



North East and North Cumbria

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

BOARD	
30 May 2023	
Report Title:	NENC ICB and ICS Finance Report – M12
Purpose of report	
To provide the Board with an update on the financial performance of the North East and North Cumbria Integrated Care Board (NENC ICB) and NENC Integrated Care System (ICS) in the financial year 2022/23 for the period to 31 March 2023 ("month 12").	
Key points	
<p>The full financial report for the period was reviewed in detail by the Finance, Performance and Investment Committee (FPIC) at its meeting on 4 May 2023. The report presented here provides a high level summary of the position.</p> <p>ICB Revenue Position:</p> <p>As at 31 March 2023 the ICB is reporting an outturn surplus of £2.7m for the period (consistent with forecast reported last month and in line with plan). This position remains subject to audit, with final accounts due to be signed in June 2023.</p> <p>As reported previously, significant financial pressures have been seen during the year in respect of independent sector (IS) acute activity and in prescribing costs, predominantly linked to the impact of price concessions.</p> <p>Additional elective recovery fund (ERF) monies have now been received from NHS England (NHSE) to offset the additional IS activity.</p> <p>Pressures have also been experienced on continuing healthcare and section 117 packages of care.</p> <p>All of these pressures have been offset through underspends on other budgets, non-recurring benefits and use of programme reserves to successfully manage the overall position in line with plan.</p> <p>ICS Revenue Position:</p> <p>From an ICS perspective the outturn position is a surplus of £58.2m, as shown in Table 2.</p>	

Item: 9.2

This is largely driven by significant income received by Northumbria Healthcare NHS Foundation Trust relating to the settlement of a court case in respect of building rectification work. This was highlighted as a risk previously, outwith the control of the ICS, and had been actively discussed with NHSE.

One other significant risk was highlighted in the previous meeting relating to the additional non-consolidated pay-award offer which was generating an unfunded pressure amounting to approx. £12m across the ICS. All organisations were able to manage this pressure within agreed positions apart from one provider trust whose position deteriorated by £1.4m.

With the exception of these two items which materialised late in the year and outside of the control of the ICS, the overall position would have been a small surplus.

ICB Running Costs:

An outturn underspend has been delivered on ICB running costs, largely due to the impact of vacancies in the current year. This has effectively allowed additional funding to be spent on frontline healthcare services. This remains a potential risk area on a recurring basis if vacancies are filled, particularly in light of the forthcoming 30% real terms reduction in running cost allowances.

ICS Capital Position:

The ICS is reporting an outturn underspend against the confirmed ICS capital departmental expenditure limit (CDEL) allocation of £7.2m, following receipt of additional funding for a specific development ('Cedars') at one provider trust.

Risks and issues

A number of potential financial risks were identified for both the ICB and ICS as a whole, which have been successfully managed during the year.

As noted above, two potential risks materialised during month 12 which were largely outside of the control of the ICS, resulting in the significant surplus position being reported as agreed with NHSE.

All other potential risks have been appropriately mitigated and managed.

The position reported here remains subject to audit but no significant changes are expected.

There are a number of material potential risks moving forward to 2023/24 which have been highlighted as part of the financial plans and continue to be reviewed across the system. These will continue to be reported as part of monthly reporting during 2023/24.

Assurances

ICB finance teams monitor and report monthly on the risks noted above.

The financial position of the ICB is reviewed monthly at Executive Committee including recommendations / actions being taken to mitigate risks.

The ICB Executive Director of Finance meets monthly with the ICS Directors of Finance to review the ICS finance position.

The financial position of both the ICB and the wider ICS are reviewed in detail on a monthly basis by the Finance, Investment and Performance Committee.

Recommendation/action Required						
The Board is asked to:						
<ul style="list-style-type: none"> note the outturn financial position for 2022/23. 						
Acronyms and abbreviations explained						
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						
Executive Committee Approval	9 May 2023					
Sponsor/approving executive director	D Chandler, Executive Director of Finance					
Date approved by executive director	9 May 2023					
Report author	R Henderson, Director of Finance (Corporate) A Thompson, Senior Finance Manager					
Link to ICB corporate aims (please tick all that apply)						
CA1: Improve outcomes in population health and healthcare						
CA2: tackle inequalities in outcomes, experience, and access						
CA3: Enhance productivity and value for money						✓
CA4: Help the NHS support broader social and economic development						
Relevant legal/statutory issues						
Health and Care Act 2022						
Any potential/actual conflicts of interest associated with the paper? (please tick)	Yes		No	✓	N/A	
If yes, please specify						
Equality analysis completed (please tick)	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	
Key implications						
Are additional resources required?	n/a					
Has there been/does there need to be appropriate clinical involvement?	n/a					

Item: 9.2

Has there been/does there need to be any patient and public involvement?	n/a
Has there been/does there need to be partner and/or other stakeholder engagement?	Yes, engagement within the ICB and the wider ICS.

Version Control

Version	Date	Author	Update comments
1.0	09/05/2023	Richard Henderson	Updated from Exec Committee report
2.0	09/05/2023	David Chandler	Final Approved