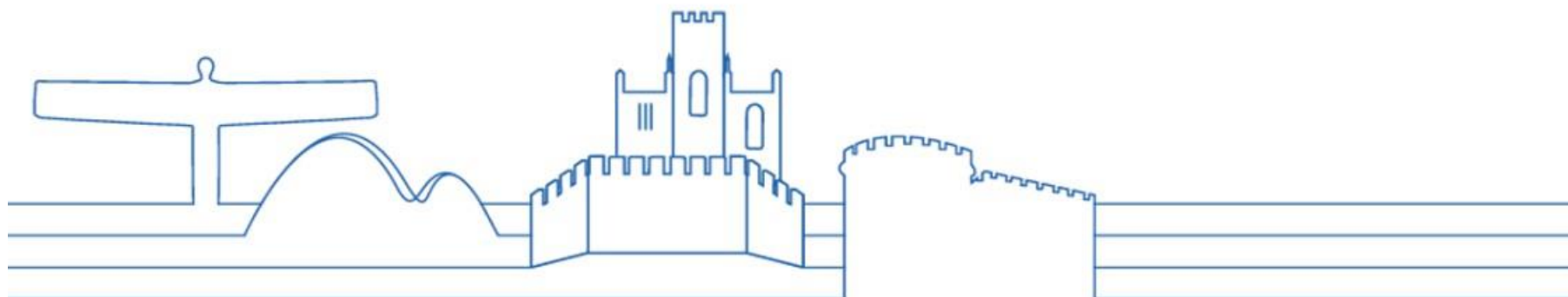




North East and  
North Cumbria

# NENC ICB

## Finance Report for the period ending 31st May 2023



Executive Summary					
M02 - May 2023			YTD	Forecast	
Key Statutory Financial Duties	<b>Overall ICS 2023/24 In Year Financial Position - (Surplus) / Deficit</b>				
	For the financial year 2023/24 the ICS, is on track to deliver the planned deficit position of £49.8m at Month 2		Plan	£28.66 m	£49.87 m
			Actual	£30.46 m	£49.87 m
	<b>Overall ICB 2023/24 In Year Financial Position - (Surplus) / Deficit</b>				
	<b>Overall ICB 2023/24 In Year Financial Position prior to retrospective funding - (Surplus) / Deficit</b>		Plan	(£5.40) m	(£32.40) m
	The ICB is reporting a year to date planned surplus of £5.38m and a forecast outturn surplus of £32.40m, in line with the approved plan submitted to NHSEI - Deficit / (Surplus)		Actual	(£5.38) m	(£32.40) m
	<b>2023/24 ICB Running Costs Position</b>				
	The ICB is reporting a year to date and forecast outturn breakeven position.		Plan	£9.57 m	£57.41 m
			Actual	£9.57 m	£57.41 m
			Variance	£0.00 m	£0.00 m
<b>Overall ICS 2023/24 Capital Funding</b>					
The ICS is reporting a forecast outturn overspend against the capital allocation of 9.45m.		Allocation	£33.16 m	£198.95 m	
		Actual	£34.73 m	£208.39 m	
		Variance	£1.57 m	£9.45 m	
Other Financial Performance Metrics	<b>Overall ICS 2023/24 QIPP/Efficiency</b>		Plan	£47.64 m	£408.36 m
	The ICS is reporting year to date QIPP savings of £43.64m and forecast savings of £408.14m with the ICB forecasting delivery of £94.9m in line with the submitted QIPP/Efficiency plan. Providers are currently forecasting a slight under-delivery against target of £0.22m.		Actual	£43.64 m	£408.14 m
			Variance	(£4.00) m	(£0.22) m
	<b>Overall 2023/24 Mental Health Investment Standard (MHIS)</b>			6.73%	6.73%
	The ICB is on track to achieve the MHIS target for 2023/24 (growth in spend of 6.73%).				
	<b>Cash</b>			0.27%	<1.25%
The ICB cash balance for May is 0.27% and within the target set by NHS England of <1.25% of the monthly cash drawdown.					
<b>BPPC</b>			by volume	by value	
The BBPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days		NHS	100.00%	100.00%	
		Non NHS	99.48%	99.00%	

## Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2023/24 for the period to 31st May 2023.

The overall ICS financial position is a year to date deficit of £30.46m compared to a planned deficit of £28.65m. This adverse variance of £1.8m reflects pressures in provider positions relating to costs associated with strike action and achievement of elective recovery funding. This 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 £49.87m.

The ICB is currently reporting a year to date surplus of £5.38m and a forecast surplus for the year of £32.4m 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 £9.44m 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 6.73%.

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 reported forecast outturn position.

The financial plan for 2023/24 included overall net financial risks of £102.5m across the ICS. This included a large number of mitigations yet to be identified, excluding those, total unmitigated risk amounts to almost £252m. As at 31st May 2023 this position remains largely unchanged, with net unmitigated risk of £101.6m being reported across the ICS.

For the ICB this includes unmitigated net risk of £26m, predominantly relating to potential pressures in continuing healthcare and prescribing costs, and potential non-delivery of stretch efficiency targets. Additional net unmitigated risk across providers amounts to over £75m.

Work will continue across the system to review the position, seek to identify mitigations and collectively work to manage potential risks. Work has commenced on the development of a medium term financial plan, incorporating a financial recovery plan. This is being developed across the ICS, with the intention to develop a high level plan by the end of September which will support NHSE requirements and support delivery of the 2023/24 financial position.

**Table 1: ICB Financial Position**

Month 2 - May 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Revenue Resource Limit</b>	(1,185,710)			(7,114,272)		
<b>Programme</b>						
Acute Services	573,035	573,024	(11)	3,438,210	3,438,210	(0)
Mental Health Services	143,914	143,879	(35)	863,486	863,486	(0)
Community Health Services	113,076	113,076	0	678,458	678,458	(0)
Continuing Care	74,969	74,976	6	449,817	449,817	(0)
Prescribing	94,332	94,332	0	565,992	565,992	0
Primary Care	18,405	18,449	44	110,431	110,431	(0)
Primary Care Co-Commissioning	153,919	153,919	(0)	923,523	923,523	(0)
Other Programme Services	23	(5,574)	(5,597)	136	136	0
Other Commissioned Services	4,670	4,677	8	28,019	28,019	(0)
Programme Reserves	(5,601)	0	5,601	(33,609)	(33,609)	0
Contingency	0	0	0	0	0	0
<b>Total ICB Programme Costs</b>	<b>1,170,741</b>	<b>1,170,758</b>	<b>16</b>	<b>7,024,462</b>	<b>7,024,462</b>	<b>(0)</b>
<b>Admin</b>						
Running Costs	9,568	9,568	0	57,406	57,406	0
<b>Total ICB Admin Costs</b>	<b>9,568</b>	<b>9,568</b>	<b>0</b>	<b>57,406</b>	<b>57,406</b>	<b>0</b>
(Surplus) / Deficit	5,401	0	(5,401)	32,404	0	(32,404)
<b>Total In Year ICB Financial Position</b>	<b>1,185,710</b>	<b>1,180,325</b>	<b>(5,384)</b>	<b>7,114,272</b>	<b>7,081,868</b>	<b>(32,404)</b>

<b>Table 1.1: ICB In Year Financial Position</b>						
<b>Month 2 - May 2023</b>	<b>YTD Plan</b>	<b>YTD Actual</b>	<b>YTD Variance</b>	<b>2023/24 Annual Plan</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Forecast Variance</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Financial Position Analysis</b>						
North Cumbria	17,062	17,062	0	102,375	102,375	0
<b>North Cumbria Area</b>	<b>17,062</b>	<b>17,062</b>	<b>0</b>	<b>102,375</b>	<b>102,375</b>	<b>0</b>
Newcastle	19,514	19,515	0	117,087	117,087	(0)
Gateshead	14,317	14,317	0	85,902	85,902	(0)
North Tyneside	9,323	9,323	0	55,941	55,941	0
Northumberland	16,278	16,278	0	97,667	97,667	0
<b>North Area</b>	<b>59,433</b>	<b>59,433</b>	<b>0</b>	<b>356,597</b>	<b>356,597</b>	<b>(0)</b>
County Durham	27,649	27,649	0	165,894	165,894	0
South Tyneside	8,258	8,258	0	49,550	49,550	(0)
Sunderland	15,397	15,397	(0)	92,381	92,381	0
<b>Central Area</b>	<b>51,304</b>	<b>51,304</b>	<b>0</b>	<b>307,825</b>	<b>307,825</b>	<b>(0)</b>
Tees Valley	43,081	43,081	0	258,488	258,488	0
<b>Tees Valley (South) Area</b>	<b>43,081</b>	<b>43,081</b>	<b>0</b>	<b>258,488</b>	<b>258,488</b>	<b>0</b>
<b>System</b>	<b>1,014,829</b>	<b>1,009,444</b>	<b>(5,385)</b>	<b>6,088,987</b>	<b>6,056,582</b>	<b>(32,404)</b>
<b>Total ICB Financial Position excl. Allocations</b>	<b>1,185,710</b>	<b>1,180,325</b>	<b>(5,384)</b>	<b>7,114,272</b>	<b>7,081,868</b>	<b>(32,404)</b>

<b>Table 2: Overall ICS (Surplus) / Deficit</b>						
<b>Month 2 - May 2023</b>	<b>YTD Plan (Surplus) / Deficit</b>	<b>YTD Actual (Surplus) / Deficit</b>	<b>YTD Variance (Surplus) / Deficit</b>	<b>Annual Plan (Surplus) / Deficit</b>	<b>Forecast (Surplus) / Deficit</b>	<b>Forecast Variance (Surplus) / Deficit</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
NENC Commissioner (ICB)	(5,401)	(5,384)	16	(32,404)	(32,404)	(0)
<b>Total In Year ICB Position</b>	<b>(5,401)</b>	<b>(5,384)</b>	<b>16</b>	<b>(32,404)</b>	<b>(32,404)</b>	<b>(0)</b>
NENC Providers	34,058	35,845	1,787	82,277	82,276	(1)
<b>Total Provider Position</b>	<b>34,058</b>	<b>35,845</b>	<b>1,787</b>	<b>82,277</b>	<b>82,276</b>	<b>(1)</b>
<b>Total ICS Financial Position 2023/24</b>	<b>28,658</b>	<b>30,461</b>	<b>1,804</b>	<b>49,873</b>	<b>49,872</b>	<b>(1)</b>

<b>Table 3: ICS Efficiencies</b>						
Month 2 - May 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	1,414	1,414	0	8,480	8,480	0
Community Healthcare	1,448	1,448	0	8,692	8,692	0
Primary Care (inc. Primary Co-Commissioning)	6,868	6,868	0	41,205	41,205	0
All Age Continuing Healthcare	4,410	4,410	0	26,455	26,455	0
Other Programme Services	420	1,684	1,264	2,523	2,523	0
Unidentified	1,264	0	(1,264)	7,589	7,589	0
<b>Total ICB Efficiencies</b>	<b>15,824</b>	<b>15,824</b>	<b>0</b>	<b>94,944</b>	<b>94,944</b>	<b>0</b>
<b>Of Which:</b>						
Recurrent	7,740	7,740	0	46,441	46,441	0
Non Recurrent	8,084	8,084	0	48,503	48,503	0
<b>Total ICB Efficiencies</b>	<b>15,824</b>	<b>15,824</b>	<b>0</b>	<b>94,944</b>	<b>94,944</b>	<b>0</b>
Providers within system	31,819	27,817	(4,002)	313,416	313,195	(221)
<b>Total Provider Efficiencies (within system)</b>	<b>31,819</b>	<b>27,817</b>	<b>(4,002)</b>	<b>313,416</b>	<b>313,195</b>	<b>(221)</b>
<b>Of Which:</b>						
Recurrent	14,964	8,610	(6,354)	181,619	169,096	(12,523)
Non Recurrent	16,855	19,207	2,352	131,797	144,100	12,303
<b>Total Provider Efficiencies (within system)</b>	<b>31,819</b>	<b>27,817</b>	<b>(4,002)</b>	<b>313,416</b>	<b>313,195</b>	<b>(221)</b>
<b>Total ICS Efficiencies</b>	<b>47,643</b>	<b>43,641</b>	<b>(4,002)</b>	<b>408,360</b>	<b>408,139</b>	<b>(221)</b>
<b>Of Which:</b>						
Recurrent	22,704	16,350	(6,354)	228,060	215,537	(12,523)
Non Recurrent	24,939	27,291	2,352	180,300	192,603	12,303
<b>Total ICS Efficiencies</b>	<b>47,643</b>	<b>43,641</b>	<b>(4,002)</b>	<b>408,360</b>	<b>408,139</b>	<b>(221)</b>
<b>ICS Efficiencies key points</b>						
<p>The tables above shows the efficiency targets set out in the ICS plan. For the ICB this is by ISFE category and at Month 2 the ICB is forecasting delivery in line with plan although this remains a considerable challenge given the scale of stretch efficiency targets included in plan.</p> <p>For providers within the system there is a YTD under-delivery against target of £4m and a small forecast under-delivery of £0.2m. The forecast outturn for recurrent efficiencies is an underachievement of £12.5m, largely mitigated by a forecast over delivery of non-recurrent schemes totalling £12.3m. As with the ICB, this represents a significant challenge given the increased efficiency targets in plan for 2023/24, and this is reflected within ICS risks.</p>						

<b>Table 4: ICS Risks and Mitigations</b>			
<b>Risks</b>	<b>Potential risk before Mitigating actions</b>		<b>Remaining risk after mitigations</b>
	<b>mitigations</b>		
	<b>£000s</b>		<b>£000s</b>
<b><u>ICB Risks</u></b>			
Continuing Healthcare - risk around activity increases and fee rates	(10,074)	NR measures / stretch efficiency	(8,392)
Prescribing	(11,424)	NR measures / stretch efficiency	(9,517)
Potential additional IS activity pressures (Elective Recovery Fund gap)	(15,000)	Anticipated ERF income	0
Risk on Efficiency delivery	(13,845)	NR measures / stretch efficiency	(8,095)
<b>TOTAL ICB RISKS</b>	<b>(50,343)</b>		<b>(26,004)</b>
<b><u>System Risks</u></b>			
ERF and other pay/non-pay provider risks	(336,472)	System actively working collaboratively to develop plans to mitigate this risk	(75,558)
<b>TOTAL ICS RISKS (ICB + SYSTEM)</b>	<b>(386,815)</b>		<b>(101,562)</b>