

NENC ICB

Finance Report for the period ending
31st July 2026

1. Executive Summary

Month 4 - July 2026	YTD		Forecast	
Key Statutory Financial Duties				
ICB Financial Performance - Surplus / (deficit) variance to plan	£0.00 m	G	£0.00 m	G
ICB Running Cost Position - variance to plan	(£2.40) m	G	£0.00 m	G
ICB Capital Spend - variance to plan	£0.00 m	G	£0.00 m	G
Other Financial Performance Metrics				
Efficiency - variance to plan	£0.04 m	G	£0.00 m	G
Mental Health Investment Standard (target 3.19%)	3.19%	G	3.23%	G
Risk (Net Position)			(£15.65) m	R
Underlying Position			£0.00 m	G
Cash (target <1.25% of monthly drawdown)	0.68%	G	<1.25%	G
Better Payment Practice Code	>95%	G	>95%	G

Key Points - Statutory Financial Duties:

Financial Performance

The ICB is currently reporting a breakeven year to date (YTD) and forecast position in line with plan. 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 position.

There continue to be four main areas of expected pressure and potential risk to the ICB position based on growth seen in previous years and latest intelligence:

- Acute activity including risk of higher than planned elective activity in the independent sector and continued growth in activity at NHS providers which was largely mitigated previously through system contractual arrangements;
- Growth in Right to Choose ADHD/ASD (Attention Deficit Hyper Activity Disorder / Autism Spectrum Disorder) assessments with non-NHS providers - £5.1m pressure reflected in YTD position;
- Pressure on all-age continuing care (AACC) budgets particularly relating to challenging efficiency targets - £3.8m pressure reflected in YTD position;
- Prescribing costs, due to growth in diabetes and weight loss drugs as well as continued risk and uncertainty around potential price increases and drug shortages.

These pressures will continue to be reviewed during 2026/27 and are expected to be particular areas of focus for relevant sub-committees to manage and mitigate where appropriate.

Running Costs

The ICB is currently reporting a £2.4m YTD underspend due to vacancies across the ICB following consultation and a forecast position in line with plan. An underspend is expected to be generated on running costs in-year due to a combination of underspends on staffing budgets through vacancies etc, as well the impact of the £19 per head allocation defund all being transacted through programme allocations. This has left a shortfall in programme budgets which will be offset by a surplus in running costs. This will be reflected in future months forecasts once staffing budgets have been reviewed in further detail.

Capital

The ICBs capital allocation of £17.82m is made up of core funding of £6.57m for primary care digital and estates and £10.5m strategic allocation, top-sliced from provider operation capital allocations to support the shift from hospital to community. At month 3 an expected allocation was received for Additional Roles Reimbursement Scheme (ARRS) GPIT of £0.75m, with a breakeven position now being reported.

Key Points - Other Financial Performance Metrics:

Efficiency

At month 4 the ICB is reporting delivery of YTD efficiencies of £43.4m and forecasting delivery of £121.1m of efficiencies for the year in line with plan.

Delivery of individual efficiency schemes will be managed by relevant budget holders and sub-committees. The ICB Financial Sustainability Group continues to oversee delivery of the overall efficiency plan in order to provide assurance that appropriate actions are being taken and robust delivery plans are in place for both the current year and 2027/28.

Risks

Net unmitigated risk of £31.2m was included in the final agreed plan for 2026/27. At month 4 this has reduced to a net risk of £15.6m, reflecting additional mitigations identified within reserves. It should be noted that gross risks have increased in month 4 due to concerns regarding the delivery of AACC efficiencies.

Key risk areas for the ICB are highlighted above, including growth in elective activity, ADHD/ASD, AACC and prescribing. Work is continuing to review potential risks and seek to identify further potential mitigations.

Risk and mitigations will be reported at sub-committee level going forward with scenario analysis to inform potential forecast positions.

Other

A breakeven underlying position is expected for 2026/27 in line with plan.

There are no issues to report in delivery of Mental Health Investment Standard (MHIS), cash, or Better Payment Practice Code (BPPC).

2: Financial Position Overview

Table 1: ICB Financial Position

Month 4 - July 2026	YTD Plan	YTD Actual	YTD Variance	2026/27 Annual Plan	2026/27 Forecast Outturn	2026/27 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Programme						
Acute Services	1,463,690	1,463,690	(0)	4,279,955	4,279,955	0
Mental Health Services	347,019	352,149	5,130	1,041,056	1,041,056	(0)
Community Health Services	263,711	263,750	39	793,377	793,517	141
Continuing Care	194,248	198,035	3,787	582,745	582,744	(1)
Prescribing	228,618	228,022	(596)	701,681	701,480	(202)
Primary Care	27,606	27,372	(234)	84,793	84,670	(123)
Primary Care Co-Commissioning	251,058	251,058	(0)	752,733	752,733	0
Delegated – Pharmacy, Ophthalmic and Dental	139,780	139,780	0	433,733	433,733	(0)
Specialised Commissioning	284,635	284,635	0	880,218	880,218	0
Other Programme Services	7,782	7,736	(46)	23,873	23,766	(107)
Other Commissioned Services	8,659	8,541	(119)	26,010	25,761	(249)
Programme Reserves	5,560	0	(5,560)	(6,010)	(5,468)	541
Total ICB Programme Costs	3,222,367	3,224,767	2,401	9,594,165	9,594,166	0
Admin						
Running Costs	16,711	14,311	(2,400)	50,531	50,531	0
Total ICB Admin Costs	16,711	14,311	(2,400)	50,531	50,531	0
Total ICB Expenditure	3,239,078	3,239,079	0	9,644,696	9,644,697	0
Revenue Resource Limit	(3,239,078)	(3,239,078)	0	(9,644,696)	(9,644,696)	0
(Surplus) / Deficit	0	0	0	0	0	0

Table 2: ICB Committee Financial Position

Month 4 - July 2026	YTD Plan	YTD Actual	YTD Variance	2026/27 Annual Plan	2026/27 Forecast Outturn	2026/27 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Position at Committee level						
Neighbourhood Sub-committee						
Community NHS Providers	165,481	165,475	(7)	496,428	496,428	0
Other Community Budgets	96,432	96,478	46	291,559	291,700	141
Primary Care (core) Budgets	28,948	28,806	(143)	88,561	88,576	15
GP Medical Delegated Budgets	251,058	251,058	(0)	752,733	752,733	0
Pharmacy, ophthalmic and dental (POD) delegated services	139,780	139,780	0	433,733	433,733	(0)
Other Commissioned Budgets	69	69	(0)	220	220	(0)
Total Neighbourhood Sub-committee Budgets	681,769	681,665	(103)	2,063,234	2,063,390	155
Integrated Mental Health and Complex Care Sub-committee						
All Age Continuing Care (AACC)	194,248	198,035	3,787	582,745	582,744	(1)
Mental Health NHS Providers	230,278	230,278	0	690,834	690,834	(0)
Section 117	65,056	65,056	0	195,168	195,168	0
ADHD/ASD	9,064	14,194	5,130	27,191	27,191	0
Other Mental Health Budgets	42,621	42,621	0	127,864	127,864	(0)
Total Integrated Mental Health and Complex Care Sub-committee	541,267	550,184	8,917	1,623,801	1,623,800	(1)
Acute Sub-committee						
Acute NHS Providers within system	1,402,620	1,402,620	(0)	4,084,376	4,084,376	0
Independent Sector providers	32,125	32,125	0	110,569	110,569	0
Other NHS providers outside of system	14,375	14,375	(0)	43,126	43,126	0
Other Acute Budgets	20,463	20,429	(34)	59,561	59,481	(80)
Total Acute Sub-committee	1,469,583	1,469,549	(34)	4,297,631	4,297,552	(80)
Specialised Commissioning Sub-committee						
Specialised, Acute	246,149	246,149	0	759,331	759,331	0
Specialised, Mental Health	38,313	38,313	0	114,942	114,942	0
Specialised, Other	173	173	0	5,945	5,945	0
Total Specialised Commissioning Sub-committee	284,635	284,635	0	880,218	880,218	0
Leadership Committee						
Prescribing	226,222	225,705	(517)	694,494	694,531	37
Estates	5,977	5,977	(0)	18,237	18,237	0
Other	7,353	7,051	(302)	22,559	21,906	(653)
Reserves	5,560	0	(5,560)	(6,010)	(5,468)	541
Running Costs	16,711	14,311	(2,400)	50,531	50,531	0
Total Leadership Committee	261,824	253,045	(8,779)	779,811	779,737	(74)
Total ICB Financial Position	3,239,078	3,239,079	0	9,644,696	9,644,697	0

Key Points:

Neighbourhood Sub-committee

Neighbourhood Health budget areas including Community, Primary Care, General Practice and POD are forecasting to deliver on plan with the exception of Community where a small overspend is being reported. This will be corrected in month 5. Community NHS providers are on block contract arrangements and therefore will break even. As it is early in the financial year we have limited activity data available to inform any changes to planned activity and are therefore forecasting to break even.

Integrated Mental Health and Complex Care Sub-committee

AACC - £3.8m YTD overspend reported on AACC budgets at month 4 reflecting higher than anticipated growth and backdated inflation costs. Currently this position is expected to be recovered by the end of the year with an assumption of full achievement of the efficiency target and a breakeven forecast position is reported with the financial risk reflected in the net unmitigated risk position.

MHLDA - YTD overspend of £5.1m reported on mental health budgets relating to ADHD/ASD assessments reflecting activity and costs seen in the first four months of the year. Delays in getting providers signed up to indicative activity plans (IAPs) has seen increased costs initially which is expected to be managed over the year as IAPs are implemented including agreed 78 week waits, hence a breakeven forecast position is still reported. This does however represent a significant potential financial risk particularly as increasing numbers of new providers enter the market.

Acute Sub-committee

No significant issues to highlight at this stage. The majority of total quantum of budgets falling under this sub-committee relate to Acute NHS Provider Contracts, the only variable elements of which are the Elective Recovery Fund and Urgent and Emergency Care. Independent Sector contracts for Acute activity are also fully variable at national tariffs. Performance against agreed Indicative Activity Plans will be monitored in year through the sub-committee with any material variances flagged through this report.

Specialised Commissioning Sub-committee

No significant issues to highlight at this stage.

Leadership Committee

YTD underspend on prescribing budgets relates to contracted activity for dressings and enteral feeds. Main prescribing drugs reimbursement budget is shown as breakeven at month 4 due to limited data being available. Significant potential risk is evident relating to price concessions however with YTD pressure for 4 months of £7.2m. If concessions continue at current levels this will result in additional costs to the ICB of c£20m compared to those seen in 25/26.

Underspend expected on running costs in 26/27 to offset pressure on staffing budgets in programme. Impact of vacancies contributing to YTD underspend in running costs and staffing costs in other. Breakeven forecast position reported until staffing budgets reviewed in further detail with budget holders.

3: Efficiencies

Table 3: ICB Efficiencies

Month 4 - July 2026	YTD Plan	YTD Actual	YTD Variance	2026/27 Annual Plan	2026/27 Forecast Outturn	2026/27 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
1) Prescribing & MO Efficiencies	6,500	6,500	0	19,487	19,487	0
2) Continuing Healthcare & Packages of Care	8,820	8,855	35	18,468	18,468	0
3) Running Costs and Infrastructure	8,364	8,364	0	25,091	25,091	0
4) Estates	332	333	1	1,000	1,000	0
5) Service Reform Programmes						
a) Secondary Care	1,478	1,478	0	4,497	4,497	0
b) Neighbourhood Health	4,620	4,618	(1)	12,579	12,579	0
c) MH & LD	3,989	3,989	(0)	12,082	12,082	0
d) Other	280	280	1	840	842	2
6) Internal Flexibilities	9,004	9,004	0	27,009	27,009	0
Total ICB Efficiencies	43,387	43,422	35	121,054	121,056	2
Of Which:						
Recurrent	34,383	34,403	20	94,045	94,395	350
Non-recurrent	9,004	9,019	15	27,009	26,661	(348)
Total ICB Efficiencies	43,387	43,422	35	121,054	121,056	2
Efficiency Risk						
High risk				24,913	7,549	(17,364)
Medium risk				17,440	17,194	(246)
Low risk				78,700	96,313	17,613
Total ICB Efficiencies	0	0	0	121,053	121,055	2

ICB Efficiencies key points

The table above summarises the ICB's 2026/27 Efficiency Plan and performance to 31 July 2026, as submitted to NHSE.

At month 4, the ICB is forecasting delivery of the full year £121m efficiency plan for 26/27. The year to date position is showing delivery in line with plan at £43.4m.

Delivery of individual efficiency schemes will be managed by relevant budget holders and sub-committees. The ICB Financial Sustainability Group continues to oversee delivery of the overall efficiency plan in order to provide assurance to Leadership Committee, along with Audit Committee and Board, that appropriate actions are being taken and robust delivery plans are in place for both the current year and 2027/28.

Good progress has been made to 'de-risk' efficiency plans, with forecast savings classed as high risk reducing from almost £25m in plan, down to £7.5m at month 4. Work will continue to develop schemes and reduce the risk of efficiency delivery over coming months.

4: Risks and Mitigations

Table 4: ICB Risks and Mitigations	2026/27 (Risks) £000s	2026/27 Mitigations £000s	2026/27 Net (risk) / mitigation £000s
Neighbourhood Sub-committee			
BPAS activity and cost increase	(525)	0	(525)
ARRS Underspend	0	3,500	3,500
POD Contingency	0	14,200	14,200
Total Neighbourhood Sub-committee	(525)	17,700	17,175
Integrated Mental Health and Complex Care Sub-committee			
AACC (Inflation and package growth)	(2,300)	0	(2,300)
S117 (Inflation and package growth)	(1,300)	0	(1,300)
Efficiency under-delivery	(10,834)	0	(10,834)
Talking Therapies	(650)	0	(650)
Right to choose activity	(3,000)	0	(3,000)
Stretch efficiency	0	1,000	1,000
Other	0	650	650
Total Integrated Mental Health and Complex Care Sub-committee	(18,084)	1,650	(16,434)
Acute Sub-committee			
Elective Activity	(11,000)	0	(11,000)
UEC Marginal rate	(4,060)	0	(4,060)
Activity pressures including PNP, weight management	(3,164)	0	(3,164)
Elective Activity Management	0	5,250	5,250
ERF Contingency	0	2,474	2,474
Total Acute Sub-committee	(18,224)	7,724	(10,500)
Leadership Committee			
Prescribing (price and item growth)	(5,354)	0	(5,354)
Efficiency under-delivery	(4,542)	0	(4,542)
Other risk	(4,800)	0	(4,800)
Reserves	0	8,807	8,807
Total Leadership Committee	(14,696)	8,807	(5,889)
Total Overall ICB Unmitigated Net (Risk)	(51,529)	35,881	(15,648)

ICB Risk and Mitigation key points

Net unmitigated risk of £31.2m was included in the final agreed plan for 2026/27. At month 4 this has reduced to a net risk of £15.6m in total as detailed above.

Neighbourhood Sub-committee

Potential mitigations identified including expected underspends on Additional Roles Reimbursement Scheme funding and POD contingency which is held in plan.

Integrated Mental Health and Complex Care Sub-committee

Risk around growth in packages of care (both AACC and s117) and delivery of challenging efficiency targets for AACC. The latter is the reason for the increase in gross risk. Following a review by NHSE, additional funding is expected to be required to support Talking Therapies which is reflected as part of risks above. There is also a significant risk around growth in ADHD/ASD activity at Right to Choose providers. Latest intelligence suggests this risk is increasing as new providers enter the market and indicative activity plans need to be agreed.

Acute Sub-committee

Significant potential risks around increased elective activity above planned levels, in particular at independent sector providers, along with potential risk around additional urgent and emergency care activity at marginal rate. Risks are partly mitigated by expected management of activity pressures in line with indicative activity plans, and remaining balance of elective recovery fund (ERF) contingency.

Leadership Committee

Main risk relates to prescribing budgets, including potential price and item growth and risk around delivery of prescribing efficiency plans. Potential mitigations identified include earmarked reserves which is held in plan.

5. Capital Position

Table 5: ICB Capital Funding 2026/27

Month 4 - July 2026	YTD Plan	YTD Actual	YTD Variance	2026/27 Capital Allocation	2026/27 Forecast Outturn	2026/27 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
ICB Core Allocation	0	0	0	6,570	6,570	0
ICB Strategic Primary Care Allocation	0	0	0	10,500	10,500	0
In year Allocation	0	0	0	748	748	0
Total ICB Capital Allocaton	0	0	0	17,818	17,818	0
ICB Capital (held by NHSE):						
GPIT	0	0	0	5,295	5,295	0
Primary Care Estates Schemes	0	0	0	8,161	8,161	0
Other Capital Grants	0	0	0	3,862	3,862	0
Technology	0	0	0	500	500	0
Total ICB Capital (held by NHSE)	0	0	0	17,818	17,818	0
Variance to allocation	0	0	0	0	0	0
ICB Primary Care Utilisation and Modernisation Fund (UMF)						
	0	0	0	2,750	2,750	0

ICB Capital Position key points

The ICB's confirmed capital allocation for 2026/27 totals £17.82m and comprises:

- Core ICB capital allocation for primary care digital and estates of £6.57m, and;
- ICB Strategic Capital, top-sliced from provider operational capital allocations to support the shift from hospital to community.
- In-year allocation received at Month 3 for Additional Roles Reimbursement Scheme (ARRS) GPIT £0.75m.

At Month 4, the ICB is reporting a forecast breakeven position to capital allocations of £17.82m.

The Primary Care Utilisation and Modernisation Fund (UMF) is intended to support better use and modernisation of primary care estate across NHS systems. From 2026/27, the UMF will be managed through a regional bidding process and the ICBs indicative share included in plan is £2.75m, in previous years the ICB had access to a specific allocation for the better use of primary care estate.