

Approved 20 February 2026

**Minutes of the ICB Finance and Contracting Committee
Held on Friday 30 January 2026 at 10 am
by MS Teams**

Members		
Steve Igoe	Chair/Non-Executive Member	L&SC ICB
Debbie Corcoran	Non-Executive Member	L&SC ICB
Steve Spill	Non-Executive Member	L&SC ICB
Mark Bakewell	Interim Chief Finance Officer	L&SC ICB
Asim Patel	Chief Digital Officer	L&SC ICB
Jane Scattergood	Interim Chief Nursing Officer	L&SC ICB
Craig Harris	Chief Operating Officer/Chief Commissioner	L&SC ICB
Regular Participants		
Neil Greaves	Director of Communications and Engagement	L&SC ICB
Attendees		
Claire Moore	Head of Risk, Assurance and Delivery	L&SC ICB
Nancy Park (for item 179)	AACC Turnaround Director	PwC
Sandra Lishman (minutes)	Committee and Governance Officer	L&SC ICB

No	Item	Action
174 25/26	<p><u>Welcome, Introductions and Chair's Remarks</u></p> <p>The Chair welcomed everyone to the meeting, including C Moore, ICB Head of Risk, Assurance and Delivery attending in place of D Atkinson, to support any corporate queries.</p> <p>Members noted that N Park, AACC Turnaround Director would join the meeting to present the month 9 All Age Continuing Care report.</p> <p>Members were made aware that Copilot transcription would be used throughout the meeting to aid in the production of the meeting minutes.</p>	
175 25/26	<p><u>Apologies for Absence/Quoracy of Meeting</u></p> <p>Apologies had been received from Andy Knox, Peter Tinson, Elaine Collier and Debra Atkinson.</p> <p>The meeting was quorate.</p>	
176 25/26	<p><u>Declarations of Interest</u></p> <p>(a) Finance and Performance Committee Register of Interests – Noted.</p> <p>RESOLVED: That there were no further declarations of interest raised. Should any other conflicts arise during the meeting, the Chair should be advised accordingly.</p>	
177 25/26	<p>(a) <u>Minutes of the Meeting held on 7 January 2026 and Matters Arising</u></p> <p>RESOLVED: That the committee approve the minutes of the meeting held on 7 January 2026 as a true and accurate record.</p>	

(b) Action Log

Ref 23 – AACC reporting benchmarking – Benchmarking was included within today's meeting report. *Agreed to close*

Ref 25 – AACC reporting for clarity on short, medium and long term AACC spend – The committee recalled that the original action related to developing an understanding of the actual trajectory, the expected trajectory, and any variance between the two, noting that this work had been intended to help maintain focus on the forthcoming financial year and ensure that necessary changes were not overlooked due to the operational pressures of the current year. It was emphasised that whilst responding to immediate challenges, there remained risk that the organisation could miss opportunities to make the adjustments required to support a more sustainable position for the following year. Members acknowledged that only 10 weeks remained in the current financial year, limiting the impact of any changes introduced at this stage.

The Chair reflected that benchmarking data was considered helpful in interpreting performance, as activity levels earlier in the year had been significantly affected by the need to catch up. Processing rates had been low at the start of the year, and although the backlog had subsequently been addressed, this was reflected in the reported figures. Alongside issues arising from previous years, members also discussed the influence of processing velocity on current projections.

The committee were in agreement that this work could be incorporated into the budget-setting process for the forthcoming financial year, which would enable a clearer and more accurate view of anticipated expenditure, based on up-to-date processing levels at both the start and end of the year. M Bakewell confirmed that the finance team had already commenced work to ensure the budget for the forthcoming year was as accurate as possible, while recognising that challenges, stretch areas and learning from past experience would remain important considerations. He noted that similar principles would apply across other areas, including prescribing, where budget setting needed to reflect both expected activity and identifiable risks.

Members acknowledged that, while budgets were inevitably based on assumptions, understanding the reasons for any variance would allow appropriate corrective action to be taken. *Agreed to close.*

Ref 27 – Assurance around issues with provider financial activity (Mark) - Update provided within 2025/26 contract monitoring report.

Ref 34 – Acute clinical services review – It was confirmed that this would be considered as part of the 5-year commissioning plan and strategic commissioning intentions. *Agreed to close.*

Ref 36 – Rationale for risk trajectory scoring in BAF risk 4 – A detailed conversation took place at the 7 January committee meeting and this would be picked up as part of the ongoing Board Assurance Framework review. *Agreed to close.*

Referral from Audit Committee

11C to C – Transfer of specialist learning disability service to a new provider – An update had been provided within the action log that the unit was now open with patients moving in. An in-year financial risk had been identified of £1.6m.

	All other actions were not yet due.	
178 25/26	<p><u>Month 9 System Financial Position</u></p> <p>M Bakewell presented slides, updating the committee on the month 9 financial position and highlighting that discussions were ongoing to inform the position. He reported that, as at the end of month 9, the ICB continued to show a balanced year-to-date and forecast outturn position. However, using the risk-adjusted forecast outturn basis, a potential deficit of approximately £14m had been identified if all those assumptions were translated at the end of the year., which remained broadly consistent with the month 8 assessment. Within this overall position, there had been several movements, including continued pressures in areas such as ADHD, weight management and elements of continuing healthcare (CHC) delivery. Some positive movements had also been recorded, largely attributable to management actions and the grip and control approach adopted by budget holders, which had helped reduce expenditure.</p> <p>The committee noted that the current forecast reflected £62m of gross risk, offset by £48m of mitigations, compared with £70m and £56m respectively in the previous month. It was observed that, as expected for this stage of the financial year, these figures were now beginning to converge. M Bakewell highlighted ongoing risks within months 10–12, advising that issues relating to voluntary redundancy (VR) and related deficit support funding issues (DSF) may also need to be managed.</p> <p>Provider organisations were collectively showing a year-to-date deficit of £149m, which was £47m worse than plan largely due to WRP delivery. M Bakewell explained that this deterioration reflected, among other factors, withholding of deficit support funding in months 8 and 9 resulting in consequences for both cashflow and A&E. Shortfalls against efficiency plans and delays in identifying and implementing schemes were also significant contributors.</p> <p>He added that the ICB was showing to be at a balanced position year-to-date at month 9, with the operational position remaining broadly consistent with previous years. Improvements had been recorded in areas such as independent sector spend, primary care and community expenditure, although there were offsetting pressures. Members were reminded of continuing issues from prior years which were affecting the in-year position, although recent months had shown a slowing of these impacts. Work continued to progress with local authority partners to address long-standing CHC and learning disability challenges.</p> <p>A detailed overview of risks under the waste reduction programme (WRP) was provided within the meeting report. M Bakewell highlighted that the CHC overspend continued to represent a significant element, influenced by prior-year impacts, assumptions built into the budget based on last year’s activity, and under-delivery against WRP stretch targets. Prescribing costs also remained volatile due to national and international market conditions, including tariff issues linked to trade arrangements and increased demand for specific drug types. Continued pressures were also reported in community services, including weight management provision and elements of audiology.</p> <p>M Bakewell reflected that mitigations continued to be delivered across several areas. The activity management plans with independent sector providers were highlighted as a particular success, underpinned by constructive relationships and effective use of contractual levers. The CHC turnaround plan and Q4 improvement actions were progressing, including additional staffing to support reviews and package management, although some legacy contractual issues remained under negotiation. Prescribing performance in recent months had shown improvement, strengthening confidence in</p>	

Q4 delivery. Additional mitigations, including further reviews of allocations and Q4 expenditure plans, were being progressed.

He added that the remaining net risk after mitigations remained at circa £14m, excluding any additional financial exposure associated with the VR scheme. At the time of reporting, VR costs represented a potential further £6.8 million above the allocation received, though this figure continued to fluctuate as settlement agreements were finalised. Members noted that the number of withdrawals was low and unlikely to materially alter the forecast.

The committee also considered risks associated with deficit support funding, both in relation to the forthcoming financial year and the impact on provider cashflow. M Bakewell advised that anything not delivered recurrently in-year would provide a problem for the next financial year.

He reported that conversations were being held with NHS England and other colleagues around 'locking down' system-wide financial positions, with a single agreed forecast. Further discussions would be held at the forthcoming Improvement Assurance Group meeting.

In response to members questions, M Bakewell explained that the best/likely/worst construct methodology was to help to understand scenarios and convergence between gross risk and mitigations had been occurring since months 7–9. He added that best/likely/worst presentations would cease for month 10 reporting if a single forecast figure could be agreed with the correct level of confidence. In relation to VR financial impact, M Bakewell advised that material changes were not expected, however, individual decisions could be reversed until settlement agreements were signed. Around 170-180 offers had been made to individuals and verbally accepted; some staff would remain temporarily into the new financial year to complete business critical activities, and signing would be timed accordingly. He also explained national and local rationales for withholding DSF, and observed that locally this funding had been used by the ICB to supported contract positions with non-recurrent and non-secure income, thereby increasing system and ICB risk. He confirmed that, where performance improved, withheld DSF would be returned on a cumulative basis for prior months.

A Patel endorsed the effectiveness of relationships with the independent sector on activity management plans but highlighted the performance impact. Forecasts now indicated approximately 5,500 fewer clock stops, implying longer waiting lists. He confirmed that this had been factored into forecasts and had been discussed with NHS England in the context of sprint funding. The Chair acknowledged this point, noting a plea from the ICB Board at its meeting yesterday, to ensure clock stops were applied appropriately and to focus on treating the right patients.

The Chair reflected positively on the ICB's progress since the start of the year, noting that WRPs had not been fully developed at the outset and that the organisation had faced very large numbers. Achieving a most-likely gap of circa £14m at this stage was considered a creditable position. He reported that at a recent meeting with NHS England, positive recognition was made for Lancashire and South Cumbria ICB's journey and strengthened grip and control. He welcomed improvements in CHC processing, which should yield more accurate accruals, and stressed the importance of preparing next year's WRPs at pace to ensure delivery commenced from 1 April 2026. He concluded that month 9 represented good progress.

The committee expressed their appreciation for the work of the finance team in producing the meeting report, acknowledging this very busy time.

	<p>RESOLVED: That the ICB Finance and Contracting Committee note the content of this report.</p> <p><i>N Park joined the meeting.</i></p>	
<p>179 25/26</p>	<p><u>All Age Continuing Care Month 9 Financial and Operational Performance</u></p> <p>N Park provided an update on the All-Age Continuing Care (AACC) month 9 position, highlighting the following:</p> <ul style="list-style-type: none"> - Year-to-date, as at month 9, there was an overspend of circa £40m, of which approximately £15m related to prior-year costs - Waste Reduction Programme (WRP) delivery was at circa £3m per month with slippage to date of approximately £12m - The team continued to seek to close the gap on the stretch target through Q4 mitigations already in train - The inclusion of regional and national comparators were within this meeting report - Key improvements included timeliness and long waits within continuing healthcare (CHC), where the proportion of standard CHC referrals completed within 28 days had improved from 42% to 84% over the past 12 months, the elimination of 12-week CHC referral delay, and a sustained positive trajectory across key metrics - Fast-track activity had improved significantly, with further work required to align to national benchmarks. Overdue CHC and fast-track reviews were performing better than regional peers - Funded Nursing Care (FNC) reviews had been paused in December; this was a correction to the cover paper. <p>D Corcoran expressed appreciation for the richness of the regional benchmarking, noting that it underlined the scale of progress and its impact, both over time and relative to peers, and formally recognised the team’s work. She sought further assurance on the rising cost per package, referencing the increase in jointly funded CHC packages and the resulting cost pressure, and asked what measures were in place to manage these costs, whether those actions were gaining the expected traction, and whether any additional support or awareness might be required.</p> <p>N Park confirmed that the operational performance and benchmarking gains had been recognised by regional teams. She emphasised the need to reduce unit costs and noted a parallel piece of work for next year’s budget setting to confirm that costs were recorded in the right places across the ICB. In relation to pricing actions, she outlined Q4 measures implemented from January, including provider pricing reviews, market engagement and brokerage actions, the introduction of domiciliary care hard caps to address a wide price range, a review of the top 100 high-cost packages of care, and nursing-home analysis to identify hotspots. She expected these interventions to begin to reduce rates from the current month. She also described medium-term actions under development, such as broader framework options, potential joint brokerage management with local authorities, and exploring a “care cube” system for provider price benchmarking and monitoring. She noted that while these measures would not materially affect the current financial year, they were being progressed in preparation for the 2026/27 WRPs.</p> <p>The Chair welcomed the update and again commended the benchmarking material. Reflecting on the position at the start of the year, he observed that the level of improvement had been markedly distinct. He emphasised that the current year position</p>	

	<p>did not represent a normalised run-rate, noting that prior-year factors and the acceleration in processing activity had contributed to a distorted in-year view.</p> <p>N Park flagged key risks and mitigations included within the meeting report, highlighting in particular the ongoing staffing capacity constraints, pressures and sickness/absence, which had increased due to the wider environment. She stressed the dependency of delivery on having sufficient staff in place and referenced continued mitigation work linked to local authority discussions within the WRP. The Chair acknowledged the staffing challenges, noting that a period of uncertainty had persisted. He expressed the committee’s appreciation of the team’s work over recent months and anticipated improved staffing stability once the transition concluded.</p> <p>N Park advised that a new Managing Director had been appointed, and confirmed that as the new postholder commenced in role, the support provided by PwC and her own transitional support would be phased out over the coming weeks.</p> <p>C Moore added assurance in relation to the staffing discussion, advising the committee that, through the ICB Transition Group, business impact assessments were being undertaken across 1, 3 and 6 month horizons with particular emphasis on workforce implications for the ICB. She confirmed that this work was intended to ensure continued organisational resilience during the transition period and complemented the measures previously outlined by N Park.</p> <p>The Chair thanked N Park for the update and noted the committee’s recognition of the team’s efforts.</p> <p>RESOLVED: That the Finance and Contracting Committee:</p> <ul style="list-style-type: none"> - Note the AACC M9 financial and operational position, including the year to date overspend and forecast outturn risk - Note the current position on WRP delivery and the actions underway to address under performance - Support the continued focus on recovery actions across the 4 AACC priority workstreams and the use of agreed additional capacity to accelerate delivery. <p><i>N Park left the meeting.</i></p>	
<p>180 25/26</p>	<p><u>Planning Update</u></p> <p>M Bakewell presented a detailed update on the medium-term plan for 2026/27, acknowledging that much of the material had also been shared to the ICB Board at its meeting held the previous day.</p> <p>He reported that the ICB plan was currently being refreshed to incorporate the most recent data, reflecting ongoing work across the system on budget setting, the waste reduction programme (WRP) and the underlying planning assumptions. He highlighted that the December submission had been based primarily on the month 7 forecast outturn, and that extensive work had since been undertaken to ensure all assumptions were aligned to the month 9 position. This included a significant focus on identifying and, where appropriate, removing non-recurrent items within both expenditure and resources, which continued to contribute to the scale of challenge faced locally when compared with other systems.</p> <p>M Bakewell advised that the ICB was working through multiple funding allocations to ensure that planned expenditure was accurately aligned to each respective funding stream. He outlined the ongoing challenges in elective care, noting the need to clarify</p>	

the level of activity and performance that could be delivered within the existing baseline funding and in line with national expectations. He reported that work continued to develop on the WRP, although he acknowledged that its overall maturity remained below the point he would have preferred at this stage. While recent weeks had seen encouraging progress, he emphasised that the plans would still need to incorporate an element stretch given the wider financial position. He further confirmed that close engagement continued with programme leads and budget holders, particularly in high-pressure areas such as continuing healthcare (CHC) and prescribing, to ensure budgets were realistic, agreed and jointly owned.

M Bakewell summarised the headline position, noting that allocations and the deficit control total were known, allowing expenditure limits to be determined. He confirmed that current modelling suggested a minimum requirement of £129m WRP for 2026/27, based on a range of 1% to 7.5% across influenceable spend areas. He referenced the commissioning adjustment of £19 per head, approximately £36m, as a significant pressure for 2026/27, noting however that some progress had been made through the voluntary redundancy scheme and other planned changes such as potential shifts in commissioning support arrangements and shared services.

He indicated that at the time of plan submission in early February, a gap was likely to remain in planning assumptions with a level of mitigations to be identified and determined. In order to close this gap, further work was underway on commissioning intentions, demand management, and decommissioning options. While helpful modelling had been produced, some workstreams were not yet at the level of maturity required to provide full assurance to providers. He emphasised the need for continued refinement in forthcoming weeks including development of monthly run-rate expectations had been developed and profiles to be agreed.

He presented the developing position on the acute contract values, noting substantial movement between the 2025/26 starting point and the indicative 2026/27 position. It was noted that there was good system working with regular meetings where colleagues work together to mitigate demand and pressures. Providers had expressed strong concerns regarding historically suppressed contract values and activity assumptions, and he confirmed that for assurance and system-sign-off purposes, it was no longer feasible to continue with previous approaches that had constrained contract growth or limited tariff application. A consistent, evidence-based approach was therefore being applied across all providers, although further work was required to validate price and volume assumptions where inconsistencies remained.

The committee was advised of key areas that would influence closing the financial gap, including demand management, decommissioning, provider efficiency and productivity requirements, validation of growth assumptions, allocation of elective and diagnostic funding, and application of national uplift and efficiency factors. M Bakewell noted that even if additional funding were available, provider workforce reductions linked to embedded cost-improvement requirements could limit their ability to deliver increased activity. A degree of downward adjustment to provider expectations may therefore be necessary. He also outlined the development of a system-wide risk framework intended to provide greater clarity on how risks would be apportioned between commissioners and providers, depending on whether pressures arose from activity levels, efficiency requirements or delivery assumptions.

In relation to the WRP programme, M Bakewell confirmed that progress had been made but that further work was essential to move schemes from concept into fully quantified, assured plans. The programme management office continued to drive this work, supported by external data sources for areas such as CHC and prescribing. A structured process remained in place, with robust use of QIAs, EIAs and formal

documentation.

M Bakewell briefed members on emerging operational pressures, noting that recent indications from providers suggested that previously agreed timelines for template submissions would no longer be deliverable. This would compress the timeframe for consolidation and quality assurance, placing considerable strain on teams in the coming week. He stressed, however, that national deadlines remained fixed, and the system would be required to submit its plan on time despite these challenges.

Members acknowledged that the ICB Board would approve the financial plan for 2026/27 and in-depth assurance discussions had taken place at its meeting held the previous day.

The committee acknowledged the complexity and volume of work required. D Corcoran reflected on the multiple moving parts within the process and asked how the shift towards strategic commissioning was being reflected in this year's approach and how commissioning intentions would be recalibrated as greater clarity emerged.

In response, C Harris outlined that the strategy should be clear on the way forward, and what the whole system should look like. The commissioning intentions, underpinned by the clinical strategy, would start to articulate strategic intent on elements or segments of the system that need to shift, some of this would be decommissioning, targeted investment, productivity and efficiency. These would be iterated annually and adjusted in-year where appropriate, with mid-year review points enabling refinement based on intelligence and provider discussions. He confirmed the need for a revised operating model to support modern commissioning, informed by strengthened analytical capability.

M Bakewell reiterated that securing stability in year one of the 3-year plan would create a stronger platform for progress in years 2 and 3. He emphasised the need to resolve the acute element of the financial and operational "jigsaw," noting that without addressing this foundational component, the system would be unable to progress the broader ambitions shared by all partners. He further highlighted the importance of gaining clarity on current expenditure, explaining that visibility remained limited in several areas, including prevention, where spending was dispersed across multiple programmes rather than being clearly identifiable. He advised that a zero-based type review would therefore be required to articulate how the system used its resources, with those building blocks essential to enabling a more strategic approach from 2026/27 onwards.

C Harris explained that the emerging 5-year commissioning and strategic plans had begun to outline the system's direction, including delivery of the national 10-year plan, the required left-shift in care, digital transformation, and the movement from treating ill-health to prioritising prevention. He noted that, within Lancashire and South Cumbria, this also included addressing fragile services, progressing the acute clinical strategy, and preparing for potential integrated health organisation models. C Harris added that, while a detailed implementation plan was not yet in place, the system understood the scale of change required, including the need to reconfigure some services, consolidate others onto fewer sites, and undertake public consultation where clinically appropriate. The Chair welcomed this clarity and emphasised the importance of strong communication to maintain collective understanding, noting that transactional change would be insufficient to meet the scale of the challenge and transformational change would be required across the system.

Further discussion focused on the tension between year 1 financial compliance requirements and the 3-year transformation agenda. The Chair expressed concern that

	<p>if year-1 financial compliance remained mandatory, the burden would inevitably fall on savings and efficiency targets, particularly where run-rate and productivity expectations were already stretching. He highlighted the challenge of increasing productivity at the same time as reducing workforce numbers.</p> <p>The committee acknowledged the significant scale of the task required and expressed appreciation to all colleagues contributing to the planning process. The Chair noted that the ICB Board would have a further opportunity to review the full plan prior to submission.</p> <p>RESOLVED: That the Finance and Contracting Committee note the verbal update and discussion.</p>	
<p>181 25/26</p>	<p><u>2025/26 Contract and Contract Monitoring Update</u></p> <p>M Bakewell provided an overview of the contract monitoring report for the period to December 2025. He advised that several contracts remained unsigned, although work was ongoing to progress these, and emphasised the importance of securing signed agreements early in the new financial year in line with national expectations. He noted that achieving sign-off in January or February, rather than part way through the year, would place the system in a stronger and more stable position. He reported that activity across both NHS and independent sector contracts showed elements of over-performance year-to-date, offset in part by activity management assumptions to support additional elective activity. A detailed breakdown at contract level had been included within the meeting paper, covering core activity, high-cost drugs and devices, and other contractual components. He also highlighted the information relating to community diagnostic centres, which continued to be an important driver of diagnostic performance.</p> <p>M Bakewell reported adult ADHD remained an area of significant concern, both in terms of associated financial pressures and the implications for patient experience, quality and outcomes. He advised that this would require careful consideration as part of next year's budget-setting process to ensure that underlying assumptions were robust and reflective of the level of demand. He confirmed that some mitigations had been applied in-year through pathway adjustments and the use of alternative models of contracted activity and he noted the wider national pressures in ADHD services. He also referenced similar pressures in weight management and other related commissioned areas, noting these were being actively managed.</p> <p>He advised that work was underway to automate reporting wherever possible and that the longer-term aim was to provide members with access to dashboards and portals once the required data systems were developed.</p> <p>The Chair thanked M Bakewell and the finance team for the detailed report.</p> <p>RESOLVED: That the committee note the content of the report.</p> <p><i>M Bakewell left the meeting.</i></p>	
<p>182 25/26</p>	<p><u>Committee Escalation and Assurance Report to the Board</u></p> <p>Members noted the items which would be included in the committee escalation and assurance report to the ICB Board.</p> <p>RESOLVED: That the Finance and Contracting Committee note that a report will be taken to ICB Board.</p>	

183 25/26	<u>Items Referred to Other Committees</u> There were no items referred to other committees.	
184 25/26	<u>Any Other Business</u> No other business was raised.	
185 25/26	<u>Items for the Risk Register</u> There were no new items.	
186 25/26	<u>Reflections from the meeting</u> The Chair thanked members for their contributions and their dedicated time they had given to the meeting, noting the discussion had maintained the right focus and that it had been helpful to reflect on recent conversations held by the ICB Board.	
187 25/26	<u>Date, time and venue of next meeting</u> 20 February 2026, 10 am – 12 noon, by MS Teams.	