



**North East and
North Cumbria**

NENC ICB

**Finance Report for the period ending
30th September 2025**

Executive Summary

M6 - September 2025				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 £6.04m. Based on the final 2025/26 plan submission, a breakeven overall position for the year is expected across the ICS.	Plan	£31.13 m	(£0.00) m	
		Actual	£25.09 m	£0.00 m	
		Variance	(£6.04) m	£0.00 m	
	Overall ICB 2025/26 In Year Financial Position - (Surplus) / Deficit				
	The ICB is reporting a year to date surplus of £7.19m, an improvement to plan of £1.26m and a forecast outturn surplus of £11.84m in line with plan.	Plan	(£5.92) m	(£11.84) m	
		Actual	(£7.19) m	(£11.84) m	
		Variance	(£1.26) m	£0.00 m	
	2025/26 ICB Running Costs Position				
	The ICB is reporting an underspend against the running cost allowance of £3.95m year to date and a forecast breakeven position.	Plan	£23.97 m	£48.98 m	
		Actual	£20.02 m	£48.98 m	
		Variance	(£3.95) m	(£0.00) m	
Overall ICS 2025/26 Capital Funding					
The ICS is reporting a breakeven forecast outturn against the capital allocation with a year to date overspend of £12.62m is due to capital projects starting earlier than planned.	Allocation	£72.08 m	£206.27 m		
	Actual	£84.70 m	£206.27 m		
	Variance	£12.62 m	£0.00 m		
Other Financial Performance Metrics					
	Overall ICS 2025/26 Efficiency The ICS is reporting year to date efficiency savings of £267.34m and forecast savings of £597.21m, with the ICB forecasting delivery of £129.2m, this is a £3.1m over-delivery against plan. Providers are currently forecasting over-delivery of efficiencies of £0.3m overall but a £56.4m under-delivery on recurrent efficiencies.	Plan	£265.62 m	£593.87 m	
		Actual	£267.34 m	£597.21 m	
		Variance	£1.72 m	£3.34 m	
	Overall 2025/26 Mental Health Investment Standard (MHIS) The ICB is on track to achieve the MHIS target for 2025/26 (growth in spend of 4.93%).			4.99%	4.93%
	Cash The ICB cash balance for September is 0.28% and within the target set by NHS England of <1.25% of the monthly cash drawdown.			0.28%	<1.25%
	BPPC The BPPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days			by volume	by value
	NHS	99.35%	99.99%		
	Non NHS	99.68%	99.72%		

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 30th September 2025.

For month 6, the overall reported ICS financial position is a year to date deficit of £25.09m compared to a planned deficit of £31.13m. The favourable variance of £6.04m is an improved position from the previous month and continues to include a one-off benefit from sale of land which was planned for later in the year and additional income within providers. 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 position at the end of the year although there are a number of risks to that position.

The ICB is currently reporting a year to date surplus of £7.19m against a planned surplus of £5.92m, the improvement in YTD is largely due to vacancy slippage across running cost and programme areas. Significant pressures are evident within mental health budgets for ADHD/ASD assessments at non-NHS providers, with a forecast overspend of £17.3m which is currently being managed through reserves, together with emerging pressures on all age continuing care budgets and prescribing costs based on the latest information available. The ICB is on track to deliver a forecast surplus for the year of £11.84m in line with plan.

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 6, the ICS capital spending forecasts are currently in line with planned allocation, forecasts now include costs associated with additional funding for operational UEC prior year performance now that plans for utilisation have been agreed by the system. A review of capital schemes (including PDC funded schemes) is being undertaken across the system.

The ICB is on track to deliver the Mental Health Investment Standard, with growth in relevant spend of 4.93%.

At this stage of the year there is still relatively 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.

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 6, gross risks have reduced to £238m and total net risk has reduced to £97.9m. This includes a net risk for the ICB of £2.4m at month 6 which reflects potential pressures around prescribing and continuing healthcare costs, as well as delivery of challenging efficiency targets. There is also a significant potential financial risk relating to elective activity and costs being excess of funding available.

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. A review of position with Chairs, CEOs, COOs and CFOs across the system took place on 6th October with a range of actions agreed to support delivery of the plan for the year.

Table 1: Overall ICS (Surplus) / Deficit

Month 6 - September 2025						
	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)	(5,921)	(7,185)	(1,265)	(11,841)	(11,841)	0
Total In Year ICB Position	(5,921)	(7,185)	(1,265)	(11,841)	(11,841)	0
NENC Providers	37,055	32,278	(4,777)	11,841	11,841	0
Total Provider Position	37,055	32,278	(4,777)	11,841	11,841	0
Total ICS Financial Position 2025/26	31,134	25,093	(6,042)	(0)	0	0

Table 2: ICB Financial Position						
Month 6 - September 2025	YTD Plan	YTD Actual	YTD Variance	2025/26 Annual Plan	2025/26 Forecast Outturn	2025/26 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Programme</u>						
Acute Services	2,093,347	2,092,800	(547)	4,114,829	4,115,059	230
Mental Health Services	500,107	504,709	4,602	998,536	1,012,218	13,681
Community Health Services	373,592	373,119	(473)	750,829	752,924	2,095
Continuing Care	240,873	250,155	9,282	516,882	520,997	4,116
Prescribing	308,991	311,943	2,953	631,155	638,028	6,873
Primary Care	61,431	56,092	(5,339)	124,520	114,292	(10,228)
Primary Care Co-Commissioning	359,589	362,735	3,146	718,805	724,849	6,044
Delegated – Pharmacy, Ophthalmic and Dental	202,620	196,204	(6,415)	405,240	405,240	0
Specialised Commissioning	392,957	392,957	(0)	785,279	785,279	0
Other Programme Services	(8,495)	(7,729)	766	22,409	23,015	606
Other Commissioned Services	16,087	15,219	(868)	32,222	30,638	(1,584)
Programme Reserves	40,721	36,300	(4,421)	60,191	38,358	(21,833)
Total ICB Programme Costs	4,581,819	4,584,505	2,686	9,160,896	9,160,896	0
<u>Admin</u>						
Running Costs	23,968	20,017	(3,951)	48,983	48,983	(0)
Total ICB Admin Costs	23,968	20,017	(3,951)	48,983	48,983	(0)
Total ICB Expenditure	4,605,787	4,604,522	(1,265)	9,209,879	9,209,879	0
Revenue Resource Limit	(4,611,707)	(4,611,707)	0	(9,221,720)	(9,221,720)	0
(Surplus) / Deficit	(5,921)	(7,185)	(1,265)	(11,841)	(11,841)	0

Table 3: ICS Efficiencies						
Month 6 - September 2025	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	9,384	11,114	1,730	18,765	19,415	650
2) Continuing Healthcare & Packages of Care	15,444	14,524	(920)	30,886	30,886	0
3) Running Costs and Infrastructure	4,273	4,273	0	4,273	4,273	0
4) Estates	0	574	574	1,000	1,452	452
5) Service Reform Programmes	13,680	16,343	2,663	37,200	39,161	1,961
6) Internal Flexibilities - Stretch	28,219	28,219	(0)	33,990	33,990	0
Total ICB Efficiencies	71,000	75,047	4,047	126,114	129,177	3,063
Of Which:						
Recurrent	33,133	37,288	4,155	64,412	72,686	8,274
Non Recurrent	37,867	37,759	(108)	61,702	56,491	(5,211)
Total ICB Efficiencies	71,000	75,047	4,047	126,114	129,177	3,063
Providers within system	194,621	192,295	(2,326)	467,756	468,034	278
Total Provider Efficiencies (within system)	194,621	192,295	(2,326)	467,756	468,034	278
Of Which:						
Recurrent	122,325	101,155	(21,170)	320,427	264,072	(56,355)
Non Recurrent	72,296	91,140	18,844	147,329	203,962	56,633
Total Provider Efficiencies (within system)	194,621	192,295	(2,326)	467,756	468,034	278
Total ICS Efficiencies	265,621	267,341	1,720	593,870	597,211	3,341
Of Which:						
Recurrent	155,458	138,443	(17,016)	384,839	336,758	(48,081)
Non Recurrent	110,163	128,899	18,736	209,031	260,453	51,422
Total ICS Efficiencies	265,621	267,341	1,720	593,870	597,211	3,341
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 slight improvement to plan with a forecast over-delivery of £3.1m and year to date £4.0m, 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 £2.3m, however this includes an under-delivery of recurrent schemes of £21.2m partly offset by over-delivery of non recurrent schemes of £18.8m. At Month 06, the providers are forecasting a slight over-delivery of £0.3m against plan. 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)	(25,220)	(85,482)	(110,702)
Additional cost risk (inflation)	0	(21,717)	(21,717)
Efficiency risk	(10,807)	(56,556)	(67,363)
Prescribing / CHC	(14,111)		(14,111)
Income risk (excl. ERF)	0	(24,450)	(24,450)
Total Risks	(50,138)	(188,205)	(238,343)
Mitigations / benefits:			
Additional cost control or income (excl. ERF)	32,051	72,690	104,741
Efficiency mitigation	9,000	18,203	27,203
Non-recurrent mitigations	6,667	1,850	8,517
Mitigations not yet identified	2,420	95,462	97,882
Total Mitigations	50,138	188,205	238,343
Total Net Risk (excluding ERF)	0	0	0
Total Unmitigated Net Risk	(2,420)	(95,462)	(97,882)

Table 5: ICS Agency and Bank Spend

Month 6 - September 2025	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	25,875	27,555	1,680	43,858	48,019	4,162
System level agency ceiling					48,120	
<i>Forecast agency spend as % of agency ceiling</i>					<i>99.8%</i>	
Total NENC Providers Bank Spend	78,103	90,606	12,503	147,914	170,533	22,619
System level bank ceiling					163,841	
<i>Forecast bank spend as % of bank ceiling</i>					<i>104.1%</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 6, forecast agency spend is £4.2m above plan which is slightly lower than the system level agency ceiling by £0.1m. For the forecast bank spend this is slightly higher than the ceiling of system level bank by £6.7m. 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 6 - September 2025	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:						
<u>Provider Capital</u>						
2025/26 Provider Capital Position including IFRS16	72,078	84,696	12,618	197,586	197,586	0
<u>ICB Capital (held by NHSE):</u>						
GPIT	0	0	0	6,253	6,253	0
Primary Care Estates Schemes	0	0	0	1,477	1,477	0
Total ICB Capital (held by NHSE)	0	0	0	7,730	7,730	0
Provider capital shown as ICB within plan	0	0	0	951	951	0
Total Charge Against Capital Allocation including IFRS 16	72,078	84,696	12,618	206,267	206,267	0
ICB Primary Care Utilisation Fund	0	0	0	0	5,789	5,789

ICS Capital Spend key points

The confirmed ICS system capital allocation for 2025/26 (including IFRS16) stands at £206m.

£0.95m of the capital allocation at Month 6 is being held by the ICB whilst the split between providers is agreed.

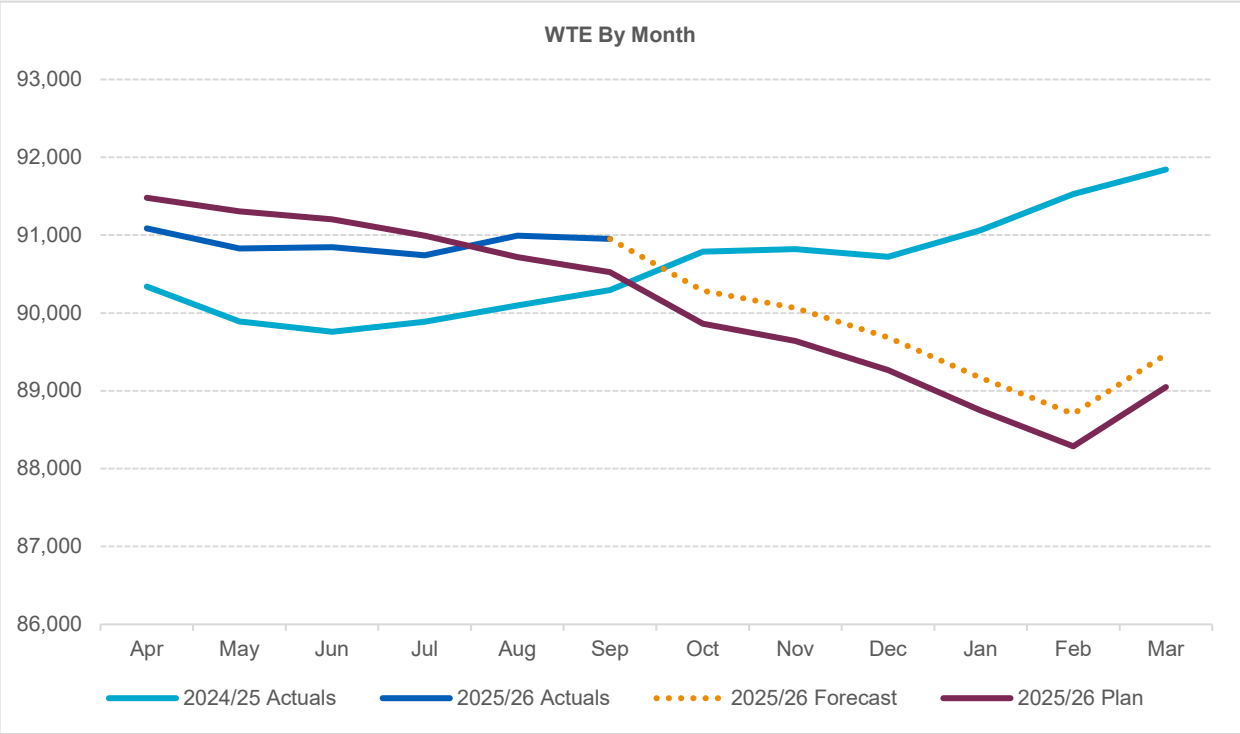
At Month 6, forecasts include costs for operational UEC prior year performance in line with the confirmation letters received and a breakeven position reported. The year to date overspend is due to capital projects starting earlier than planned for. Following confirmation of the freedom and flexibilities incentive scheme for 2025/26 one organisation that was expecting to receive an allocation have been excluded due to having deficit funding included in their plan. The Trust are no longer expecting to receive deficit funding in year and this is being discussed with the regional team. Alongside this, a review of capital forecasts (including PDC funded schemes) is being undertaken across the system.

In addition to the expenditure against the allocation there is £5.8m forecast expenditure against the Primary Care Utilisation Fund.

Table 7: ICB Underlying Position 2025/26

Month 6 - September 2025	2025/26 ICB Allocation	2025/26 Forecast Outturn	2025/26 Surplus / (deficit) Forecast
	£000s	£000s	£000s
2025/26 Forecast	(9,208,981)	9,197,140	11,841
Remove Non-recurrent items:			
Remove forecast non-recurring efficiencies	0	53,828	(53,828)
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)		(6,500)	6,500
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)		35,229	(35,229)
2025/26 ICB Underlying Position	(9,175,667)	9,196,684	(21,017)
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	(9,175,667)	9,180,098	(4,431)
ICB Underlying Position			
Although the ICB is forecasting an overall surplus of £11.8m for 2025/26, the estimated underlying position reported at month 6 for the ICB 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 (£53.8m) 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 £35.2m, are currently being offset by one-off technical benefits which therefore worsens the underlying position.			

Table 8: NENC Whole Time Equivalent (WTE) Forecast



- In September Whole Time Equivalents continue to be above plan by 0.5% and spend by 1.1%.
- As an outcome of the ICS Financial and Performance Review with System Leaders meeting on 6th October all trusts agreed to review and/or revise workforce plans to deliver, as a minimum, their current plans and identify opportunities to go further to mitigate in year financial risk by 21/10.
- These submissions are being reviewed and will be used to support conversations with the Senior Responsible Officer for Workforce (Trudie Davies) for each organisation.

	Workforce WTE				Vacancies		YTD Spend			
	Actual	Actual	Plan	% Diff	WTE	Vacancy	YTD	Plan	Variance	%
	(Sep 2024)	(Sep 2025)	(Sep 2025)		Vacancies	Rate %	Spend (£000's)	YTD Spend (£000's)	(£000's)	Variance
Total	90,294	90,951	90,523	0.5%	3,827	4.2%	2,664,720	2,636,444	28,276	1.1%