



**North East and
North Cumbria**

NENC ICB

**Finance Report for the period ending
30th September 2023**

Executive Summary				
M06 - September 2023		YTD	Forecast	
Key Statutory Financial Duties	Overall ICS 2023/24 In Year Financial Position - (Surplus) / Deficit			
	For the financial year 2023/24 the ICS is reporting a £21.49m overspend against plan year to date but continues to forecast delivery of the planned deficit position of £49.8m deficit for the full year.	Plan	£44.20 m	£49.87 m
		Actual	£65.69 m	£49.87 m
		Variance	£21.49 m	£0.00 m
	Overall ICB 2023/24 In Year Financial Position - (Surplus) / Deficit			
	The ICB is reporting a year to date planned surplus of £6.39m, a deterioration to plan of £9.81m, but continues to report a forecast outturn surplus of £32.40m in line with plan.	Plan	(£16.20) m	(£32.40) m
		Actual	(£6.39) m	(£32.40) m
		Variance	£9.81 m	£0.00 m
	2023/24 ICB Running Costs Position			
	The ICB is reporting an underspend against the running cost allowance of £1.58m year to date and £1.52m forecast underspend for the year.	Plan	£29.44 m	£60.42 m
	Actual	£27.86 m	£58.90 m	
	Variance	(£1.58) m	(£1.52) m	
Overall ICS 2023/24 Capital Funding				
The ICS is reporting a forecast outturn overspend against the capital allocation of 9.44m and a year to date underspend of £15.19m.	Allocation	£74.40 m	£198.95 m	
	Actual	£59.21 m	£208.38 m	
	Variance	(£15.19) m	£9.44 m	
Other Financial Performance Metrics	Overall ICS 2023/24 Efficiency			
	The ICS is reporting year to date efficiency savings of £191.29m and forecast savings of £404.94m (slightly below plan) with the ICB delivering £96.4m, slightly ahead of plan. Significant non-recurring efficiencies are being delivered which is offsetting under achievement of recurring efficiency plans.	Plan	£165.15 m	£408.36 m
		Actual	£191.29 m	£404.94 m
		Variance	£26.14 m	(£3.42) m
	Overall 2023/24 Mental Health Investment Standard (MHIS)			
The ICB is on track to achieve the MHIS target for 2023/24 (growth in spend of 6.73%).		6.73%	6.73%	
Cash				
The ICB cash balance for September is 0.13% and within the target set by NHS England of <1.25% of the monthly cash drawdown.		0.13%	<1.25%	
BPPC		by volume	by value	
The BBPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days		NHS	99.98%	
		Non NHS	98.99%	

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2023/24 for the period to 30th September 2023.

The overall ICS financial position is a year to date deficit of £65.7m compared to a planned deficit of £44.2m. This adverse variance of £21.5m includes an £11.7m pressure in provider positions which is predominately linked to under achievement on Elective Recovery Funding (ERF) performance of £8.5m, costs associated with industrial action of £3.4m, together with pay award and other excess inflation cost pressures. This position is expected to be managed back in line with plan by the end of the year, hence the forecast ICS position is a deficit of £49.87m.

The ICB is currently reporting a year to date surplus of £6.4m, a deterioration to plan of £9.8m due to Prescribing cost growth pressures seen in the first four months of the year and increase in continuing healthcare packages. The ICS forecast surplus for the year continues to be £32.4m in line with plan.

ICS capital spending forecasts are currently in line with plan, however this includes an allowable 5% 'over-programming', hence the forecast is £9.44m in excess of the ICS capital departmental expenditure limit (CDEL) allocation. This will need to be managed over the remainder of the year.

The ICB is on track to deliver the Mental Health Investment Standard, with growth in relevant spend of 6.73%.

At this stage of the year there is still relatively limited data available for the majority of commissioned services, with a time lag of two months in respect of prescribing data and other activity based contract information. This adds a level of risk and uncertainty to the reported forecast outturn position.

The financial plan for 2023/24 included overall net financial risks of £102.5m across the ICS. This included a large number of mitigations yet to be identified. As at 30th September this position has slightly improved with net unmitigated risk of £90m being reported across the ICS.

For the ICB this includes unmitigated net risk of £22m, a slight decrease from the previous month. This includes a significant decrease in gross risks relating to prescribing costs and CHC efficiency risk now included in the reported position. Additional net unmitigated risk across providers amounts to over £68m, further work to review net risk with providers is planned for month 7 reporting.

Work will continue across the system to review the position, seek to identify mitigations and collectively work to manage potential risks. Work has commenced on the development of a medium term financial plan, incorporating a financial recovery plan. This is being developed across the ICS, with the intention to develop a high level plan by the end of September which will support NHSE requirements and support delivery of the 2023/24 financial position.

Table 1: Overall ICS (Surplus) / Deficit						
Month 6 - September 2023	YTD Plan (Surplus) / Deficit	YTD Actual (Surplus) / Deficit	YTD Variance (Surplus) / Deficit	Annual Plan (Surplus) / Deficit	Forecast (Surplus) / Deficit	Forecast Variance (Surplus) / Deficit
	£000s	£000s	£000s	£000s	£000s	£000s
NENC Commissioner (ICB)	(16,202)	(6,387)	9,815	(32,404)	(32,404)	0
Total In Year ICB Position	(16,202)	(6,387)	9,815	(32,404)	(32,404)	0
NENC Providers	60,404	72,078	11,674	82,277	82,277	0
Total Provider Position	60,404	72,078	11,674	82,277	82,277	0
Total ICS Financial Position 2023/24	44,202	65,691	21,489	49,873	49,873	0

Table 2: ICB Financial Position						
Month 6 - September 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Revenue Resource Limit	(3,629,903)			(7,340,196)		
<u>Programme</u>						
Acute Services	1,743,338	1,743,393	55	3,507,959	3,518,863	10,904
Mental Health Services	427,930	428,742	812	868,866	870,888	2,022
Community Health Services	359,754	359,536	(218)	711,477	710,455	(1,022)
Continuing Care	206,993	216,324	9,331	422,929	443,306	20,378
Prescribing	282,563	301,106	18,543	568,721	604,004	35,283
Primary Care	53,000	52,195	(804)	107,879	107,673	(206)
Primary Care Co-Commissioning	290,509	291,153	644	581,036	589,530	8,494
Delegated – Pharmacy, Ophthalmic and Dental	172,847	172,877	30	345,738	345,800	62
Other Programme Services	16,810	16,207	(603)	30,547	29,707	(841)
Other Commissioned Services	13,850	13,822	(28)	28,554	28,172	(381)
Programme Reserves	16,669	300	(16,369)	73,666	493	(73,173)
Contingency	0	0	0	0	0	0
Total ICB Programme Costs	3,584,262	3,595,654	11,392	7,247,371	7,248,892	1,521
<u>Admin</u>						
Running Costs	29,439	27,862	(1,578)	60,421	58,900	(1,521)
Total ICB Admin Costs	29,439	27,862	(1,578)	60,421	58,900	(1,521)
(Surplus) / Deficit	16,202	0	(16,202)	32,404	0	(32,404)
Total In Year ICB Financial Position	3,629,903	3,623,516	(6,387)	7,340,196	7,307,792	(32,404)

Table 2.1: ICB In Year Financial Position						
Month 6 - September 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Position at 'Place/Area' level						
North Cumbria	47,334	46,954	(380)	99,110	98,620	(490)
North Cumbria Area	47,334	46,954	(380)	99,110	98,620	(490)
Newcastle	54,343	57,338	2,995	113,998	119,173	5,175
Gateshead	40,981	41,539	557	84,084	84,388	303
North Tyneside	27,001	25,788	(1,214)	55,703	54,934	(770)
Northumberland	46,153	49,747	3,593	96,411	102,997	6,586
North Area	168,479	174,411	5,932	350,197	361,491	11,295
County Durham	79,550	80,916	1,367	156,754	159,781	3,027
South Tyneside	21,405	20,980	(425)	47,369	46,608	(761)
Sunderland	43,721	42,545	(1,176)	91,634	90,066	(1,568)
Central Area	144,675	144,441	(234)	295,757	296,455	698
Tees Valley	121,797	124,186	2,390	243,050	250,993	7,944
Tees Valley (South) Area	121,797	124,186	2,390	243,050	250,993	7,944
System	3,147,618	3,133,523	(14,095)	6,352,083	6,300,233	(51,850)
Total ICB Financial Position	3,629,903	3,623,516	(6,387)	7,340,196	7,307,792	(32,404)

Table 3: ICS Efficiencies						
Month 6 - September 2023	YTD Plan	YTD Actual	YTD Variance	2023/24 Annual Plan	2023/24 Forecast Outturn	2023/24 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	4,242	1,191	(3,051)	8,480	1,547	(6,933)
Community Healthcare	4,344	5,885	1,541	8,692	8,789	97
Mental Health	0	6,306	6,306	0	6,998	6,998
Ambulance	0	0	0	0	0	0
Primary Care (inc. Primary Co-Commissioning)	20,604	15,005	(5,599)	41,205	30,117	(11,088)
Continuing Healthcare	13,230	30,171	16,941	26,455	39,186	12,731
Running Costs	0	0	0	0	0	0
Other Programme Services	1,260	5,947	4,687	2,523	9,778	7,255
Unidentified	3,792	0	(3,792)	7,589	0	(7,589)
Total ICB Efficiencies	47,472	64,504	17,032	94,944	96,415	1,471
Of Which:						
Recurrent	23,220	15,869	(7,351)	46,441	39,158	(7,283)
Non Recurrent	24,252	48,634	24,382	48,503	57,258	8,755
Total ICB Efficiencies	47,472	64,504	17,032	94,944	96,415	1,471
Providers within system	117,676	126,789	9,113	313,416	308,526	(4,890)
Total Provider Efficiencies (within system)	117,676	126,789	9,113	313,416	308,526	(4,890)
Of Which:						
Recurrent	65,646	42,936	(22,710)	181,619	126,979	(54,640)
Non Recurrent	52,030	83,853	31,823	131,797	181,547	49,750
Total Provider Efficiencies (within system)	117,676	126,789	9,113	313,416	308,526	(4,890)
Total ICS Efficiencies	165,148	191,293	26,145	408,360	404,941	(3,419)
Of Which:						
Recurrent	88,866	58,805	(30,061)	228,060	166,137	(61,923)
Non Recurrent	76,282	132,487	56,205	180,300	238,805	58,505
Total ICS Efficiencies	165,148	191,293	26,145	408,360	404,941	(3,419)
ICS Efficiencies key points						
<p>The table above shows the efficiency targets set out in the ICS plan. For the ICB this is by ISFE category and at Month 6 the ICB is forecasting a slight over-delivery against plan although this remains a considerable challenge given the scale of stretch efficiency targets included in plan. A risk of non-delivery of the full target is reflected within ICB financial risks and work continues through the Financial Sustainability Programme Group to review and manage delivery against plans.</p> <p>For providers within the system there is a forecast under-delivery of £4.9m. The forecast outturn for recurrent efficiencies is an underachievement of £61.9m, largely mitigated by a forecast over delivery of non-recurrent schemes totalling £49.8m. As with the ICB, this represents a significant challenge given the increased efficiency targets in plan for 2023/24, and this is reflected within ICS risks.</p>						

Table 4: ICS Risks and Mitigations	
Risks and Mitigations	Reported Risk / Comments Mitigation
	£000s
ICB Risks	
Continuing Healthcare and s117 packages - risk around activity increases and fee rates	(9,691)
Prescribing	(13,166)
Potential additional IS activity pressures (Elective Recovery Fund gap)	(15,000)
Risk on efficiency delivery	(11,498) Risk on 3% stretch target for prescribing
Other	(3,135) Includes risk on premises costs
Total ICB risks identified	(52,490)
ICB Mitigations	
Expected reserves slippage	2,000
ERF funding to offset additional IS pressures	15,000 Assumed additional funding to offset risk above
Further internal flexibilities and efficiencies	13,172 In addition to existing efficiency plans
Total ICB mitigations identified	30,172
Net ICB unmitigated risks	(22,318)
System Risks	
ERF and other pay/non-pay provider risks	(166,086)
System Mitigations	
System Mitigations	98,086 System working collaboratively to deliver plans but significant mitigations still to be identified
Total System mitigations	98,086
Net System unmitigated risks (providers)	(68,000)
Total Net ICS unmitigated risks	(90,318)