

APPENDIX A

ENFORCEMENT UNDERTAKINGS

NHS INTEGRATED CARE BOARD:

NHS Lancashire and South Cumbria Integrated Care Board
Level 3, Christ Church Precinct
County Hall
Fishergate Hill
Preston
PR1 8XB

DECISION

NHS England, on the basis of the grounds set out below, and having regard to its Enforcement Guidance, has decided to accept from the Integrated Care Board (“the ICB”) the enforcement undertakings specified below in connection with NHS England’s functions under the National Health Service Act 2006, as amended (the NHS Act 2006).

GROUND

1. NHS England has reasonable grounds to suspect that the ICB is failing or has failed to discharge one or more of its functions properly, or that there is a significant risk that it will fail to do so, in particular, its functions under sections 3, 14Z33, 14Z43, and 223L and 223M of the NHS Act 2006.

2. Financial Planning

- 2.1. Each integrated care board (including, in this case, the ICB) and its partner NHS trusts, and NHS foundation trusts (partner trusts) are subject to a duty to seek to achieve joint financial objectives set by NHS England (s223L NHS Act 2006). Furthermore, each integrated care board and its partner trusts have a duty to act with a view to ensuring that their combined resource use does not exceed the capital and revenue resource limits set by NHS England (s223M NHS Act 2006). Each integrated care board must also exercise its functions effectively, efficiently and economically (s14Z33 NHS Act 2006).

- 2.2. The ICB is failing or has failed to discharge those duties properly, in particular:

- 2.1.1. Despite support nationally and regionally, the system has struggled to manage financial deficits and meet financial recovery plans. The Lancashire and South Cumbria Integrated Care System (ICS)¹

¹ References in these undertakings to the ICS are to the ICB and its partner trusts.

delivered a deficit of c.£ (148.6) m for 2023/24, compared to the original plan to achieve break even (excluding any impact of industrial action from December 2023 onwards).

- 2.1.2. The ICS is the single most financially challenged system in the NHS and continues to have an increasing underlying deficit of concern and is significantly adrift from plan at Month 8 2024/25.
- 2.1.3. NHS England accepted a system deficit plan of £175m from the ICB for 2024/25. A significant financial risk was identified in Quarter 2 2024/25 and practical support was instigated through the Investigation and Intervention process. No improvements were made and the position deteriorated further between Months 3 and 7 of 2024/25. The year to date (YTD) deficit position at Month 8 was £240.7m, excluding deficit support funding (DSF). The most likely forecast outturn is £362.4m, emphasising the need for immediate and urgent action and intervention.
- 2.1.4. A diagnostic review identified systemic issues such as uncontrolled staff growth, weak governance, a reliance on interim staff, under delivery of efficiency plans, and delays in implementing recovery initiatives, resulting in the deterioration against plan. These issues emphasise the need for immediate and urgent action and intervention, led by NHS England as the regulator.
- 2.1.5. The above failures have, in turn, raised concerns about the ICB's governance arrangements, which undermines effective financial management. A recurring concern is the systemic culture of revising financial plans and poor Cost Improvement Programme (CIP) planning. A lack of financial governance and control at both the Provider and ICB levels has contributed to the current financial challenges. Key issues include; insufficient scrutiny of provider financial plans (including CIP), unclear roles and responsibilities for overseeing provider finances and a fragmented approach to expenditure control. Progress in refining oversight and planning processes was acknowledged, including steps to enhance accountability and embed stricter financial governance measures. Further improvements are rapidly required to establish a robust and sustainable framework for financial control) and must include implementing a rapid System-wide expenditure control review, enhancing financial reporting mechanisms, and fostering a culture of accountability to rebuild trust and credibility.

NEED FOR ACTION

NHS England believes that the action which the ICB has undertaken to take pursuant to these undertakings, is action to secure that the failure to discharge its functions properly does not occur, continue or recur.

UNDERTAKINGS

NHS England has agreed to accept and the ICB has agreed to give the following undertakings.

1. Financial Planning

- 1.1. Within the timeframe set by NHS England, the ICB Board will agree a 2025/26 Financial Plan with NHS England and submit the plan to NHS England. The ICB will ensure the Financial Plan demonstrates a significant improvement in both the reported and underlying financial performance of the ICS, measured by:
- 1.2. ambition to achieve an in-year financial statutory break-even and improves the ICS' underlying financial position, measured by:
 - 1.2.1. bottom line performance;
 - 1.2.2. recurrent CIP delivery;
 - 1.2.3. run rates for key income and expenditure categories; and
 - 1.2.4. whole time equivalent (WTE) movements.
- 1.3. The ICB will deliver a quarter-on-quarter run rate improvement from Quarter 4 2024/25 and throughout 2025/26.
- 1.4. The ICB will comply with all documented actions required by the System Financial Turnaround Director through the Improvement and Assurance Group (IAG).
- 1.5. The ICB will demonstrate an effective governance arrangement across its partner trusts in submitting this plan, such as engagement with appropriate stakeholders, including NHS providers in the development and sign off of the plan.
- 1.6. The ICB will agree any amendments to the Financial Plan with NHS England.
- 1.7. The ICB will ensure delivery of the Financial Plan by timescales to be agreed with NHS England, and the actions in the Financial Plan will be on track and measured at the end of each quarter, subject only to uncontrollable factors as agreed by NHS England, including but not limited to any industrial action.

- 1.8. The ICB will develop a medium-term financial plan by a date to be agreed with NHS England which demonstrates in detail how the ICS will move to an underlying break-even financial position.

2. Recovery Support Programme

- 2.1 The ICB will evidence all reasonable steps have been taken to meet the Recovery Support Programme (RSP) Exit Criteria as set out and agreed by the IAG, in accordance with the timescales agreed by the IAG.
- 2.2 The ICB will carry out a review of progress against the RSP Exit Criteria and report to the IAG, in accordance with the timescales agreed by the IAG.
- 2.3 In line with the IAG Terms of Reference and the requirements of NHS Oversight Framework segmentation, the ICB will cooperate fully with NHS England, health sector stakeholders and any external agencies or individuals appointed to work with or support the ICB to address the concerns which these undertakings seek to address.

3. Leadership and Governance

- 3.1. The ICB will co-operate and engage as required with the Governance and Leadership Review initiated by NHS England and led by an NHS England appointed Improvement Director.
- 3.2. The ICB will ensure that it has in place:
 - 3.2.1. Sufficient and effective Board, management and leadership capacity and capability; and
 - 2.1.2. appropriate governance systems and processes to enable it to address the issues specified in these Undertakings, particularly those set out in paragraph 1 and 2, effectively.
- 3.3. The ICB will inform NHS England prior to recruitment to executive board level posts and will (a) share the relevant person specifications with NHS England in draft for NHS England's comment. (b) provide a timetable for the appointment, and (c) ensure that there is NHS England representation on the appointment panel.

4. Meetings and Reports

- 4.1. Monitoring and reporting of the undertakings will be through the IAG.

- 4.2 The ICB will provide regular reports through the IAG to NHS England on its progress in complying with the undertakings set out above.
- 4.3 The ICB will attend IAG meetings or, if NHS England stipulates, conference calls, as may be required by NHS England. The IAG meetings will be led by the System Financial Turnaround Director and will take place once a month unless otherwise stipulated, with attendees specified by NHS England. Any change to these meetings will be dictated by NHS England.
- 4.4 Upon request, the ICB will provide NHS England with the evidence, reports or other information relied on by its Board in relation to assessing its progress in delivering these undertakings.
- 4.5 The ICB will comply with any additional reporting or information requests made by NHS England.
- 4.6 The ICB will work collaboratively with NHS England North West Region on a Communications Plan for regulatory interventions and ongoing recovery.

The undertakings set out above are without prejudice to the requirement on the ICB to ensure that it meets its statutory duties.

Any failure to comply with the above undertakings may render the ICB liable to further formal action by NHS England. This could include directions given to the ICB under section 14Z61 of the NHS Act 2006.

Where NHS England is satisfied that the ICB has given inaccurate, misleading or incomplete information in relation to the undertakings: (i) NHS England may treat the ICB as having failed to comply with the undertakings; and (ii) if NHS England decides so to treat the ICB, NHS England may by notice revoke any compliance certificate given to the ICB in respect of compliance with the relevant undertakings.

NHS Lancashire and South Cumbria Integrated Care Board

Signed



Emma Woollett

Chair

NHS Lancashire and South Cumbria Integrated Care Board



Kevin Lavery

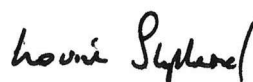
Chief Executive Officer

Dated 5th March 2025

NHS ENGLAND

Signed

Louise Shepherd



North West Regional Director and Chair of the Regional Support

Group Dated 13.03.2025