



**North East and
North Cumbria**

NENC ICB

**Finance Report for the period ending
31st January 2026**

Executive Summary

| M10 - January 2026 | | YTD | Forecast | |
|--|--|-----------|------------|------------|
| Key Statutory Financial Duties | Overall ICS 2025/26 In Year Financial Position - (Surplus) / Deficit | | | |
| | For the financial year 2025/26 the ICS is reporting an improvement to YTD plan of £7.62m. On track to deliver a breakeven overall position for the year across the ICS. | Plan | £19.49 m | £0.00 m |
| | | Actual | £11.87 m | £0.00 m |
| | | Variance | (£7.62) m | £0.00 m |
| | Overall ICB 2025/26 In Year Financial Position - (Surplus) / Deficit | | | |
| | The ICB is reporting a year to date surplus of £23.03m, an improvement to plan of £13.16m and a forecast outturn surplus of £34.84m, a £23m improvement to plan to offset pressures elsewhere in the ICS. | Plan | (£9.87) m | (£11.84) m |
| | | Actual | (£23.03) m | (£34.84) m |
| | | Variance | (£13.16) m | (£23.00) m |
| | 2025/26 ICB Running Costs Position | | | |
| | The ICB is reporting an underspend against the running cost allowance of £5.85m year to date and a forecast underspend of £5.99m against plan. This improvement is to partially fund the redundancy costs reported as a pressure within programme spend. | Plan | £48.29 m | £58.99 m |
| | Actual | £42.44 m | £53.00 m | |
| | Variance | (£5.85) m | (£5.99) m | |
| Overall ICS 2025/26 Capital Funding | | | | |
| The ICS is reporting a £12.1m forecast outturn overspend against the capital allocation, where providers have included additional spend for allocations that have not been received yet and are expected at month 11 which will bring the position back in line. | Allocation | £138.60 m | £338.49 m | |
| | Actual | £142.04 m | £350.58 m | |
| | Variance | £3.44 m | £12.09 m | |
| Other Financial Performance Metrics | Overall ICS 2025/26 Efficiency | Plan | £476.33 m | £593.87 m |
| | The ICS is reporting year to date efficiency savings of £459.39m and forecast savings of £572.88m, with the ICB forecasting delivery of £126.1m, this is in line with plan. Providers are currently forecasting under-delivery of efficiencies of £21m overall with a £70.9m under-delivery on recurrent efficiencies at month 10. | Actual | £459.39 m | £572.88 m |
| | | Variance | (£16.95) m | (£20.99) m |
| | Overall 2025/26 Mental Health Investment Standard (MHIS) | | 4.99% | 4.93% |
| | The ICB is on track to achieve the MHIS target for 2025/26 (growth in spend of 4.93%). | | | |
| | Cash | | 0.34% | <1.25% |
| The ICB cash balance for January is 0.34% and within the target set by NHS England of <1.25% of the monthly cash drawdown. | | | | |
| BPPC | | by volume | by value | |
| The BPPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days | NHS | 99.59% | 100.00% | |
| | Non NHS | 99.58% | 99.63% | |

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2025/26 for the period to 31st January 2026.

For month 10, the overall reported ICS financial position is a year to date deficit of £11.87m compared to a planned deficit of £19.49m. The favourable variance to plan of £7.62m is an improvement from last month, largely reflecting a movement in the ICB position. There are a number of pressures in provider positions including the impact of industrial action and under-delivery of efficiency plans, with work ongoing across all organisations to support delivery of efficiency plans and improve delivery of recurrent efficiencies in particular.

The ICS is forecasting delivery of the planned breakeven position at the end of the year. At month 10, after following the NHSE Protocol for changes to in-year revenue financial forecast, approval was given for one provider to deteriorate its forecast position by £24m. A complete variance analysis, review of uncommitted expenditure, and a robust recovery plan were undertaken and all reasonable mitigation actions exhausted. This deterioration has been offset by improvements in other organisations, in particular the ICB now reporting a £34.8m surplus for the year (£23m improvement to plan). A number of non-recurrent benefits have been realised in-year which have enabled the improvement in the ICB position, including receipt of additional non-recurring funding, paused investments through discretionary spend controls and demand management actions.

Recurrent pressures continue to be seen in the ICB within mental health budgets for ADHD/ASD assessments at non-NHS providers, with a forecast overspend of £18.4m which is currently being managed through reserves, together with growth in elective activity and pressures on all age continuing care budgets and prescribing costs based on the latest information available. These are largely being offset through non-recurrent benefits in the current year.

For 2025/26, there is no longer a separate IFRS 16 CDEL budget, and the overall provider operational capital budget includes CDEL cover for IFRS 16 requirements. At month 10, the ICS is reporting a slight YTD overspend against capital and a forecast overspend of £12.1m where providers have included additional spend for allocations that have not been received yet and are expected at month 11 which will bring the position back in line. The ICB is forecasting a £0.9m underspend against GPIT and estates schemes.

The ICB is on track to deliver the Mental Health Investment Standard, with growth in relevant spend of 4.93% (at Month 10 is 4.99%).

The main areas of risk and uncertainty for the ICB continue to be prescribing, packages of care and independent sector activity, these areas are subject to the usual delay by up to two months for activity-based contracts being confirmed and outcomes of local authority reconciliations. In turn this creates a level of risk and uncertainty in the forecast position.

The financial plan for 2025/26 included overall financial risks of £437m across the ICS. Mitigations identified totalled £193m leaving a net risk position of £244m within the financial plan. At month 10, gross risks have reduced to £87.8m and total net risk of £22.1m. The ICB has a zero net risk position with potential pressures around prescribing, continuing healthcare and elective activity costs being offset by identified mitigations.

Work is continuing across the system to review the position, seek to identify mitigations and collectively work to manage potential risks, with good progress made and confidence currently that the overall forecast position can be delivered. Work continues on respective medium term financial plans across the ICS and delivery of related financial recovery plans via the System Recovery Board. Actions agreed at the October finance, performance and workforce review session with Chairs and executive director colleagues across the system continue to be monitored by the System Recovery Board.

Table 1: Overall ICS (Surplus) / Deficit

| Month 10 - January 2026 | 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) | (9,868) | (23,025) | (13,158) | (11,841) | (34,841) | (23,000) |
| Total In Year ICB Position | (9,868) | (23,025) | (13,158) | (11,841) | (34,841) | (23,000) |
| NENC Providers | 29,358 | 34,898 | 5,540 | 11,841 | 34,841 | 23,000 |
| Total Provider Position | 29,358 | 34,898 | 5,540 | 11,841 | 34,841 | 23,000 |
| Total ICS Financial Position 2025/26 | 19,490 | 11,873 | (7,618) | 0 | 0 | 0 |

Table 2: ICB Financial Position

| Month 10 - January 2026 | YTD Plan | YTD Actual | YTD Variance | 2025/26 Annual Plan | 2025/26 Forecast Outturn | 2025/26 Forecast Variance |
|---|--------------------|--------------------|-----------------|---------------------------|--------------------------------|---------------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Programme | | | | | | |
| Acute Services | 3,475,280 | 3,478,749 | 3,469 | 4,133,956 | 4,141,549 | 7,593 |
| Mental Health Services | 836,580 | 844,023 | 7,444 | 1,002,429 | 1,017,814 | 15,385 |
| Community Health Services | 621,263 | 615,774 | (5,489) | 747,070 | 744,178 | (2,892) |
| Continuing Care | 420,860 | 445,942 | 25,082 | 524,258 | 537,085 | 12,827 |
| Prescribing | 523,347 | 530,631 | 7,284 | 630,735 | 639,130 | 8,395 |
| Primary Care | 103,336 | 92,475 | (10,861) | 124,101 | 111,540 | (12,561) |
| Primary Care Co-Commissioning | 599,536 | 597,337 | (2,199) | 719,880 | 717,147 | (2,733) |
| Delegated – Pharmacy, Ophthalmic and Dental | 341,385 | 328,574 | (12,810) | 409,662 | 406,388 | (3,274) |
| Specialised Commissioning | 651,856 | 651,856 | 0 | 785,425 | 785,425 | (0) |
| Other Programme Services | (13,207) | (9,729) | 3,478 | 2,530 | 7,948 | 5,418 |
| Other Commissioned Services | 26,449 | 24,921 | (1,528) | 31,834 | 30,009 | (1,825) |
| Programme Reserves | 118,033 | 96,852 | (21,181) | 145,464 | 102,114 | (43,350) |
| Total ICB Programme Costs | 7,704,717 | 7,697,406 | (7,311) | 9,257,342 | 9,240,327 | (17,015) |
| Admin | | | | | | |
| Running Costs | 48,286 | 42,440 | (5,846) | 58,987 | 53,002 | (5,985) |
| Total ICB Admin Costs | 48,286 | 42,440 | (5,846) | 58,987 | 53,002 | (5,985) |
| Total ICB Expenditure | 7,753,003 | 7,739,846 | (13,158) | 9,316,329 | 9,293,329 | (23,000) |
| Revenue Resource Limit | (7,762,871) | (7,762,871) | 0 | (9,328,170) | (9,328,170) | 0 |
| (Surplus) / Deficit | (9,868) | (23,025) | (13,158) | (11,841) | (34,841) | (23,000) |

Table 3: ICS Efficiencies

| Month 10 - January 2026 | YTD Plan | YTD Actual | YTD Variance | 2025/26 Annual Plan | 2025/26 Forecast Outturn | 2025/26 Forecast Variance |
|--|----------------|----------------|-----------------|---------------------|--------------------------|---------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| 1) Prescribing & MO Efficiencies | 15,640 | 18,030 | 2,390 | 18,765 | 20,766 | 2,001 |
| 2) Continuing Healthcare & Packages of Care | 25,740 | 22,578 | (3,162) | 30,886 | 27,488 | (3,398) |
| 3) Running Costs and Infrastructure | 4,273 | 4,273 | 0 | 4,273 | 4,273 | 0 |
| 4) Estates | 667 | 1,169 | 502 | 1,000 | 1,486 | 486 |
| 5) Service Reform Programmes | 27,489 | 29,060 | 1,571 | 37,200 | 38,114 | 915 |
| 6) Internal Flexibilities - Stretch | 31,802 | 31,611 | (191) | 33,990 | 33,989 | (1) |
| Total ICB Efficiencies | 105,610 | 106,720 | 1,110 | 126,114 | 126,116 | 3 |
| Of Which: | | | | | | |
| Recurrent | 54,004 | 58,000 | 3,996 | 64,412 | 69,999 | 5,587 |
| Non Recurrent | 51,607 | 48,720 | (2,886) | 61,702 | 56,118 | (5,584) |
| Total ICB Efficiencies | 105,610 | 106,720 | 1,110 | 126,114 | 126,116 | 3 |
| Providers within system | 370,724 | 352,668 | (18,057) | 467,756 | 446,765 | (20,991) |
| Total Provider Efficiencies (within system) | 370,724 | 352,668 | (18,057) | 467,756 | 446,765 | (20,991) |
| Of Which: | | | | | | |
| Recurrent | 250,445 | 179,590 | (70,855) | 320,427 | 230,784 | (89,643) |
| Non Recurrent | 120,279 | 173,078 | 52,799 | 147,329 | 215,981 | 68,652 |
| Total Provider Efficiencies (within system) | 370,724 | 352,668 | (18,057) | 467,756 | 446,765 | (20,991) |
| Total ICS Efficiencies | 476,335 | 459,388 | (16,947) | 593,870 | 572,882 | (20,988) |
| Of Which: | | | | | | |
| Recurrent | 304,449 | 237,590 | (66,859) | 384,839 | 300,783 | (84,056) |
| Non Recurrent | 171,886 | 221,798 | 49,912 | 209,031 | 272,099 | 63,068 |
| Total ICS Efficiencies | 476,335 | 459,388 | (16,947) | 593,870 | 572,882 | (20,988) |

ICS Efficiencies key points

The table above shows the efficiency targets set out in the ICS financial plan and forecast delivery against those targets.

For the ICB, the overall efficiency forecast shows a breakeven position and year to date over-delivery of £1.11m, although there continues to be risk around delivery of continuing healthcare efficiencies in particular.

For providers within the system there is a year to date under-delivery to plan overall of £18.1m (a deterioration to month 9 largely due to one provider), and includes an under-delivery of recurrent schemes of £70.9m partly offset by over-delivery of non recurrent schemes of £52.8m. At Month 10, the providers are forecasting an under-delivery of £21m against plan and is the main reason for the forecast movement in the providers position. As with the ICB, this represents a significant challenge given the increased efficiency targets in plan for 2025/26, and this is reflected within ICS risks.

Table 4: ICS Risks and Mitigations

| Risks and Mitigations | ICB 2025/26 | Provider Trusts 2025/26 | Total ICS 2025/26 |
|--|-----------------|-------------------------------|----------------------|
| | £000s | £000s | £000s |
| (Risks) / (Offsets to benefits): | | | |
| Additional cost risk (capacity, pressures, winter) | (12,464) | (26,766) | (39,230) |
| Additional cost risk (inflation) | 0 | (2,800) | (2,800) |
| Efficiency risk | (5,486) | (22,339) | (27,825) |
| Prescribing / CHC | (8,211) | 0 | (8,211) |
| Income risk (excl. ERF) | 0 | (9,700) | (9,700) |
| Total Risks | (26,161) | (61,605) | (87,766) |
| Mitigations / benefits: | | | |
| Additional cost control or income (excl. ERF) | 17,484 | 27,225 | 44,709 |
| Efficiency mitigation | 0 | 11,415 | 11,415 |
| Non-recurrent mitigations | 8,677 | 850 | 9,527 |
| Mitigations not yet identified | 0 | 22,115 | 22,115 |
| Total Mitigations | 26,161 | 61,605 | 87,766 |
| Total Net Risk (excluding ERF) | 0 | 0 | 0 |
| Total Unmitigated Net Risk | 0 | (22,115) | (22,115) |

Table 5: ICS Agency and Bank Spend

| Month 10 - January 2026 | YTD Plan | YTD Actual | YTD Variance | 2025/26 Annual Plan | 2025/26 Forecast Outturn | 2025/26 Forecast Variance |
|---|----------------|----------------|---------------|---------------------|--------------------------|---------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Total NENC Providers Agency Spend | 38,864 | 43,229 | 4,365 | 44,651 | 50,763 | 6,112 |
| System level agency ceiling | | | | | 48,120 | |
| <i>Forecast agency spend as % of agency ceiling</i> | | | | | <i>105.5%</i> | |
| Total NENC Providers Bank Spend | 125,717 | 151,436 | 25,720 | 148,409 | 179,161 | 30,751 |
| System level bank ceiling | | | | | 163,841 | |
| <i>Forecast bank spend as % of bank ceiling</i> | | | | | <i>109.4%</i> | |

ICS Agency and Bank Spend key points

Agency and bank spending limits have been set for 2025/26, with a system level agency ceiling for NENC ICS of £48.12m and bank ceiling of £163.84m for 2025/26 . As part of the final agreed plan for 2025/26 there is a commitment across the ICS to reduce agency spending by 30% and bank spending by 10% from current spending based on 2024/25 M08 forecast.

At month 10, forecast agency spend is £6.1m above plan which is slightly higher than the system level agency ceiling by £2.6m. For the forecast bank spend this is significantly higher than the ceiling of system level bank by £15.3m. The increase in bank spend is offset by reduced overtime costs, providing a more cost effective alternative.

Work is continuing across the system to manage agency and bank spend as far as possible, in a safe and effective manner, including review of a collaborative bank model.

Table 6: ICS Capital Funding 2025/26

| Month 10 - January 2026 | YTD Plan | YTD Actual | YTD Variance | 2025/26 Capital Allocation | 2025/26 Forecast Outturn | 2025/26 Forecast Variance |
|--|----------------|----------------|--------------|----------------------------|--------------------------|---------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Capital position including IFRS 16: | | | | | | |
| Provider Capital | | | | | | |
| 2025/26 Provider Capital Position including IFRS16 | 132,214 | 135,656 | 3,442 | 330,459 | 343,433 | 12,974 |
| ICB Capital (held by NHSE): | | | | | | |
| GPIT | 5,458 | 5,458 | 0 | 6,302 | 5,459 | (843) |
| Primary Care Estates Schemes | 928 | 928 | 0 | 928 | 887 | (41) |
| Other Capital Grants | 0 | 0 | 0 | 800 | 800 | 0 |
| Total ICB Capital (held by NHSE) | 6,386 | 6,386 | 0 | 8,030 | 7,146 | (884) |
| Provider capital shown as ICB within plan | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Charge Against Capital Allocation including IFRS 16 | 138,600 | 142,042 | 3,442 | 338,489 | 350,579 | 12,090 |
| ICB Primary Care Utilisation Fund | 0 | 0 | 0 | 0 | 6,189 | 6,189 |

ICS Capital Spend key points

The confirmed ICS system capital allocation for 2025/26 (including IFRS16) stands at £338m.

At M10 the system is reporting a forecast overspend of £12.1m, where providers have included in their forecast additional funding (mainly £10m in CNTW and transfers from Return to Constitutional Standards funding to Operational Capital) which is not yet part of allocations. It is expected the allocations will be received at M11 which will bring the position back in line. An exercise will be carried out across the system ahead of M11 to fully review each organisations capital position. The ICB is forecasting a £0.9m underspend against GPIT and estates schemes.

In addition to the expenditure against the allocation there is £6.2m forecast expenditure against the Primary Care Utilisation Fund.

Table 7: ICB Underlying Position 2025/26

| Month 10 - January 2026 | 2025/26 ICB Allocation | 2025/26 Forecast Outturn | 2025/26 Surplus / (deficit) Forecast |
|--|------------------------------|--------------------------------|---|
| | £000s | £000s | £000s |
| 2025/26 Forecast | (9,328,170) | 9,293,329 | 34,841 |
| Remove Non-recurrent items: | | | |
| Remove forecast non-recurring efficiencies | 0 | 56,118 | (56,118) |
| Remove forecast deficit support funding (non-recurrent funding) | 33,314 | (33,314) | 0 |
| Non-recurring redundancy costs (estimated costs to be funded from in-year savings) | | (5,400) | 5,400 |
| Full year effects (FYE): | | | |
| FYE of recurring efficiencies - cash out | | (1,000) | 1,000 |
| FYE of planned investments (ARI hubs) | | 300 | (300) |
| Other impacts: | | | |
| Non-recurring support with NHS Intra system providers (agreed non-recurrently in 25/26 plan) | | (49,000) | 49,000 |
| Non-recurring management of in-year pressures including ADHD & ASD assessments, CHC activity and fee setting pressures and prescribing (weight loss drugs) | | 31,826 | (31,826) |
| Non-recurring improvement of position - management of IS activity, ADHD/ASD and paused investments | | 23,000 | (23,000) |
| 2025/26 ICB Underlying Position | (9,294,856) | 9,315,859 | (21,003) |
| System adjustment: | | | |
| Deficit support funding (DSF) top up NR support with NHS Intra system providers | | (16,586) | 16,586 |
| 2025/26 ICB Underlying Position included within ICS Underlying Position | (9,294,856) | 9,299,273 | (4,417) |

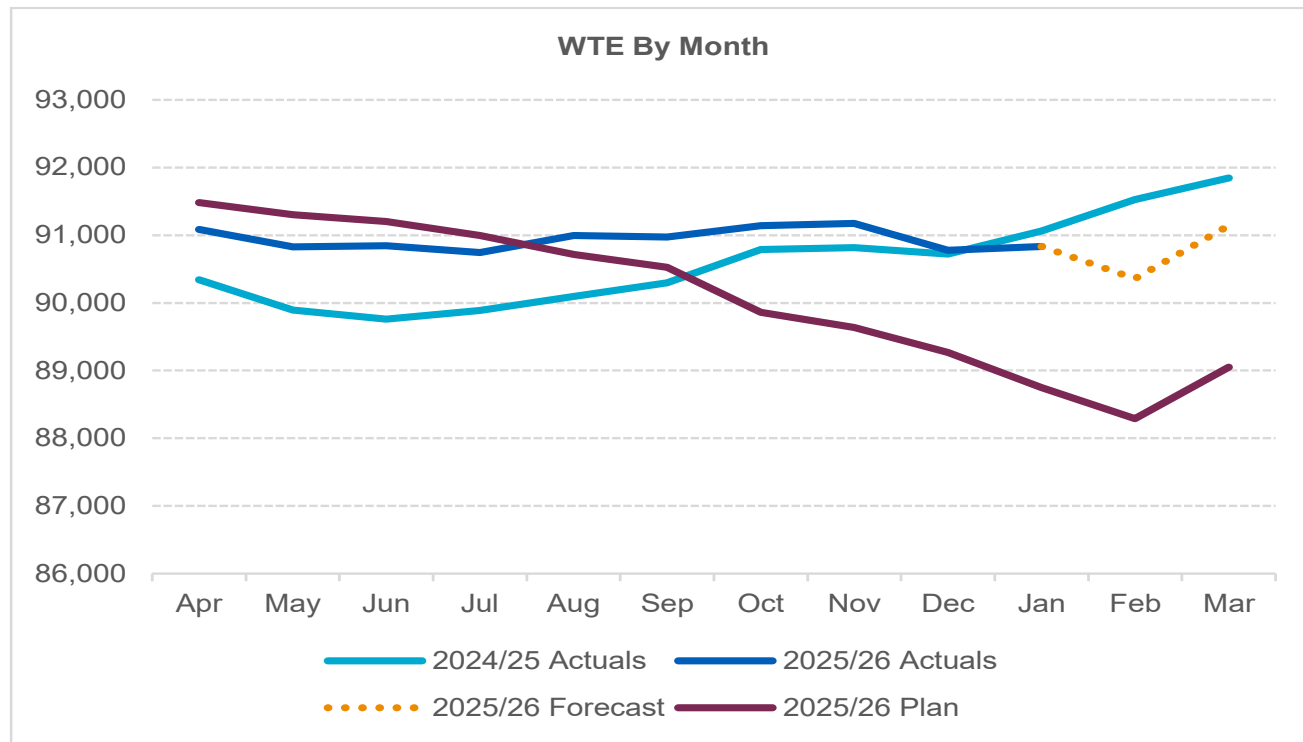
ICB Underlying Position

Although the ICB is forecasting an overall surplus of £34.8m for 2025/26, the estimated underlying position as at month 10 is a deficit of £4.4m. This includes a system adjustment to remove deficit support funding top up of £16.6m which has been recurrently protected within the ICB but is treated as non-recurrent income in provider positions, therefore has been adjusted to ensure the overall ICS underlying deficit is not overstated. Ignoring that system adjustment, the underlying position of the ICB as an individual organisation would be a deficit of £21m, similar to the previous month.

The underlying position is a measure of the true recurring financial performance excluding one-off or non-recurrent items that can distort the reported in-year position. The overall forecast position has been adjusted to remove the impact of non-recurrent items and reflect full year effect of recurrent efficiencies and other expenditure. Adjustments include:

- Remove total forecast non-recurrent efficiencies (£56.0m) and remove estimated non-recurrent redundancy costs which were expected to be funded from in-year savings
- Adjust for full year effect of recurrent efficiencies and planned investments
- As part of the final 25/26 plan a total of £49m of non-recurring funding was agreed to support providers, as this was agreed on a non-recurrent basis this would improve the ICB underlying position (although it would not improve the system position), and is the same for the £16.6m deficit support funding top-up.
- Conversely, a number of recurrent cost pressures including ADHD/ASD assessments and CHC costs, totalling £33.0m, are currently being offset by one-off technical benefits which therefore worsens the underlying position.

Table 8: NENC Whole Time Equivalent (WTE) Forecast



- NENC WTE forecast indicates a divergence between planned and actual workforce trends for 2025/26.
- Plan projected a significant reduction in WTE from around 91,000 in April 2025 to below c88,750 by January 2026. Actual figures have instead shown steady growth, forecasting c91,000 by March 2026.

| NENC Workforce Summary vs Plan: January 2026 (YTD) | Workforce WTE | | | Vacancies | | YTD Spend £000s | | | |
|---|---------------|---------------|-------------|---------------|----------------|------------------|----------------------|----------------|-------------|
| | Actual (WTE) | Plan (WTE) | % Diff | WTE Vacancies | Vacancy Rate % | YTD Spend £000s | Plan YTD Spend £000s | Variance £000s | % Variance |
| Total | 90,834 | 88,750 | 2.3% | 4,396 | 4.8% | 4,455,727 | 4,382,763 | 72,964 | 1.7% |