

Item: 14

REPORT CLASSIFICATION	✓	CATEGORY OF PAPER	✓
Official	✓	Proposes specific action	
Official: Sensitive Commercial		Provides assurance	✓
Official: Sensitive Personal		For information only	

BOARD	
3 JUNE 2025	
Report Title:	NENC ICB and ICS Finance Report – M12 2024/25
Purpose of report	
To provide an update on the financial performance of the North East and North Cumbria Integrated Care Board (NENC ICB) and NENC Integrated Care System (ICS) in the financial year 2024/25 for the year ended 31 March 2025.	
Key points	
<p><b>ICS Revenue Position:</b></p> <p>As at 31 March 2025, the ICS is reporting an overall outturn surplus of £0.38m. This remains subject to final audit.</p> <p>Across the ICS, total efficiencies of almost £521m, slightly behind plan, have been delivered. It should be noted however that the majority of these efficiencies were non-recurrent in nature, with an overall under-delivery of recurrent efficiencies of £60.5m (around 2% shortfall).</p> <p><b>ICB Revenue Position:</b></p> <p>As at 31 March 2025 the ICB is reporting an outturn surplus of £12.19m, in line with the forecast position reported last month. Again, this remains subject to audit.</p> <p>This includes an agreed improvement to the revised plan surplus (£3.6m) of £8.6m which helps to offset pressures elsewhere within provider positions.</p> <p><b>ICB Running Costs:</b></p> <p>The ICB is reporting a final underspend position against running cost budgets of £6m. As previously reported, an underspend on running cost budgets was expected in the current year as the full reduction in running cost allowance does not materialise until 2025/26. The underspend helps to mitigate pressures on programme budgets.</p> <p><b>ICS Capital:</b></p> <p>The ICS capital position includes the impact of IFRS16 (lease accounting), resulting in an outturn overspend of £1.96m which has been managed with NHSE at a regional level.</p>	

## 2025/26 Financial Planning:

A separate, more detailed, update on the financial and operational plan submission for 2025/26 was provided to private Board on 25 March 2025 prior to submission of the final plan to NHSE. The final submitted plan will be presented separately to public Board on 3 June 2025.

Following significant work across the system since the initial plan submission in February, a breakeven plan position was submitted for the ICS. This includes a final planned surplus for the ICB of £11.8m.

Although a breakeven plan has been submitted, as previously highlighted, 2025/26 is expected to be a very challenging year financially and there are significant financial risks to delivery of the plan.

The high level of non-recurrent benefits which were used to support the ICS financial position in 2024/25, combined with lower than average net growth (after convergence adjustment) and low levels of recurrent CIP in previous years mean that to deliver a balanced financial plan in 2025/26 will only be possible by the ICB and Providers taking very difficult decisions in relation to affordability and value.

The final submitted plan includes net risks across the system of £244m. This includes net risk of £33m for the ICB and £211m for providers. By comparison, total net risk (or 'unidentified mitigations') across the system in the 2024/25 plan submission was c£160m. Although this net risk in 2024/25 has ultimately been managed, this was largely through non-recurrent means and one-off opportunities which are not expected to be available to same level in 2025/26.

## Risks and issues

A number of risks have been successfully managed across the system during 2023/24. Significant underlying recurrent financial pressures continue to be evident which present a material challenge to delivery of balanced financial plans for 2024/25.

All outturn figures reported here remain draft and subject to audit.

Work is continuing on updating the medium term financial plan across the ICS and delivery of related financial recovery plans and programmes via the System Recovery Board working closely with the Provider Collaborative.

## Assurances and supporting documentation

ICB finance teams will monitor and report monthly on the risks noted above. This will include actions being taken to mitigate these risks.

The ICB Chief Finance Officer meets monthly with the ICS Directors of Finance to review the ICS finance position.

The financial and workforce position of both the ICB and the wider ICS will continue to be reviewed in detail on a monthly basis by the Finance, Investment and Performance Committee and the ICB Executive Committee.

The System Recovery Board will continue to oversee the delivery of the agreed financial recovery programme and receive assurance on the delivery of organisational efficiency plans including workforce. A dedicated ICS transformation director supporting financial recovery has also recently been appointed to support the delivery of the efficiency programme across the system.

## Recommendation/action required

The Board is asked to:

- note the draft outturn financial position for 2024/25,
- note the position on 2025/26 financial plans which will be presented separately to Board.

## Acronyms and abbreviations explained

ARRS – Primary Care Networks Additional Roles Reimbursement Scheme

BPPC – Better Payment Practice Code

CHC – Continuing Healthcare

ERF – Elective Recovery Fund

FT – NHS Provider Foundation Trust

ISFE – Integrated Single Financial Environment (financial ledger system)

MHIS – Mental Health Investment Standard NHSE – NHS England QIPP – Quality, Innovation, Productivity and Prevention POD – Pharmacy, Ophthalmic and Dental YTD – Year to Date						
<b>Sponsor/approving executive director</b>	David Chandler, Chief Finance Officer					
<b>Date approved by executive director</b>	09.05.25					
<b>Report author</b>	Richard Henderson, Director of Finance (Corporate) Anthea Thompson, Senior Finance Manager					
<b>Link to ICP strategy priorities</b> (please tick all that apply)						
Longer and Healthier Lives						
Fairer Outcomes for All						
Better Health and Care Services	✓					
Giving Children and Young People the Best Start in Life						
<b>Relevant legal/statutory issues</b>						
Note any relevant Acts, regulations, national guidelines etc						
<b>Any potential/actual conflicts of interest associated with the paper?</b> (please tick)	<b>Yes</b>		<b>No</b>	✓	<b>N/A</b>	
<b>Equality analysis completed</b> (please tick)	<b>Yes</b>		<b>No</b>		<b>N/A</b>	✓
<b>If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken?</b> (please tick)	<b>Yes</b>		<b>No</b>	✓	<b>N/A</b>	
<b>Essential considerations (must be completed)</b>						
<b>Financial implications and considerations</b>	The report summarises the latest financial position for both the ICB and ICS.					
<b>Contracting and Procurement</b>	N/A					
<b>Local Delivery Team</b>	N/A					
<b>Digital implications</b>	N/A					
<b>Clinical involvement</b>	N/A					
<b>Health inequalities</b>	N/A					
<b>Patient and public involvement</b>	N/A					
<b>Partner and/or other stakeholder engagement</b>	Position reviewed with system partners via Directors of Finance and Chief Executive meetings and there will be continued engagement with other stakeholders in relation to efficiency programmes.					
<b>Other resources</b>	N/A					

## Version Control

Version	Date	Author	Update comments
1.0	09/05/25	Richard Henderson	Updated based on final exec committee report
2.0	09/05/25	David Chander	Final