

REPORT CLASSIFICATION	✓	CATEGORY OF PAPER	✓
Official	✓	Proposes specific action	
Official: Sensitive Commercial		Provides assurance	✓
Official: Sensitive Personal		For information only	

BOARD	
30 SEPTEMBER 2026	
Report Title:	NENC ICB Finance Update – Month 4 2026/27
Purpose of report	
To provide an update on the financial performance of the ICB in the financial year 2026/27, with the latest position covering the four months ended 31 July 2026.	
Key points	
ICB Month 4 Report: The report attached shows the ICB financial position as at 31 July 2026 (month 4). There is still relatively limited data available at this stage of the year and a breakeven position overall was reported at month 4. The format and content of the report remains similar to the previous month, reflecting the updated committee structure and budget delegation arrangements. A summary of the key points on the month 4 financial position is as follows: • A breakeven position is being reported at month 4 both year to date (YTD) and forecast outturn overall • There are four main areas of potential expenditure pressure and potential risk; elective activity, ADHD/ASD assessments, prescribing costs and all-age continuing care (AACC). These will need to be continued to be reviewed and managed in year by the relevant multi-disciplinary teams. • A YTD overspend of £5.1m was reported on mental health budgets relating to ADHD/ASD assessments reflecting activity and costs seen in the first four months of the year. This is expected to be managed within indicative activity plans (IAPs) for the year as these continue to be agreed, hence a breakeven forecast position is still reported, however this represents a significant potential financial risk particularly as increasing numbers of new providers enter the market. • A £3.8m YTD overspend was also 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. • In addition, there is also an emerging pressure and risk for all ICBs including NENC in relation to prescribing and price concessions – these are short term price increases for drugs agreed by NHSE in relation to market issues and typically cost the ICB £1m per month. The total impact of price concessions for the ICB for the first four months has been £7.2m with a potential financial pressure for the year if current levels continue of c£20m above plan. • Efficiencies are expected to be delivered in line with plan and there has been a reduction in efficiencies classed as high risk.	

- Net unmitigated risk which includes pressures above (bar the MO cost concessions risk at this stage) as well as risk or non-delivery of efficiency plans has reduced from £31m in plan to £15.6m at month 4. There is still significant risk to manage and work will continue to seek to reduce the impact of risks and identify additional mitigations.
- ICB running costs are being currently being managed within funding allocations with a YTD underspend of £2.4m at month 4.
- A breakeven position is now being reported on capital funding following receipt of anticipated additional capital allocation (£0.75m) in month 3.

Regional NHSE approach to plan delivery:

Appendix 1 provides a summary of a new approach implemented by NHSE North East and Yorkshire (NEY) regional team to support delivery of the 2026/27 financial plan. The revised approach moves from earned autonomy to earned intervention: organisations with accepted plans retain autonomy unless delivery risk increases.

As set out in appendix 1, all organisations have been assessed and grouped into four categories based on perceived risk to delivery of plan, with associated support and interventions and a reporting regime proportionate to risk stratification.

NENC ICB have been placed in category 1 'on track' with no significant changes to current reporting arrangements.

Risks and issues

A number of risks were identified in the 2026/27 financial plan with a net unmitigated risk of £31m included in the final agreed plan. Net unmitigated risk has reduced to £15.6m at month 4 with additional mitigations identified, however significant underlying recurrent financial pressures continue to be evident which present a material challenge to delivery of balanced financial plans for 2026/27 as well as 2027/28 onwards. Whilst the level of risk should be manageable in year the impact on the underlying financial position may require additional recurrent mitigations.

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.

Assurances and supporting documentation

ICB finance teams monitor and report monthly on risks noted above. This will include actions being taken to mitigate these risks.

The ICB Chief Finance Officer continues to meet monthly with the ICS Directors of Finance to review the ICS finance position, although the collective duty to manage the system position no longer applies as it did.

There is now an NHSE Regional finance and performance control total with more detail being pursued as to what this will mean for the ICB. Our initial understanding is that whilst each organisation is expected to deliver its board approved plan, organisations that can help offset pressures or under-performance elsewhere will be expected or encouraged to do so.

Following changes to the ICB governance and committee structure, the financial position of the ICB is expected to be managed by the Leadership Committee, supported by relevant sub-committees. The position will also continue to be reviewed by ICB Board.

The Financial Sustainability Group will continue to review and have oversight of the delivery of ICB efficiencies and the CEO and CFO undertake regular CIP Star Chamber Reviews with Directors.

The ICB Budget Accountability Framework has been approved which sets out the approach to budget delegation and management, including respective responsibilities of budget managers and relevant committees.

Recommendation/action required						
The Board is asked to: - note the latest year to date and forecast financial position for 2026/27, including the potential financial risks to be managed, - note the revised NHSE regional approach to plan delivery, with no immediate impact for the ICB at this stage.						
Acronyms and abbreviations explained						
AACC – All-age Continuing Care ADHD – Attention Deficit Hyperactivity Disorder ASD – Autism Spectrum Disorder ARRS – Primary Care Networks Additional Roles Reimbursement Scheme BPPC – Better Payment Practice Code CHC – Continuing Healthcare ERF – Elective Recovery Fund FT – NHS Provider Foundation Trust ISFE – Integrated Single Financial Environment (financial ledger system) MHIS – Mental Health Investment Standard NHSE – NHS England QIPP – Quality, Innovation, Productivity and Prevention POD – Pharmacy, Ophthalmic and Dental YTD – Year to Date						
Leadership Committee Approval	09.09.26					
Sponsor/approving Chief Officer	David Chandler, Chief Finance Officer					
Date approved by Chief Officer	14.09.26					
Report author	R Henderson, Director of Finance Corporate & Insights A Thompson, Senior Finance Manager					
Link to ICP strategy priorities						
Longer and Healthier Lives						
Fairer Outcomes for All						
Better Health and Care Services						
Giving Children and Young People the Best Start in Life						
Relevant legal/statutory issues						
Note any relevant Acts, regulations, national guidelines etc						
Any potential/actual conflicts of interest associated with the paper?	Yes		No	✓	N/A	
Equality analysis completed	Yes		No		N/A	✓
If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken? (please tick)	Yes		No	✓	N/A	
Essential considerations						
Financial implications and considerations	Richard Henderson, Director of Finance (20/08/2026)					
Contracting and Procurement	Not applicable					

Commissioning Team	Not applicable
Digital implications	Not applicable
Clinical involvement	Not applicable
Health inequalities	Not applicable
Patient and public involvement	Not applicable
Partner and/or other stakeholder engagement	Position reviewed with system partners via Directors of Finance and Chief Executive meetings
Other resources	N/A

Version Control

Version	Date	Author	Update comments
1.0	09/09/2026	Richard Henderson	First draft based on final leadership committee report
2.0	13/09/2026	David Chandler	Minor suggested changes and one check to make before final approval
3.0	14/09/2026	Richard Henderson	Final update confirmed with DC