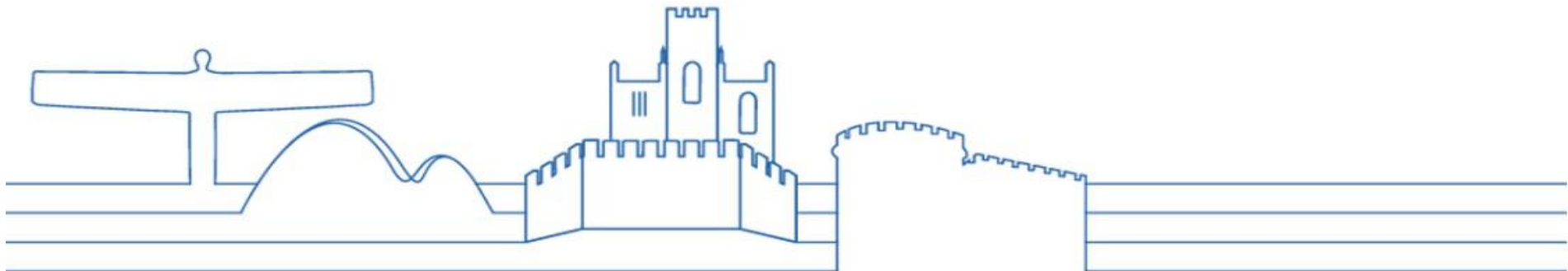




**North East and
North Cumbria**

NENC ICB

Finance Report for the period ending 31st January 2023



Executive Summary						
M10 - January 2023			YTD	Forecast		
Key Statutory Financial Duties	Overall ICS 2022/23 In Year Financial Position - (Surplus) / Deficit					
	For the financial year 2022/23 the ICS, including the Q1 position of the NENC CCGs, is on track to deliver the planned breakeven position reporting a small surplus of £0.4m at Month 10	Plan	£6.29 m	£0.00 m		
		Actual	£19.06 m	(£0.38) m		
	Overall ICB 2022/23 In Year Financial Position - (Surplus) / Deficit					
	Overall ICB 2022/23 In Year Financial Position prior to retrospective funding - (Surplus) / Deficit			Plan	(£1.75) m	(£2.63) m
	The ICB is reporting a year to date variance of £6.61m and an outturn variance of £6.20m, prior to expected retrospective funding adjustments of £8.93m - Deficit / (Surplus)	Actual	£6.61 m	£6.20 m		
	Expected ICB 2022/23 In Year Financial Position after retrospective funding - (Surplus) / Deficit			Plan	(£1.75) m	(£2.63) m
	The ICB is reporting an outturn variance of £2.74m, after expected retrospective funding adjustments of £8.93m, an improved position of £0.1m against the planned surplus of £2.63m - Deficit / (Surplus)	Actual	£4.09 m	(£2.74) m		
	ICB Running Costs Position - July 2022 to March 2023					
	The ICB is reporting a year to date and forecast outturn underspend of £2.48m and £3.93m respectively, compared with the submitted financial plan	Plan	£34.78 m	£46.06 m		
	Actual	£32.30 m	£42.12 m			
	Variance	(£2.48) m	(£3.93) m			
Overall ICS 2022/23 Capital Funding						
The ICS is reporting a forecast outturn against the capital allocation in line with plan for primary care and £4.74m over on provider capital. At Month 10 there is a year to date underspend against the capital allocation of £57m.	Allocation	£175.78 m	£201.89 m			
	Actual	£118.78 m	£206.63 m			
	Variance	(£57.00) m	£4.74 m			
Other Financial Performance Metrics	Overall ICS 2022/23 QIPP/Efficiency			Plan	£202.85 m	£248.83 m
	The ICS is reporting year to date QIPP savings of £188.26m and forecast savings of £241.94m with the ICB delivering £48.46m which is slightly over the submitted QIPP/Efficiency plan. Providers are currently forecasting an under-delivery against target of £6.92m.	Actual	£188.26 m	£241.94 m		
		Variance	(£14.59) m	(£6.89) m		
	Overall 2022/23 Mental Health Investment Standard (MHIS)				6.68%	6.68%
	The ICB is on track to achieve the MHIS target for 2022/23 (growth in spend of 6.68%), the target now includes the impact of the pay award and additional uplift.					
	Cash				0.20%	<1.25%
The ICB cash balance for January is 0.2% and within the target set by NHS England of <1.25% of the monthly cash drawdown.						
BPPC				by volume	by value	
The BBPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days	NHS		99.71%	100.00%		
	Non NHS		99.08%	99.28%		

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2022/23 for the period to 31st January 2023.

The ICB is currently reporting a forecast outturn deficit of £6.2m, prior to expected retrospective central funding of £8.9m relating to the Primary Care Additional Roles Reimbursement Scheme (ARRS). Once this funding is received, the ICB will report a forecast surplus of £2.7m against a planned surplus of £2.6m.

In previous months the ICB forecast surplus was increased by £3.0m in order to offset a forecast deficit across NHS providers. Following further work to review the position and potential risks across the system, revised forecast outturns have been agreed for each organisation within the ICS. This has resulted in the ICB position reducing back in line with plan. The latest ICB forecast, together with a favourable forecast variance across NHS providers of £0.3m has resulted in an overall forecast surplus for the ICS of £0.4m.

The main factors driving the ICB position are:

- Acute overspend mainly relating to Independent Sector provider activity where Elective Recovery Fund income has not been assumed
- Mental Health overspend in particular pressures on s117 packages and specialist packages of care, although this is reduced from the previous month
- Continuing Healthcare pressures, in particular backdated high cost packages of care partially mitigated by release of prior year accruals now reconciliations are finalised
- Prescribing overspend based on latest Prescription Pricing Data with significant cost pressure arising from continued impact of price concessions and Cat M impacts
- Management of reserves to balance overall ICB position and release of non-recurring benefits across a number of budget areas

The financial plan of the ICB required an overall efficiency target of £48.4m and the ICB is on track to deliver this.

The ICB is on track to deliver the Mental Health Investment Standard, the target investment has increased from 5.26% to 6.68% and now includes the impact of the pay award and additional inflationary uplift.

NHS Providers remain on block contracts for 2022/23, this arrangement gives the ICB certainty over the expenditure associated with these contracts for the year. NHS expenditure accounts for approximately 65% of total ICB expenditure.

The main areas of risk and uncertainty for the ICB arises from non nhs activity, including in particular prescribing and continuing healthcare costs.

There are still some limitations with the data available for many of the 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.

For month 10 the ICB is forecasting expenditure of £5.6m against the additional £200m of national discharge funding which the ICB will need to drawdown from NHSE central funds. Neither the income nor associated expenditure are included in the reported position in this finance report.

Whilst the ICB has reported a forecast in line with plan, a number of potential financial risks have been identified, totalling £9m. This includes in particular potential risks around prescribing, continuing healthcare and independent sector acute activity, linked to the elective recovery programme.

Mitigations have been identified to manage the majority of potential risks, and for month 10 there is no unmitigated risk within the ICB. A number of potential risks to the wider ICS financial position have also been identified for NHS provider trusts, with unmitigated financial risk assessed at £7m. Total unmitigated risk has reduced significantly from the previous month (£17m) as additional mitigations have been identified, including additional funding expected from NHSE to support system pressures. Work is continuing across the system to review potential pressures and manage the remaining potential risk.

Table 1: ICB Financial Position

Month 10 - January 2023	YTD Plan	YTD Actual	YTD Variance	2022/23 Annual Plan	2022/23 Forecast Outturn	2022/23 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Revenue Resource Limit	(3,919,259)			(5,104,564)		
Programme						
Acute Services	1,986,124	2,003,898	17,774	2,545,999	2,569,195	23,195
Mental Health Services	473,081	477,070	3,989	609,679	613,442	3,763
Community Health Services	387,223	377,185	(10,038)	496,478	489,068	(7,409)
Continuing Care	232,090	233,565	1,476	300,420	303,535	3,116
Prescribing	333,535	348,015	14,480	427,842	442,908	15,066
Primary Care	65,618	60,232	(5,386)	86,827	79,018	(7,808)
Primary Care Co-Commissioning	324,399	330,642	6,243	418,894	426,874	7,981
Other Programme Services	32,392	31,985	(406)	44,459	44,258	(201)
Other Commissioned Services	16,614	16,685	71	21,406	20,895	(511)
Programme Reserves	13,505	(299)	(13,804)	81,650	61,944	(19,705)
Contingency	3,563	0	(3,563)	4,725	0	(4,725)
Total ICB Programme Costs	3,868,145	3,878,980	10,835	5,038,377	5,051,139	12,762
Admin						
Running Costs	34,781	32,304	(2,477)	46,055	42,123	(3,932)
Total ICB Admin Costs	34,781	32,304	(2,477)	46,055	42,123	(3,932)
(Surplus) / Deficit	1,750	0	(1,750)	2,632	0	(2,632)
Total In Year ICB Financial Position	3,904,676	3,911,283	6,608	5,087,064	5,093,262	6,198
Central Funding expected for ARRS costs	2,517	0	(2,517)	8,934	0	(8,934)
Total In Year ICB Financial Position after expected retrospective funding	3,907,193	3,911,283	4,091	5,095,998	5,093,262	(2,736)
Cumulative Surplus Position for information:						
Historic (Surplus) / Deficit	14,583	0	(14,583)	17,500	0	(17,500)
Total Cumulative ICB Financial Position	3,921,776	3,911,283	(10,492)	5,113,498	5,093,262	(20,236)

Table 1.1: ICB In Year Financial Position

Month 10 - January 2023	YTD Plan	YTD Actual	YTD Variance	2022/23 Annual Plan	2022/23 Forecast Outturn	2022/23 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Financial Position at 'Place/Area' level</u>						
North Cumbria	393,539	405,857	12,318	510,359	524,279	13,920
North Cumbria Area	393,539	405,857	12,318	510,359	524,279	13,920
Newcastle	429,692	427,121	(2,571)	551,984	549,521	(2,463)
Gateshead	336,049	333,627	(2,422)	434,196	431,884	(2,312)
North Tyneside	243,851	240,736	(3,115)	313,211	309,365	(3,846)
Northumberland	368,779	371,827	3,048	474,370	478,581	4,212
North Area	1,378,371	1,373,310	(5,060)	1,773,759	1,769,351	(4,409)
County Durham	658,950	658,774	(176)	856,638	853,902	(2,735)
South Tyneside	195,279	191,330	(3,949)	251,727	247,682	(4,045)
Sunderland	352,769	351,485	(1,284)	455,780	453,444	(2,336)
Central Area	1,206,998	1,201,589	(5,410)	1,564,145	1,555,028	(9,117)
Tees Valley	806,301	814,582	8,281	1,044,483	1,052,165	7,682
Tees Valley (South) Area	806,301	814,582	8,281	1,044,483	1,052,165	7,682
System	121,983	115,945	(6,039)	203,252	192,439	(10,813)
Total ICB Financial Position excl. Allocations	3,907,193	3,911,283	4,091	5,095,998	5,093,262	(2,736)

Table 2: Overall ICS (Surplus) / Deficit

Month 10 - January 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)						
Q1 CCG	22,903	0	(22,903)	22,903	0	(22,903)
Q2-Q4 ICB	(24,653)	6,608	31,261	(25,536)	6,198	31,734
Total In Year ICB Position	(1,750)	6,608	8,358	(2,633)	6,198	8,831
Central Funding expected for ARRS costs	0	(2,517)	(2,517)		(8,934)	(8,934)
Total In Year ICB Position after central funding	(1,750)	4,091	5,841	(2,633)	(2,736)	(103)
NENC Providers	8,044	14,973	6,929	2,633	2,359	(274)
Total Provider Position	8,044	14,973	6,929	2,633	2,359	(274)
Total ICS Financial Position 2022/23	6,294	19,064	12,770	0	(377)	(377)

Table 3: ICS Efficiencies						
Month 10 - January 2023	YTD Plan	YTD Actual	YTD Variance	2022/23 Annual Plan	2022/23 Forecast Outturn	2022/23 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	2,058	2,058	0	2,650	2,650	0
Community Healthcare	6,785	6,785	0	8,144	8,144	0
Primary Care (inc. Primary Co-Commissioning)	13,821	13,016	(805)	16,592	15,787	(805)
Continuing Healthcare	16,848	18,443	1,595	20,229	21,062	833
Other Programme Services	678	678	0	818	818	0
Total ICB Efficiencies	40,190	40,980	790	48,433	48,461	28
Of Which:						
Recurrent	14,398	15,993	1,595	17,280	18,115	835
Non Recurrent	25,792	24,987	(805)	31,153	30,346	(807)
Total ICB Efficiencies	40,190	40,980	790	48,433	48,461	28
Providers within system	162,658	147,277	(15,381)	200,396	193,478	(6,918)
Total Provider Efficiencies (within system)	162,658	147,277	(15,381)	200,396	193,478	(6,918)
Of Which:						
Recurrent	99,461	46,271	(53,190)	124,103	59,647	(64,456)
Non Recurrent	63,197	101,005	37,808	76,293	133,830	57,537
Total Provider Efficiencies (within system)	162,658	147,277	(15,381)	200,396	193,478	(6,918)
Total ICS Efficiencies	202,848	188,257	(14,591)	248,829	241,939	(6,890)
Of Which:						
Recurrent	113,859	62,264	(51,595)	141,383	77,762	(63,621)
Non Recurrent	88,989	125,992	37,003	107,446	164,176	56,730
Total ICS Efficiencies	202,848	188,257	(14,591)	248,829	241,939	(6,890)
ICS Efficiencies key points						
The tables above shows the efficiency targets set out in the ICS plan. For the ICB this is by ISFE category and at Month 10 the ICB is forecasting a slight over-delivery against the efficiency target mainly due to CHC schemes partially offset by an under-delivery against prescribing schemes.						
For providers within the system there is a YTD under-delivery against target of £15.4m and forecast under-delivery of £6.92m. The forecast outturn for recurrent efficiencies is an underachievement of £64.46m and is partly mitigated by a forecast over delivery of non-recurrent schemes totalling £57.5m. Of the eleven providers within the ICS, there is now only one forecasting achievement of recurrent efficiencies. For the other providers the main reasons for under delivery include costs associated with COVID continuing longer than planned, continued use of agency staffing and delays in progressing development schemes.						

Table 4: ICS Risks and Mitigations			
Risks	Potential impact before mitigations	Mitigating actions	Potential impact after mitigations
	£000s		£000s
<u>ICB Risks</u>			
Continuing Healthcare - risk around activity increases and fee rates	(3,738)	NR measures / stretch efficiency	0
Prescribing	(3,588)	NR measures / stretch efficiency	0
Winter pressures including Covid Medicines Delivery Unit (CMDU) Surge and PC Extended Access	(1,025)	NR measures / stretch efficiency	0
Other (including backdated FNC, dom care rates & s117s)	(680)	NR measures / stretch efficiency	0
<u>System Risks</u>			
ERF and other pay/non-pay provider risks	(43,969)	System actively working collaboratively to develop plans to mitigate this risk	(7,000)
Total ICS Risks	(53,000)		(7,000)