ENFORCEMENT UNDERTAKINGS

NHS INTEGRATED CARE BOARD:

NHS Cheshire and Merseyside Integrated Care Board
No 1, Lakeside
920, Centre Park Square
Warrington
WA1 1QY

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).

GROUNDS

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, 14Z34, 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) and must have regard to the likely effects of its decisions in relation to the aim of more sustainable and efficient use of resources by NHS bodies, as part of the 'triple aim' (s14Z43 NHS Act 2006).

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

      2.2.1. The Financial Diagnostic Review undertaken in May 2025,

highlighted inconsistent strategic ICB leadership, unclear priorities, and complex challenges hindering system alignment and financial sustainability, which requires strengthened leadership, clearer clinical strategy, and decisive action to deliver the Financial Year (FY)25/26 Plan.

2.2.2. The ICB reported a £25.4m surplus in FY24/25 against a £62.3m surplus plan (representing a £39.6m adverse variance to plan). This was not predicated on the receipt of deficit support funding (DSF). The ICB position drove £36.9m of the £45.3m adverse variance to plan in year.

2.2.3. The exit underlying position of the ICB at 31 March 2025 was reported as a £89.6m deficit.

2.2.4. In the FY24/25, the Cheshire and Merseyside Care System (ICS) submitted a circa £150m deficit plan that was supported by non-recurrent DSF from NHS England, enabling the system to report a break-even position. The system's actual outturn was a £201.3m deficit, with a £51.3m variance to plan.

2.2.5. For FY25/26, the ICS submitted a £255.1m deficit plan (excluding DSF) on the 27 March 2025. After a series of system and regional discussions, this plan was revised and resubmitted on the 30 April 2025 to reflect a £178.2m deficit plan (excluding DSF).

2.2.6. There is a very high level of financial risk in the FY25/26 plan, with several common challenges impacting the plans.

2.2.7. The above failures have, in turn, raised concerns about the ICB's governance arrangements, which undermines effective financial management. 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.

3. Quality

3.1. The ICB is at risk of failing to discharge these general duties, in particular, the ICB has not fully embedded effective quality governance functions across the ICS to enable place-based partners from across health, social care, public health and wider to routinely share insight and intelligence into local quality matters, identify opportunities for improvement and concerns/risks to quality.

This limits the opportunity to develop place-based responses to support ongoing quality improvement for the local population.

Specifically:

a) limited system risk response and effective system quality risk profiling.
b) there is a lack of Place quality data and intelligence presented at the System Quality Group (SQG), which limits triangulation across other stakeholders and the development of system risk priorities.
c) limited escalation of deficits through the SQG quality governance route. Although SQGs are not statutory bodies and will not serve as the ICB formal assurance mechanism for quality, the discussions and scheduled reports will inform the process of assurance for ICBs, as advised by the National Quality Board.
d) the SQG is limited in its ability to demonstrate that ICS quality concerns/risks and opportunities for improvement and learning, including addressing inequalities are identified

3.2. The ICB remains significantly challenged in managing mental health long waiting patients in emergency departments.

3.2.1. Cheshire and Merseyside ICB has yet to fully implement the national initiative for the Operational Pressures Escalation Level (OPEL) Mental Health Framework.

3.2.2. Urgent Emergency Care Mental Health Action Cards have not been fully implemented across the system (the national action cards outline key actions for ICBs, mental health and acute trusts).

3.3. The above failures have, in turn, raised concerns about the ICB's governance arrangements, in particular a failure to establish and effectively implement systems or processes to identify [issues and opportunities with regards to improvement of quality of services] and to manage material risks to compliance with the ICB's general duties.

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 ("Financial Plan") with NHS England and submit it 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 3 2025/26 throughout 2025/26 and 2026/27

1.4. The ICB will comply with all documented actions required by the System Financial Turnaround Director through the Financial Performance Review Meetings (FPRMs) and required by NHS England or its representative through the System Delivery Group.

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 confirm to NHS England accountability for delivery of all elements of the ICS25/26 Financial Plan, including the £235m "system target" by October 2025.

1.9. 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. Quality

2.1 The ICB will demonstrate improved quality governance functions across the ICS in line with National Quality Board Guidance for delivery of SQGs and risk response and escalation. Specifically, by ICB/Place presentation at the SQG of quality risk concerns across Place and triangulation of themes across Places.

2.2 The ICB will demonstrate through the delivery of a Mental Health Improvement Plan, in line with the Mental Health Transformation Agenda:

2.2.1 The full implementation of national initiatives: the Mental Health OPEL Framework and Urgent Emergency Care Mental Health Action Cards, within timescales agreed with NHS England; and

2.2.2 Demonstrate improvement in mental health long waits in emergency departments within its system.

3. Leadership and Governance

3.1 The ICB will ensure that it has in place:

3.1.1 Sufficient and effective Board, management and leadership capacity and capability; and

3.1.2. 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.

3.2 The ICB will commission an independent governance review at an appropriate time agreed with NHS England

3.3 The ICB will inform NHS England prior to recruitment to 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 Reporting

4.1. Monitoring and reporting of the undertakings will be through the monthly oversight group.

4.2 The ICB will provide regular reports through the monthly oversight group to NHS England on its progress in complying with the undertakings set out above.

4.3 The ICB will attend oversight meetings or, if NHS England stipulates, conference calls, as may be required by NHS England. The oversight meetings will be led by NHS England or its representative 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 Cheshire and Merseyside Integrated Care Board

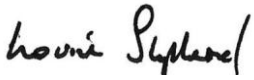
Signed:

Liz Bishop

Chief Executive of NHS Cheshire and Merseyside Integrated Care Board

Dated: 21.11.25

NHS ENGLAND

Signed 

Louise Shepherd

North West Regional Director and Chair of the Regional Support Group

Dated 24.11.25