

Item: 15

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

| BOARD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                      |
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| 29 JULY 2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                      |
| Report Title:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | NENC ICB Finance Update – M2 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 two months ended 31 May 2026.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                      |
| Key points                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                      |
| <p><b>ICB Month 2 Report:</b></p> <p>The report attached shows the ICB financial position as at 31 May 2026 (month 2). There is relatively limited data available at this stage of the year and a breakeven position was reported at month 2.</p> <p>The format and content of the report has been revised for 2026/27 to reflect the updated committee structure and budget delegation arrangements. Further narrative will be provided in future reports on the financial performance and key risks and actions being taken at sub-committee level, as additional information becomes available.</p> <p>A summary of the key points on the month 2 financial position is as follows:</p> <ul style="list-style-type: none"> <li>• A breakeven position is being reported at month 2 for both the year to date (YTD) and forecast outturn.</li> <li>• There are four main areas of potential expenditure pressure and potential risk; elective activity, ADHD/ASD assessments, prescribing costs and all-age continuing care. These will need to be continued to be reviewed and managed in year by the relevant multi-disciplinary teams.</li> <li>• Efficiencies are expected to be delivered in line with plan and there has been a reduction in efficiencies classed as high risk.</li> <li>• Net unmitigated risk which includes pressures above as well as risk or non-delivery of efficiency plans has reduced from £31m in plan to £24m at month 2. There is still significant risk to manage and work will continue to seek additional mitigations.</li> <li>• ICB running costs are being currently being managed within funding allocations.</li> <li>• A small forecast overspend is being reported on ICB capital (£0.75m) however this relates to anticipated additional allocations not yet formally received and it is expected ICB capital will be managed within total funding allocations.</li> </ul> <p><b>Financial Accountability Framework:</b></p> <p>Also attached is a draft budgetary / financial accountability framework. This set out a proposed approach to budget delegation and management, including respective responsibilities of budget managers and</p> |                                      |

relevant sub-committees. Effectively this seeks to provide the "rules of the game" associated with budget delegation and accountability of managers and sub-committees.

The intention is to devolve accountability within the ICB, as agreed by the Board through updated governance arrangements, but it is essential that robust arrangements are in place to manage budgets effectively and ensure the overall ICB financial position continues to be delivered.

The financial accountability framework supports the delegation of budgets and revised governance arrangements already approved by Board and is intended to provide further assurance to Board that clear processes are in place to support effective budget management.

### **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 £24m at month 2 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.

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.

There is now an NHSE Regional Control Total for financial performance and more detail is being pursued as to what this will mean for the ICB but the initial understanding is that whilst each organisation is expected to deliver its board approved plan, organisations that can help offset pressures 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 reviewed and 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 the delivery of ICB efficiencies and the CEO and CFO will undertake regular CIP Star Chamber Reviews with Directors.

A draft budget accountability framework is attached to this report which will set out the approach to budget delegation and management, including respective responsibilities of budget managers and relevant sub-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,
- endorse and take assurance from the draft financial accountability framework.

### **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

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----|---|-----|---|
| ISFE – Integrated Single Financial Environment (financial ledger system)<br>MHIS – Mental Health Investment Standard<br>NHSE – NHS England<br>QIPP – Quality, Innovation, Productivity and Prevention<br>POD – Pharmacy, Ophthalmic and Dental<br>YTD – Year to Date |                                                                                                                                                                          |  |    |   |     |   |
| <b>Sponsor/Approving Chief Officer</b>                                                                                                                                                                                                                               | David Chandler, Chief Finance Officer                                                                                                                                    |  |    |   |     |   |
| <b>Date approved by Chief Officer</b>                                                                                                                                                                                                                                | 20/07/2026                                                                                                                                                               |  |    |   |     |   |
| <b>Report author</b>                                                                                                                                                                                                                                                 | R Henderson, Director of Finance Corporate & Insights<br>A Thompson, Senior Finance Manager                                                                              |  |    |   |     |   |
| <b>Link to ICP strategy priorities</b> (please tick all that apply)                                                                                                                                                                                                  |                                                                                                                                                                          |  |    |   |     |   |
| Longer and Healthier Lives                                                                                                                                                                                                                                           |                                                                                                                                                                          |  |    |   |     | ✓ |
| Fairer Outcomes for All                                                                                                                                                                                                                                              |                                                                                                                                                                          |  |    |   |     | ✓ |
| Better Health and Care Services                                                                                                                                                                                                                                      |                                                                                                                                                                          |  |    |   |     | ✓ |
| Giving Children and Young People the Best Start in Life                                                                                                                                                                                                              |                                                                                                                                                                          |  |    |   |     | ✓ |
| <b>Relevant legal/statutory issues</b>                                                                                                                                                                                                                               |                                                                                                                                                                          |  |    |   |     |   |
| Note any relevant Acts, regulations, national guidelines etc                                                                                                                                                                                                         |                                                                                                                                                                          |  |    |   |     |   |
| <b>Any potential/actual conflicts of interest associated with the paper?</b> (please tick)                                                                                                                                                                           | Yes                                                                                                                                                                      |  | No | ✓ | N/A |   |
|                                                                                                                                                                                                                                                                      |                                                                                                                                                                          |  |    |   |     |   |
| <b>Equality analysis completed</b> (please tick)                                                                                                                                                                                                                     | Yes                                                                                                                                                                      |  | No |   | N/A | ✓ |
| <b>If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken?</b> (please tick)                                                                                                                          | Yes                                                                                                                                                                      |  | No | ✓ | N/A |   |
| <b>Essential considerations (must be completed)</b>                                                                                                                                                                                                                  |                                                                                                                                                                          |  |    |   |     |   |
| <b>Financial implications and considerations</b>                                                                                                                                                                                                                     | <b>Has there been appropriate finance involvement if any financial implications:</b> Yes<br>If Yes: Director of Finance (Corporate & Insights) involvement in the report |  |    |   |     |   |
|                                                                                                                                                                                                                                                                      | <b>Total Contract Value/Cost (including any options to extend the contract):</b> NA                                                                                      |  |    |   |     |   |
|                                                                                                                                                                                                                                                                      | <b>Approval name:</b> Richard Henderson, Director of Finance (Corporate & Insights)                                                                                      |  |    |   |     |   |
|                                                                                                                                                                                                                                                                      | <b>Approval Date:</b> 26/06/2026                                                                                                                                         |  |    |   |     |   |
| <b>Contracting and Procurement</b>                                                                                                                                                                                                                                   | Has there been appropriate contracting/procurement involvement or advice? NA                                                                                             |  |    |   |     |   |
|                                                                                                                                                                                                                                                                      | <b>Length of Contract:</b> NA                                                                                                                                            |  |    |   |     |   |
| <b>Commissioning Team</b>                                                                                                                                                                                                                                            | NA                                                                                                                                                                       |  |    |   |     |   |
| <b>Digital implications</b>                                                                                                                                                                                                                                          | NA                                                                                                                                                                       |  |    |   |     |   |

|                                             |                                                                                              |
|---------------------------------------------|----------------------------------------------------------------------------------------------|
| Clinical involvement                        | NA                                                                                           |
| Health inequalities                         | NA                                                                                           |
| Patient and public involvement              | NA                                                                                           |
| Partner and/or other stakeholder engagement | Position reviewed with system partners via Directors of Finance and Chief Executive meetings |
| Other resources                             | NA                                                                                           |