

NENC ICB

Finance Report for the period ending 31st July 2023

Executive Summary

M04 - July 2023		YTD	Forecast
Key Statutory Financial Duties	Overall ICS 2023/24 In Year Financial Position - (Surplus) / Deficit		
	For the financial year 2023/24 the ICS, is on track to deliver the planned deficit position of £49.87m at Month 4		
	Plan	£41.81 m	£49.87 m
	Actual	£48.04 m	£49.87 m
	Variance	£6.23 m	£0.00 m
	Overall ICB 2023/24 In Year Financial Position - (Surplus) / Deficit		
	The ICB is reporting a year to date planned surplus of £8.85m, a slight deterioration to plan of £1.95m and a forecast outturn surplus of £32.40m, in line with the approved plan submitted to NHSEI - Deficit / (Surplus)		
	Plan	(£10.80) m	(£32.40) m
	Actual	(£8.85) m	(£32.40) m
	Variance	£1.95 m	£0.00 m
2023/24 ICB Running Costs Position			
The ICB is reporting a year to date and forecast outturn breakeven position.			
Plan	£19.63 m	£58.88 m	
Actual	£19.63 m	£58.88 m	
Variance	£0.00 m	(£0.00) m	
Overall ICS 2023/24 Capital Funding			
The ICS is reporting a forecast outturn overspend against the capital allocation of £9.34m, this is in line with the submitted plan.			
Allocation	£43.92 m	£198.95 m	
Actual	£32.64 m	£208.28 m	
Variance	(£11.28) m	£9.34 m	
Other Financial Performance Metrics	Overall ICS 2023/24 QIPP/Efficiency		
	The ICS is reporting year to date QIPP savings of £101.56m and forecast savings of £405.46m with the ICB delivering £94.94m in line with the efficiency plan. Providers are currently forecasting a slight under-delivery against target of £2.90m.		
	Plan	£103.19 m	£408.36 m
	Actual	£101.56 m	£405.46 m
	Variance	(£1.63) m	(£2.90) m
	Overall 2023/24 Mental Health Investment Standard (MHIS)		
The ICB is on track to achieve the MHIS target for 2023/24 (growth in spend of 6.73%).		6.73%	6.73%
Cash			
The ICB cash balance for July is 0.36% and within the target set by NHS England of <1.25% of the monthly cash drawdown.		0.36%	<1.25%
BPPC		by volume	by value
The BBPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days		NHS	99.99%
		Non NHS	99.21%

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2023/24 for the period to 31st July 2023.

The overall ICS financial position is a year to date deficit of £48.05m compared to a planned deficit of £41.81m. This adverse variance of £6.2m includes a £4.29m pressure in provider positions relating to costs associated with strike action, Microsoft licences and pay award pressures. The forecast position for the year is a deficit of £49.87m in line with plan.

The ICB is currently reporting a year to date surplus of £8.85m, a deterioration to plan of £1.95m due to Prescribing cost growth pressures seen in the first two months of the year and increases in continuing healthcare packages. The ICB forecast surplus for the year continues to be £32.4m in line with plan.

ICS capital spending forecasts are currently in line with plan, however this includes an allowable 5% 'over-programming', hence the forecast is £9.34m in excess of the ICS capital departmental expenditure limit (CDEL) allocation. This will need to be managed over the remainder of the year.

The ICB is on track to deliver the Mental Health Investment Standard, with growth in relevant spend of 6.73%.

At this stage of the year there is always limited data available for the majority of commissioned services, with a time lag of two months in respect of prescribing data and other activity based contract information. This adds a level of risk and uncertainty to the reported forecast outturn position.

The financial plan for 2023/24 included overall net financial risks of £102.5m across the ICS. This included a large number of mitigations yet to be identified. As at 31st July 2023 this position has slightly improved with the financial controls put in place, with net unmitigated risk of £96.6m being reported across the ICS.

For the ICB this includes unmitigated net risk of £21m, predominantly relating to potential pressures in prescribing costs and continuing healthcare, and potential non-delivery of stretch efficiency targets. Additional net unmitigated risk across providers amounts to over £75m.

Work will continue across the system to review the position, seek to identify mitigations and collectively work to manage potential risks. Work has commenced on the development of a medium term financial plan, incorporating a financial recovery plan. This is being developed across the ICS, with the intention to develop a high level plan by the end of September which will support NHSE requirements and support delivery of the 2023/24 financial position.

Table 1: Overall ICS (Surplus) / Deficit						
Month 4 - July 2023	YTD Plan (Surplus) / Deficit	YTD Actual (Surplus) / Deficit	YTD Variance (Surplus) / Deficit	Annual Plan (Surplus) / Deficit	Forecast (Surplus) / Deficit	Forecast Variance (Surplus) / Deficit
	£000s	£000s	£000s	£000s	£000s	£000s
NENC Commissioner (ICB)	(10,801)	(8,853)	1,949	(32,404)	(32,404)	0
Total In Year ICB Position	(10,801)	(8,853)	1,949	(32,404)	(32,404)	0
NENC Providers	52,616	56,893	4,277	82,277	82,277	0
Total Provider Position	52,616	56,893	4,277	82,277	82,277	0
Total ICS Financial Position 2023/24	41,815	48,040	6,226	49,873	49,873	0

Table 2: ICB Financial Position						
Month 4 - July 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Revenue Resource Limit</u>	(2,427,395)			(7,277,998)		
<u>Programme</u>						
Acute Services	1,174,026	1,172,985	(1,041)	3,489,988	3,490,085	97
Mental Health Services	288,229	288,493	264	869,725	871,715	1,990
Community Health Services	226,273	225,908	(366)	688,196	687,974	(222)
Continuing Care	137,890	140,535	2,645	439,831	445,202	5,370
Prescribing	188,162	191,828	3,666	569,692	570,098	405
Primary Care	35,774	35,955	181	107,474	107,970	496
Primary Care Co-Commissioning	192,232	193,076	844	576,713	587,753	11,040
Delegated – Pharmacy, Ophthalmic and Dental	116,602	116,602	(0)	349,809	349,809	0
Other Programme Services	17,751	17,091	(660)	33,478	32,398	(1,080)
Other Commissioned Services	9,071	9,054	(18)	27,964	27,874	(90)
Programme Reserves	10,955	7,388	(3,567)	33,843	15,837	(18,006)
Total ICB Programme Costs	2,396,967	2,398,915	1,948	7,186,714	7,186,714	0
<u>Admin</u>						
Running Costs	19,626	19,627	0	58,880	58,880	(0)
Total ICB Admin Costs	19,626	19,627	0	58,880	58,880	(0)
(Surplus) / Deficit	10,801	0	(10,801)	32,404	0	(32,404)
Total In Year ICB Financial Position	2,427,395	2,418,542	(8,853)	7,277,998	7,245,594	(32,404)

Table 2.1: ICB In Year Financial Position						
Month 4 - July 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Position at 'Place/Area' level						
North Cumbria	31,676	31,176	(500)	101,032	99,432	(1,600)
North Cumbria Area	31,676	31,176	(500)	101,032	99,432	(1,600)
Newcastle	39,660	40,348	688	119,417	123,416	4,000
Gateshead	28,552	28,015	(537)	86,494	85,537	(957)
North Tyneside	18,871	18,414	(457)	57,041	56,506	(536)
Northumberland	30,124	31,248	1,125	96,017	99,756	3,739
North Area	117,207	118,026	819	358,968	365,215	6,247
County Durham	51,667	51,596	(71)	163,047	164,225	1,178
South Tyneside	13,426	13,269	(157)	48,010	47,605	(405)
Sunderland	28,199	26,944	(1,255)	91,956	90,712	(1,244)
Central Area	93,293	91,810	(1,483)	303,013	302,542	(471)
Tees Valley	80,513	80,865	352	255,610	259,099	3,488
Tees Valley (South) Area	80,513	80,865	352	255,610	259,099	3,488
System	2,104,706	2,096,666	(8,040)	6,259,374	6,219,307	(40,067)
Total ICB Financial Position	2,427,395	2,418,542	(8,853)	7,277,998	7,245,594	(32,404)

Table 3: ICS Efficiencies						
Month 4 - July 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	2,828	2,828	0	8,480	8,480	0
Community Healthcare	2,896	2,896	0	8,692	8,692	0
Primary Care (inc. Primary Co-Commissioning)	13,736	13,736	0	41,205	41,205	0
Continuing Healthcare	8,820	8,820	0	26,455	26,455	0
Other Programme Services	840	3,368	2,528	2,523	10,112	7,589
Unidentified	2,528	0	(2,528)	7,589	0	(7,589)
Total ICB Efficiencies	31,648	31,648	0	94,944	94,944	0
Of Which:						
Recurrent	15,480	15,480	0	46,441	46,441	0
Non Recurrent	16,168	16,168	0	48,503	48,503	0
Total ICB Efficiencies	31,648	31,648	0	94,944	94,944	0
Providers within system	71,544	69,914	(1,630)	313,416	310,517	(2,899)
Total Provider Efficiencies (within system)	71,544	69,914	(1,630)	313,416	310,517	(2,899)
Of Which:						
Recurrent	37,320	24,097	(13,223)	181,619	144,717	(36,902)
Non Recurrent	34,224	45,817	11,593	131,797	165,800	34,003
Total Provider Efficiencies (within system)	71,544	69,914	(1,630)	313,416	310,517	(2,899)
Total ICS Efficiencies	103,192	101,562	(1,630)	408,360	405,461	(2,899)
Of Which:						
Recurrent	52,800	39,577	(13,223)	228,060	191,158	(36,902)
Non Recurrent	50,392	61,985	11,593	180,300	214,303	34,003
Total ICS Efficiencies	103,192	101,562	(1,630)	408,360	405,461	(2,899)
ICS Efficiencies key points						
<p>The table above shows the efficiency targets set out in the ICS plan. For the ICB this is by ISFE category and at Month 4 the ICB is forecasting delivery in line with plan although this remains a considerable challenge given the scale of stretch efficiency targets included in plan. A risk of non-delivery of the full target is reflected within ICB financial risks and work continues through the Financial Sustainability Programme Group to review and manage delivery against plans.</p>						
<p>For providers within the system there is a YTD under-delivery against target of £1.6m and forecast under-delivery of £2.9m. The forecast outturn for recurrent efficiencies is an underachievement of £36.9m, largely mitigated by a forecast over delivery of non-recurrent schemes totalling £34.0m. As with the ICB, this represents a significant challenge given the increased efficiency targets in plan for 2023/24, and this is reflected within ICS risks.</p>						

Table 4: ICS Risks and Mitigations	
Risks and Mitigations	Reported Risk / Comments Mitigation
£000s	
ICB Risks	
Continuing Healthcare and s117 packages - risk around activity increases and fee rates	(3,828)
Prescribing	(21,075)
Potential additional IS activity pressures (Elective Recovery Fund gap)	(15,000)
Risk on efficiency delivery	(15,044) Risk on 3% stretch target for CHC and prescribing
Other	(4,272) Includes risk on premises costs
Total ICB risks identified	(59,219)
ICB Mitigations	
Expected reserves slippage	3,695
ERF funding to offset additional IS pressures	15,000 Assumed additional funding to offset risk above
Further internal flexibilities and efficiencies	7,251 In addition to existing efficiency plans
Impact of discretionary investment controls and other budget slippage	12,250
Total ICB mitigations identified	38,196
Net ICB unmitigated risks	(21,023)
System Risks	
ERF and other pay/non-pay provider risks	(336,472)
System Mitigations	
System Mitigations - identified	136,242 System working collaboratively to deliver plans but significant
System Mitigations - not yet identified	124,672 mitigations still to be identified
Total System mitigations	260,914
Net System unmitigated risks (providers)	(75,558)
Total Net ICS unmitigated risks	(96,581) Excluding mitigations not yet identified, total net ICS risk amounts to £221.2m