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| Item: 20 |
| Enclosure: 12i |



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 MEETING | |
|---|---|
| 27 September 2022 | |
| Report Title: | Finance Update and Overview Report |
| 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) in the financial year 2022-23 for the period to 31 July 2022. | |
| Key points | |
| <p>As at 31st July 2022 the ICB is reporting financial performance in line with the overall financial plan approved by Board on 1st July 2022, reflecting a forecast surplus of £2.6m. This offsets a forecast deficit across relevant NHS providers, resulting in a balanced financial position across the ICS.</p> <p>The ICB Finance, Investment and Performance Committee plays an important role in reviewing the financial performance of the ICB and providing oversight and assurance to the Board. The financial position shown here was discussed in detail at the Committee meeting on 1st September 2022.</p> <p>The financial plan of the ICB required an overall efficiency target of £48.4m and the ICB is on track to deliver this.</p> <p>The ICB is also currently on track to deliver the Mental Health Investment Standard.</p> <p>At this stage of the year there is always limited data available for the majority of commissioned services. This year following the transition from CCGs to the ICB, the financial position shown here is effectively the month 1 position for the ICB. Future reports will include further analysis of the position on individual budget areas as further information becomes available.</p> <p>NHS Providers remain on block contracts for 2022/23, this arrangement gives the ICB certainty over the expenditure associated with these contracts for the year and reduces the level of risk in the financial position. NHS expenditure accounts for approximately 65% of total ICB expenditure.</p> | |

NHS Provider block contract values were agreed within financial plans approved earlier in the year. A summary of relevant contract values is included within table 5 of the report with contracts subsequently being agreed in accordance with approved budget values.

Financial pressures are being reported on acute services budgets, this relates to independent sector activity linked to elective recovery plans, as well as on continuing healthcare budgets. These are currently being offset through underspends on prescribing budgets and use of programme reserves.

Table 6 within the report summarises the ICB Better Care Fund (BCF) contributions with each relevant local authority for the financial year, in accordance with national requirements. The BCF represents pooled budget arrangements with local authorities supporting integration of health and social care, with minimum contributions agreed by NHS England. These values were previously agreed within budgets by the predecessor clinical commissioning groups and within the financial plan approved by Board in July 2022. Following publication of final BCF guidance, relevant section 75 agreements are now being approved through Health and Wellbeing Boards in line with national timescales and approval processes.

Further information on the objectives and requirements of the BCF, along with details of the outcomes delivered from the current year BCF agreements will be presented to a future Board meeting.

Risks and issues

Whilst the ICB has reported a forecast in line with plan, a number of potential financial risks have been identified, totalling £29m.

Key risks identified at this stage include:

- Risk that the growth in both prescribing and continuing healthcare (CHC) expenditure is above planned levels, and
- Risk that the growth in independent sector activity and therefore cost is unfunded through the Elective Services Recovery Fund due to missed system targets.

Mitigations have been identified to manage the majority of potential ICB risks, leaving an unmitigated potential risk of almost £9m linked to elective recovery fund activity. Additional elective recovery funding to cover these costs is subject to overall system performance which presents a significant risk. The unmitigated risk amounts to less than 0.2% of total ICB funding. This will continue to be reviewed over the year along with system partners.

In addition to ICB specific financial risks there are a number of potential risks to the wider ICS financial position. This includes uncertainty around performance against elective recovery targets and related funding implications, and potential pressure on both pay and non-pay costs. Work is continuing across the system to review potential pressures and identify appropriate mitigations where possible.

There is a potential forecast pressure of £32m on capital spending plans across the ICS in comparison to the confirmed ICS capital departmental expenditure limit (CDEL) allocation. Work continues to review relevant capital plans with individual provider trusts and discussions continue with NHS England in respect of the capital funding allocation for the year.

Assurances

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

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| The financial position will continue to be 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 latest year to date and forecast financial position for 2022/23 and take assurance that overall performance is in line with plan, note there are a number of potential financial risks across the system to be managed, note that BCF agreements are being approved through Health and Wellbeing Boards in line with approved budgets. | | | | | | |
| Sponsor/approving director | D Chandler, Interim Executive Director of Finance | | | | | |
| Report author | R Henderson, Director of Finance (Corporate) E Forster, Head of Finance (North Tyneside) | | | | | |
| 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 | | | | | |
| 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. | | | | | |