NHS
North East and
North Cumbria

# NENC ICB

## Finance Report for the period ending 31st May 2026

# 1. Executive Summary

| Month 2 - May 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 | £0.00 m | G | £0.00 m | G |
| **ICB Capital Spend** - variance to plan | £0.00 m | G | £0.75 m | A |
| **Other Financial Performance Metrics** | | | | |
| **Efficiency -** variance to plan | £0.00 m | G | £0.00 m | G |
| **Mental Health Investment Standard** (target xx%) | 2.03% | G | 2.15% | G |
| **Risk (Net Position)** | | | (£24.16) m | R |
| **Underlying Position** | | | £0.00 m | G |
| **Cash** (target <1.25% of monthly drawdown) | 0.81% | 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 very 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;
• Pressure on all-age continuing care (AACC) budgets particularly relating to challenging efficiency targets;
• 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 breakeven YTD and 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 once staffing budgets have been reviewed in further detail.

**Capital**

The ICBs capital allocation of £17.07m, 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 2, there is a forecast overspend of £0.75m relating to additional GPIT ARRS where an additional allocation is expected.

**Key Points - Other Financial Performance Metrics:**

**Efficiency**
At month 2 the ICB is reporting delivery of YTD efficiencies of £22.4m 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 2 this has reduced to a net risk of £24.2m, reflecting additional mitigations identified within reserves.

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 2 - May 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 | 727,314 | 727,314 | 0 | 4,202,941 | 4,202,941 | 0 |
| Mental Health Services | 171,439 | 171,439 | 0 | 1,028,632 | 1,028,632 | (0) |
| Community Health Services | 131,603 | 131,603 | 0 | 789,620 | 789,620 | (0) |
| Continuing Care | 97,124 | 97,124 | (0) | 582,745 | 582,745 | (0) |
| Prescribing | 113,099 | 113,099 | 0 | 678,593 | 678,593 | (0) |
| Primary Care | 14,885 | 14,885 | (0) | 89,309 | 89,309 | (0) |
| Primary Care Co-Commissioning | 125,385 | 125,385 | (0) | 726,756 | 726,756 | 0 |
| Delegated – Pharmacy, Ophthalmic and Dental | 66,662 | 66,662 | (0) | 414,236 | 414,236 | (0) |
| Specialised Commissioning | 139,060 | 139,060 | 0 | 876,603 | 876,603 | (0) |
| Other Programme Services | 2,978 | 2,978 | 0 | 17,866 | 17,866 | (0) |
| Other Commissioned Services | 4,474 | 4,474 | (0) | 26,843 | 26,843 | 0 |
| Programme Reserves | 0 | 0 | 0 | 49,610 | 49,610 | 0 |
| **Total ICB Programme Costs** | **1,594,022** | **1,594,022** | **0** | **9,483,752** | **9,483,752** | **(0)** |
| **Admin** | | | | | | |
| Running Costs | 8,337 | 8,337 | 0 | 50,531 | 50,531 | 0 |
| **Total ICB Admin Costs** | **8,337** | **8,337** | **0** | **50,531** | **50,531** | **0** |
| **Total ICB Expenditure** | **1,602,359** | **1,602,359** | **0** | **9,534,283** | **9,534,283** | **(0)** |
| **Revenue Resource Limit** | (1,602,359) | (1,602,359) | 0 | (9,534,283) | (9,534,283) | 0 |
| **(Surplus) / Deficit** | **0** | **0** | **0** | **0** | **(0)** | **(0)** |

## Table 2: ICB Committee Financial Position

| Month 2 - May 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 | 82,689 | 82,689 | 0 | 496,135 | 496,135 | 0 |
| Other Community Budgets | 49,650 | 49,650 | 0 | 297,902 | 297,902 | (0) |
| Primary Care (core) Budgets | 14,786 | 14,786 | 0 | 88,718 | 88,718 | (0) |
| GP Medical Delegated Budgets | 125,385 | 125,385 | (0) | 726,756 | 726,756 | 0 |
| Pharmacy, ophthalmic and dental (POD) delegated services | 66,662 | 66,662 | (0) | 414,236 | 414,236 | (0) |
| Other Commissioned Budgets | 443 | 443 | (0) | 2,656 | 2,656 | (0) |
| **Total Neighbourhood Sub-committee Budgets** | **339,615** | **339,615** | **(0)** | **2,026,404** | **2,026,404** | **(0)** |
| **Integrated Mental Health and Complex Care Sub-committee** | | | | | | |
| All Age Continuing Care (AACC) | 97,124 | 97,124 | (0) | 582,745 | 582,745 | (0) |
| Mental Health NHS Providers | 113,558 | 113,558 | 0 | 681,347 | 681,347 | 0 |
| Section 117 | 32,528 | 32,528 | 0 | 195,168 | 195,168 | (0) |
| ADHD/ASD | 2,858 | 2,858 | 0 | 17,150 | 17,150 | 0 |
| Other Mental Health Budgets | 22,601 | 22,601 | 0 | 135,605 | 135,605 | (0) |
| **Total Integrated Mental Health and Complex Care Sub-committee** | **268,669** | **268,669** | **0** | **1,612,016** | **1,612,016** | **(0)** |
| **Acute Sub-committee** | | | | | | |
| Acute NHS Providers within system | 693,956 | 693,956 | 0 | 4,002,796 | 4,002,796 | 0 |
| Independent Sector providers | 19,603 | 19,603 | 0 | 117,621 | 117,621 | 0 |
| Other NHS providers outside of system | 7,316 | 7,316 | 0 | 43,898 | 43,898 | 0 |
| Other Acute Budgets | 8,542 | 8,542 | 0 | 51,253 | 51,253 | (0) |
| **Total Acute Sub-committee** | **729,418** | **729,418** | **0** | **4,215,567** | **4,215,567** | **(0)** |
| **Specialised Commissioning Sub-committee** | | | | | | |
| Specialised, Acute | 120,081 | 120,081 | 0 | 741,368 | 741,368 | 0 |
| Specialised, Mental Health | 18,904 | 18,904 | 0 | 113,424 | 113,424 | (0) |
| Specialised, Other | 76 | 76 | 0 | 21,811 | 21,811 | (0) |
| **Total Specialised Commissioning Sub-committee** | **139,060** | **139,060** | **0** | **876,603** | **876,603** | **(0)** |
| **Leadership Committee** | | | | | | |
| Prescribing | 111,901 | 111,901 | 0 | 671,409 | 671,408 | (0) |
| Estates | 3,067 | 3,067 | 0 | 18,401 | 18,401 | 0 |
| Other | 2,291 | 2,291 | 0 | 13,743 | 13,743 | 0 |
| Reserves | 0 | 0 | 0 | 49,610 | 49,610 | 0 |
| Running Costs | 8,337 | 8,337 | 0 | 50,531 | 50,531 | 0 |
| **Total Leadership Committee** | **125,596** | **125,596** | **0** | **803,694** | **803,694** | **0** |
| **Total ICB Financial Position** | **1,602,359** | **1,602,359** | **0** | **9,534,283** | **9,534,283** | **(0)** |

# 3: Efficiencies

## Table 3: ICB Efficiencies

| Month 2 - May 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 | 3,250 | 3,250 | 0 | 19,487 | 19,487 | 0 |
| 2) Continuing Healthcare & Packages of Care | 4,718 | 4,718 | 0 | 18,468 | 18,468 | 0 |
| 3) Running Costs and Infrastructure | 4,182 | 4,182 | 0 | 25,091 | 25,091 | 0 |
| 4) Estates | 166 | 166 | 0 | 1,000 | 1,000 | 0 |
| 5) Service Reform Programmes | | | | | | |
| a) Secondary Care | 733 | 733 | 0 | 4,497 | 4,497 | 0 |
| b) Neighbourhood Health | 2,703 | 2,707 | 4 | 12,579 | 12,579 | 0 |
| c) MH & LD | 1,982 | 1,982 | 0 | 12,082 | 12,082 | 0 |
| d) Other | 140 | 140 | 0 | 840 | 842 | 2 |
| 6) Internal Flexibilities | 4,502 | 4,502 | 0 | 27,009 | 27,009 | 0 |
| **Total ICB Efficiencies** | **22,376** | **22,380** | **4** | **121,053** | **121,055** | **2** |
| **Of Which:** | | | | | | |
| Recurrent | 17,874 | 17,754 | (120) | 94,044 | 94,253 | 209 |
| Non-recurrent | 4,502 | 4,626 | 124 | 27,009 | 26,802 | (207) |
| **Total ICB Efficiencies** | **22,376** | **22,380** | **4** | **121,053** | **121,055** | **2** |
| **Efficiency Risk** | | | | | | |
| High risk | | | | 24,913 | 9,331 | (15,582) |
| Medium risk | | | | 17,440 | 20,011 | 2,571 |
| Low risk | | | | 78,700 | 91,713 | 13,013 |
| **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 May 2026, as submitted to NHSE.

At month 2, 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 £22.4m.

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 £9.3m at month 2. 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 Plan | 2026/27 Actual | 2026/27 Movement |
|---|---|---|---|
| | £000s | £000s | £000s |
| **(Risks) / (Offsets to benefits):** | | | |
| Elective Activity | (22,000) | (22,000) | 0 |
| AACC (Inflation and package growth) | (5,723) | (5,700) | (23) |
| S117 (Inflation and package growth) | (1,800) | (1,800) | 0 |
| Prescribing (price and item growth) | (6,600) | (6,600) | 0 |
| Efficiency under-delivery | (7,000) | (6,957) | (43) |
| UEC Marginal rate | (5,800) | (5,800) | 0 |
| **Total Risks** | **(48,923)** | **(48,857)** | **(66)** |
| | | | |
| **Mitigations / benefits:** | | | |
| ARRS Underspend | 3,500 | 3,500 | 0 |
| POD Contingency | 14,200 | 14,200 | 0 |
| Elective Activity | 0 | 7,000 | (7,000) |
| **Total Mitigations** | **17,700** | **24,700** | **(7,000)** |
| | | | |
| **Total Unmitigated Net Risk** | **(31,223)** | **(24,157)** | **(7,066)** |

# 5. Capital Position

## Table 5: ICB Capital Funding 2026/27

| Month 2 - May 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 |
| **Total ICB Capital Allocaton** | **0** | **0** | **0** | **17,070** | **17,070** | **0** |
| **ICB Capital (held by NHSE):** | | | | | | |
| GPIT | 0 | 0 | 0 | 5,412 | 5,412 | 0 |
| Primary Care Estates Schemes | 0 | 0 | 0 | 8,433 | 8,433 | 0 |
| Other Capital Grants | 0 | 0 | 0 | 3,473 | 3,473 | 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** | **748** | **748** | **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 £17.07m 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.

The forecast overspend of £0.75m relates to an expected additional allocation for Additional Roles Reimbursement Scheme (ARRS) GPIT.

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.