



**North East and
North Cumbria**

NENC ICB

**Finance Report for the period ending
31st July 2024**

Executive Summary

M04 - July 2024		YTD	Forecast	
Key Statutory Financial Duties	Overall ICS 2024/25 In Year Financial Position - (Surplus) / Deficit			
	For the financial year 2024/25 the ICS is reporting a slight deterioration to YTD plan of 1.72m, however is on track to deliver the approved planned deficit position of £49.95m at Month 4.	Plan	£36.95 m	£49.95 m
		Actual	£38.67 m	£49.94 m
		Variance	£1.72 m	(£0.01) m
	Overall ICB 2024/25 In Year Financial Position - (Surplus) / Deficit			
	The ICB is reporting a year to date surplus of £18.23m, a slight improvement to plan of £0.36m, and a forecast outturn surplus of £53.60m in line with plan.	Plan	(£17.87) m	(£53.60) m
		Actual	(£18.23) m	(£53.60) m
		Variance	(£0.36) m	(£0.00) m
	2024/25 ICB Running Costs Position			
	The ICB is reporting an underspend against the running cost allowance of £1.58m year to date and £2.91m forecast underspend for the year.	Plan	£14.95 m	£50.31 m
	Actual	£13.37 m	£47.41 m	
	Variance	(£1.58) m	(£2.91) m	
Overall ICS 2024/25 Capital Funding				
The ICS is reporting a forecast outturn overspend against the capital allocation of £9.11m, relating to 5% 'over-programming'.	Allocation	£47.29 m	£213.46 m	
	Actual	£37.81 m	£222.57 m	
	Variance	(£9.49) m	£9.11 m	
Other Financial Performance Metrics	Overall ICS 2024/25 Efficiency	Plan	£134.98 m	£520.80 m
	The ICS is reporting year to date efficiency savings of £132.06m and forecast savings of £520.8m, with the ICB forecasting delivery of £117.7m in line with the submitted efficiency plan. Providers are currently forecasting delivery of efficiencies in line with plan (YTD £1.7m under delivery).	Actual	£132.06 m	£520.80 m
		Variance	(£2.92) m	£0.00 m
	Overall 2024/25 Mental Health Investment Standard (MHIS)		4.00%	4.00%
	The ICB is on track to achieve the MHIS target for 2024/25 (growth in spend of 4.0%).			
	Cash		0.21%	<1.25%
	The ICB cash balance for July is 0.21% 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	98.85%	99.99%	
	Non NHS	97.54%	98.49%	

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2024/25 for the period to 31st July 2024.

The final agreed ICS annual plan for 2023/24 is a deficit of £49.95m. At month 4, the overall ICS financial position is a year to date deficit of £38.67m compared to a planned deficit of £36.95m. This adverse variance of £1.72m reflects pressures in provider positions relating to costs associated with industrial action, drugs and devices, escalation beds and under-delivery of efficiency target. This is an improved position compared to month 3 (adverse variance of £3.8m) and is expected to be managed back in line with plan by the end of the year, hence the forecast ICS position is a deficit of £49.95m.

The ICB is currently reporting a year to date surplus of £0.36m (slight improvement to plan) and a forecast surplus for the year of £53.60m 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 £9.11m 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 4%.

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, packages of care and other activity based contract information. This adds a level of risk and uncertainty to the reported forecast outturn position.

The financial plan for 2024/25 included total financial risks of £417.4m across the ICS. Mitigations identified totalled £256.4m with mitigations yet to be identified of £161m. At Month 4, it is estimated the unmitigated risk has reduced to £98m which continues to present a significant potential risk to delivery of the planned position. For the ICB this includes in particular potential pressures around prescribing and continuing healthcare costs, as well as delivery of challenging efficiency targets. Following changes to the monthly NHSE finance returns, further work is being undertaken on run rate and risk and mitigation positions across the ICS to inform the month 5 report.

Work is continuing across the system to review the position, seek to identify mitigations and collectively work to manage potential risks. Work continues on the medium term financial plan across the ICS and delivery of related financial recovery plans via the System Recovery Board. To support delivery of the financial position, an independent review of financial grip and control measures across all organisations within the ICS is being undertaken, the scope of which is currently being finalised.

Table 1: Overall ICS (Surplus) / Deficit

Month 04 - July 2024	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)	(17,867)	(18,227)	(360)	(53,602)	(53,602)	(0)
Total In Year ICB Position	(17,867)	(18,227)	(360)	(53,602)	(53,602)	(0)
NENC Providers	54,821	56,897	2,077	103,555	103,547	(8)
Total Provider Position	54,821	56,897	2,077	103,555	103,547	(8)
Total ICS Financial Position 2024/25	36,954	38,670	1,717	49,953	49,945	(8)

Table 2: ICB Financial Position

Month 04 - July 2024	YTD Plan	YTD Actual	YTD Variance	2024/25 Annual Plan	2024/25 Forecast Outturn	2024/25 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Revenue Resource Limit	(2,534,405)			(7,620,696)		
Programme						
Acute Services	1,224,538	1,224,843	305	3,594,884	3,595,561	677
Mental Health Services	303,158	303,185	27	921,918	922,280	362
Community Health Services	250,741	250,363	(378)	741,992	741,728	(264)
Continuing Care	154,591	154,219	(372)	499,286	499,196	(91)
Prescribing	191,732	193,896	2,164	591,500	591,641	141
Primary Care	37,894	38,158	264	115,127	116,214	1,086
Primary Care Co-Commissioning	201,165	202,432	1,268	609,994	613,796	3,803
Delegated – Pharmacy, Ophthalmic and Dental	121,664	121,664	0	361,762	361,762	(0)
Other Programme Services	2,250	2,584	334	34,774	35,304	530
Other Commissioned Services	11,786	11,463	(323)	35,387	34,691	(696)
Programme Reserves	2,066	0	(2,066)	10,157	7,514	(2,643)
Total ICB Programme Costs	2,501,584	2,502,808	1,224	7,516,781	7,519,686	2,905
Admin						
Running Costs	14,953	13,369	(1,584)	50,313	47,408	(2,905)
Total ICB Admin Costs	14,953	13,369	(1,584)	50,313	47,408	(2,905)
(Surplus) / Deficit	17,867	0	(17,867)	53,602	0	(53,602)
Total In Year ICB Financial Position	2,534,405	2,516,177	(18,227)	7,620,696	7,567,094	(53,602)

Table 3: ICS Efficiencies

Month 04 - July 2024	YTD Plan	YTD Actual	YTD Variance	2024/25 Annual Plan	2024/25 Forecast Outturn	2024/25 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	52	63	11	156	188	32
Community Healthcare	5,328	5,836	508	15,984	10,397	(5,587)
Mental Health	1,248	2,826	1,578	3,744	8,478	4,734
Primary Care (inc. Primary Co-Commissioning)	13,108	10,623	(2,485)	39,324	33,985	(5,339)
Continuing Healthcare	9,148	11,154	2,006	27,444	36,820	9,376
Running Costs	3,540	3,540	0	10,620	10,620	0
Other Programme Services	1,276	3,966	2,690	3,828	11,897	8,069
Unidentified	5,536	0	(5,536)	16,612	5,331	(11,281)
Total ICB Efficiencies	39,236	38,006	(1,230)	117,712	117,715	3
Of Which:						
Recurrent	13,560	18,299	4,739	40,680	55,060	14,380
Non Recurrent	25,676	19,707	(5,969)	77,032	62,655	(14,377)
Total ICB Efficiencies	39,236	38,006	(1,230)	117,712	117,715	3
Providers within system	95,744	94,056	(1,688)	403,084	403,085	1
Total Provider Efficiencies (within system)	95,744	94,056	(1,688)	403,084	403,085	1
Of Which:						
Recurrent	62,267	49,809	(12,458)	260,225	228,363	(31,862)
Non Recurrent	33,477	44,247	10,770	142,859	174,722	31,863
Total Provider Efficiencies (within system)	95,744	94,056	(1,688)	403,084	403,085	1
Total ICS Efficiencies	134,980	132,062	(2,918)	520,796	520,800	4
Of Which:						
Recurrent	75,827	68,108	(7,719)	300,905	283,423	(17,482)
Non Recurrent	59,153	63,954	4,801	219,891	237,377	17,486
Total ICS Efficiencies	134,980	132,062	(2,918)	520,796	520,800	4

ICS Efficiencies key points

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 and over-delivery on recurrent schemes of £14.38m. however, it should be noted this remains a considerable challenge given the scale of stretch efficiency targets included in plan. Work continues through the Financial Sustainability Programme Group to review and manage delivery against plans.

For providers within the system there is a slight year to date under-delivery to plan of £1.7m, and shows an under-delivery of recurrent schemes of £12.5m partially offset by over-delivery of non recurrent schemes of £10.8m. At Month 4, the providers are forecasting delivery in line with plan. As with the ICB, this represents a significant challenge given the increased efficiency targets in plan for 2024/25, and this is reflected within ICS risks.

Table 4: ICS Risks and Mitigations

Risks and Mitigations	ICB 2024/25 £000s	Provider Trusts 2024/25 £000s	Total ICS 2024/25 £000s
(Risks) / (Offsets to benefits):			
Additional cost risk (capacity, pressures, winter)	(3,794)	(49,697)	(53,491)
Additional cost risk (inflation)	0	(39,196)	(39,196)
Efficiency risk	(19,983)	(104,591)	(124,574)
Prescribing / CHC	(16,280)	0	(16,280)
Income risk (excl. ERF)	0	(40,328)	(40,328)
Total Risks	(40,057)	(233,812)	(273,869)
Mitigations / benefits:			
Additional cost control or income (excl. ERF)	1,954	73,087	75,041
Efficiency mitigation	0	46,670	46,670
Non-recurrent mitigations	18,548	35,866	54,414
Mitigations not yet identified	19,555	78,189	97,744
Total Mitigations	40,057	233,812	273,869
Total Net Risk (excluding ERF)	0	0	0
Total Unmitigated Net Risk	(19,555)	(78,189)	(97,744)

Table 5: ICS Capital Funding 2024/25

Month 04 - July 2024	YTD Plan	YTD Actual	YTD Variance	2024/25 Annual Plan	2024/25 Forecast Outturn	2024/25 Forecast Variance	ICS Capital Allocation	Forecast variance to ICS Capital Allocation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Provider Capital:								
2024/25 Provider Capital Position excluding IFRS16	47,293	37,807	(9,486)	204,605	213,716	9,111	202,805	10,911
ICB Capital (held by NHSE):								
GPIT	0	0	0	3,864	4,000	136		
Primary Care Estates Schemes	0	0	0	1,583	1,447	(136)		
Total ICB Capital (held by NHSE)	0	0	0	5,447	5,447	0	5,447	0
Provider capital shown as ICB within plan	0	0	0	3,403	3,403	0	5,203	(1,800)
Total ICS Capital	47,293	37,807	(9,486)	213,455	222,566	9,111	213,455	9,111

ICS Capital Spend key points

The confirmed ICS Capital Departmental Expenditure Limit (CDEL) allocation for 2024/25 (excluding IFRS16) amounted to £204.6m. Capital plans for the year included an allowable 5% 'over-programming' (£9.11m).

For month 04, the ICS capital spending forecasts includes the 5% over-programming of £9.1m, resulting in a current forecast overspend against the capital allocation. Work will continue with the Provider Collaborative and NHS England to manage the overall capital position.

£5.2m of provider capital allocation was shown as ICB capital within the submitted plan whilst the split by provider was agreed. At Month 4, £1.8m has transferred to providers in relation to prior year performance where the allocation is now agreed. In addition, the agreed ICB capital allocation for 2024/25 amounts to £5.4m. The final June submission of the ICB's annual plan split this between GPIT (£3,864k) and Primary Care Estates schemes (£1,583k). Since the submission of the plan the Digital and Infrastructure Directorate have reviewed plans and due to needing to ensure GPIT service delivery (including 300 additional desktop PCs) and cyber security requirements are met the proposed split has been amended to £4,000k GPIT and £1,447k Primary Care Estates.

PIDs have been submitted for the GPIT schemes and the Chief Digital and Infrastructure Officer has confirmed the schemes are either 'must do' or essential infrastructure requirements.



Table 6: NENC Workforce Summary - July 2024

Workforce Spend (000's)	Latest data	12 Month Average		12 Months Previous		Plan	
	Jul-24	Jul-23 - Jun-24		Jul-23			
		Value	% Diff	Value	% Diff	Value	% Diff
Agency	5,843	8,061	-27.5%	9,666	-39.6%	6,798	-14.0%
Bank	15,700	15,477	1.4%	13,255	18.4%	12,627	24.3%
Bank & Agency	21,543	23,538	-8.5%	22,921	-6.0%	19,425	10.9%
Substantive	374,929	371,142	1.0%	352,320	6.4%	374,057	0.2%
Other	2,632	2,705	-2.7%	3,307	-20.4%		
Total	399,104	397,385	0.4%	378,548	5.4%	393,482	1.4%

Workforce WTE	Latest data	12 Month Average		12 Months Previous		Plan	
	Jul-24	Jul-23 - Jun-24		Jul-23			
		Value	% Diff	Value	% Diff	Value	% Diff
Agency	589	818	-27.9%	1,000	-41.0%	596	-1.1%
Bank	3,488	3,617	-3.6%	3,325	4.9%	3,285	6.2%
Bank & Agency	4,078	4,436	-8.1%	4,325	-5.7%	3,880	5.1%
Substantive	84,939	84,392	0.6%	82,212	3.3%	85,160	-0.3%
Total	89,017	88,828	0.2%	86,537	2.9%	89,041	0.0%

Latest Month vs 12 Month Rolling Average

- Total Workforce spend has shown a 0.4% increase of £1,718K
- Total Workforce WTE has shown a 0.2% increase of 189
- Bank & Agency combined has shown an 8.5% reduction in spend and an 8.1% (358) reduction in WTE
 - Medical and Dental Substantive WTE has shown a 2.3% reduction (188)
 - Non Medical - Clinical Substantive WTE has shown a 0.3% increase (149)
 - Non Medical - Non-Clinical Substantive WTE has shown a 2.9% increase (586)

