

Appendix 1 - Delivering the 2026/27 Financial Plan: Revised Regional Approach

A new regional approach has been implemented by NHS England North East and Yorkshire team to support delivery of the 2026/27 financial plan, including a move to proportionate, risk-based oversight and the associated support and intervention offer for organisations.

The revised approach moves from earned autonomy to earned intervention: organisations with accepted plans retain autonomy unless delivery risk increases. Regional oversight will be output-focused, using metrics that evidence run-rate reduction, efficiency recovery, workforce trajectory, cash and confidence in recovery. Engagement will be risk-based and proportionate, with support increasing where delivery is off track.

The approach is intended to be integrated across finance, quality, performance and people, with Board ownership and a monthly single version of the truth to support transparent assurance.

Risk stratification and support/interventions

All organisations have been assessed and grouped into four categories based on perceived risk to delivery of plan:

Category	Indicative risk position	Support and interventions
1. On track – retained autonomy	Forecast to deliver plan, with adequate cash, effective stewardship and no material governance, leadership, capacity or capability concerns.	Standard reporting and light-touch assurance. Organisations self-certify delivery, retain autonomy and may provide peer, mentor or NED support to others.
2. Financial recovery Required and 'watch' approach by Region	Forecast remains deliverable but with emerging run-rate pressure, delivery stretch, targeted improvement needs or single points of failure.	Targeted regional support, more frequent interaction, deep dives on at-risk programmes, monitoring of key indicators, control environment review and peer/NED support. Monthly risk adjusted forecast outturn and relevant committee evidence required.
3. Financial Recovery Required with active involvement by Region	High risk to delivery, material CIP/workforce/run-rate concern, weaker recovery confidence, cash pressures or governance/capability issues affecting recovery.	Active regional intervention, potentially including an embedded Turnaround or Financial Improvement Director, mandated risk-adjusted recovery plan and milestones, increased

		executive oversight, Board-level training and weekly non-financial metrics on workforce, CIP, activity, performance and cash.
4. Mandated national support or non-compliant plan	Recovery off track despite intervention, finance-driven NOF 4/5 or intensive recovery position, weak confidence in future delivery, cash support requirement or non-compliant plan.	Mandated turnaround with NHSE input, external turnaround support, national oversight, frequent NHSE interactions, risk-adjusted recovery milestones across finance, activity, workforce and performance, and application of cash, revenue and capital expenditure controls.

To get assurance on recovery actions and pace of improvement against financial run rates, a reporting regime will be implemented proportion to risk stratification of organisations.

All organisations in 'watch', 'at risk' and 'mandated support' categories will be required to complete a Risk Adjusted Forecast Outturn (including forecast underlying position) regional tool each month. This provides a clear and transparent line of sight for Boards and region on the expected outturn position, financial risk and the recovery trajectory.

NENC ICB have been placed in category 1 'on track' with no significant changes to current reporting arrangements. Although not required for NHSE, the ICB underlying position will continue to be reviewed on a monthly basis and a risk adjusted forecast position reviewed.

Board implications

Boards remain accountable for delivery and for ensuring an integrated response across finance, quality, performance and people. The regional expectation is that any required improvement action is owned locally, transparently reported, and supported early where risk emerges. Movement between risk categories will be reviewed monthly using a blended assessment of plan delivery, run-rate trajectory, cash, underlying deficit and recovery confidence.