022/23 ICB audit. This was presented to the Audit and Risk Committee on the 10 March 2023.

We undertook our final accounts audit in May and June 2023 with a mix of remote working and on-site visits to the ICB. The ICB provided draft financial statements in line with the national timetable, and we did not identify any significant issues that had an impact on the timely completion of the audit.

The unqualified audit opinion was issued on the 29 June in line with the national timetable.

Opinion on regularity

We issued our regularity opinion on the 29 June 2023. Our regularity work found no breaches that we need to report.

Other opinion/key findings

We are required to give an opinion on whether the other information published together with the audited financial statements (including the annual report) is materially inconsistency with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies were identified.

We are also required to give an opinion on whether the parts of the remuneration report and staff report subject to audit have been prepared properly.

We have audited the elements of the remuneration report and staff report as required by the code and issued an unmodified opinion in this regard on the 29 June 2023.

We also reported no significant issues in relation to the ICB's:

- Annual Governance Statement; and
- Annual Report

Audit Findings Report

More detailed findings are set out in our Audit Findings Report, which was presented to the ICB's Audit & Risk Committee on 20 June 2023. Requests for this Audit Findings Report should be directed to the ICB.

Whole of Government Accounts

To support the audit of the NHS England group accounts and the Whole of government Accounts, we are required to examine and report on the consistency of the ICB's consolidation schedule with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the NAO.

Our work found no issues and we submitted our assurance statement to NAO on the 3 July 2023.

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 issues and we submitted our assurance statement to NAO on the 3 July 2023.

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 BNSSG 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'.	No	N/A
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	17, 18, 25, 26, 27, 38 & 39

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