



**North East and
North Cumbria**

NENC ICB

**Finance Report for the period ending
30th September 2024**

Executive Summary

M06 - September 2024		YTD	Forecast	
Key Statutory Financial Duties	Overall ICS 2024/25 In Year Financial Position - (Surplus) / Deficit			
	For the financial year 2024/25 the ICS is reporting a year to date deficit of £17.58m, a slight improvement to plan of £3.58m. Following receipt of deficit support funding in Month 6, the ICS is on track to deliver a breakeven position for the year end.	Plan	£21.17 m	£0.00 m
		Actual	£17.58 m	(£0.00) m
		Variance	(£3.58) m	(£0.00) m
	Overall ICB 2024/25 In Year Financial Position - (Surplus) / Deficit			
	The ICB is reporting a year to date surplus of £27.35m, a slight improvement to plan of £0.55m, and a forecast outturn surplus of £53.60m in line with plan.	Plan	(£26.80) m	(£53.60) m
		Actual	(£27.35) m	(£53.60) m
		Variance	(£0.55) m	£0.00 m
	2024/25 ICB Running Costs Position			
	The ICB is reporting an underspend against the running cost allowance of £1.84m year to date and £3.63m forecast underspend for the year.	Plan	£22.46 m	£50.31 m
	Actual	£20.62 m	£46.68 m	
	Variance	(£1.84) m	(£3.63) m	
Overall ICS 2024/25 Capital Funding				
The ICS is reporting a forecast outturn overspend against the capital allocation of £20.44m, of which £9.11m relates to 5% 'over-programming' and the remaining £11.33m is due to the impact of IFRS16.	Allocation	£84.31 m	£253.29 m	
	Actual	£74.57 m	£273.72 m	
	Variance	(£9.74) m	£20.44 m	
Other Financial Performance Metrics	Overall ICS 2024/25 Efficiency	Plan	£213.24 m	£520.80 m
	The ICS is reporting year to date efficiency savings of £210.5m and forecast savings of £525.9m, with the ICB forecasting delivery of £113.4m, this is a £4.28m under-delivery against plan. Providers are currently forecasting over-delivery of efficiencies of £9.4m overall.	Actual	£210.50 m	£525.94 m
		Variance	(£2.75) m	£5.15 m
	Overall 2024/25 Mental Health Investment Standard (MHIS)		4.00%	4.00%
	The ICB is on track to achieve the MHIS target for 2024/25 (growth in spend of 4.0%).			
	Cash		0.65%	<1.25%
The ICB cash balance for September is 0.65% and within the target set by NHS England of <1.25% of the monthly cash drawdown.				
BPPC		by volume	by value	
The BPPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days	NHS	99.19%	99.99%	
	Non NHS	98.27%	98.81%	

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2024/25 for the period to 30th September 2024.

The ICS is now forecasting an overall breakeven position for the year, compared to a £49.95m deficit reported last month. This reflects additional non-recurrent funding of £49.95m received from NHS England in month 6 to offset agreed plan deficits. At month 6, the overall ICS financial position is a year to date deficit of £17.58m compared to a planned deficit of £21.17m, a favourable variance of £3.58m. This is an improved position compared to month 5 (£0.5m adverse variance) largely reflecting industrial action funding received in month 6.

The month 6 position includes a number of specific financial pressures including in particular the impact of NICE approved drugs and devices, estimated at £25m across the system, together with costs associated with escalation beds and under-delivery against year to date efficiency targets. The year to date deficit position is expected to be recovered over the second half of the year, reflecting the phasing of efficiency plans, but this will continue to be challenging to deliver.

The ICB is currently reporting a year to date surplus of £27.35m (slight improvement to plan) and a forecast surplus for the year of £53.60m in line with plan.

ICS capital spending forecasts are currently forecasting an overspend of £20.44m against the planned allocation including IFRS 16. This includes an allowable 5% 'over-programming' forecast of £9.11m in excess of the ICS capital departmental expenditure limit (CDEL) allocation and will need to be managed over the remainder of the year. A specific pressure is reported in one provider trust at month 6 relating to rent reviews, resulting in a forecast £11.33m overspend. This is being reviewed with NHSE against identified IFRS 16 funding allocations.

The ICB is on track to deliver the Mental Health Investment Standard, with growth in relevant spend of 4%.

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 2024/25 included overall financial risks of £417.4m across the ICS. Mitigations identified totalled £256.4m with mitigations yet to be identified of £161m, at month 6 the unmitigated risk has reduced to £74.04m (month 5: £82.66m) which continues to present a significant potential risk to delivery of the planned position. For the ICB this includes in particular potential pressures around prescribing and continuing healthcare costs, as well as delivery of challenging efficiency targets.

Work is continuing across the system to review the position, seek to identify mitigations and collectively work to manage potential risks. Work continues on the medium term financial plan across the ICS and delivery of related financial recovery plans via the System Recovery Board. To support delivery of the financial position, an independent review of financial grip and control measures across all organisations within the ICS is underway.

Table 1: Overall ICS (Surplus) / Deficit

Month 06 - September 2024	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)	(26,801)	(27,349)	(548)	(53,602)	(53,602)	0
Total In Year ICB Position	(26,801)	(27,349)	(548)	(53,602)	(53,602)	0
NENC Providers	47,969	44,933	(3,036)	53,602	53,601	(2)
Total Provider Position	47,969	44,933	(3,036)	53,602	53,601	(2)
Total ICS Financial Position 2024/25	21,168	17,584	(3,584)	0	(1)	(2)

Table 2: ICB Financial Position

Month 06 - September 2024	YTD Plan	YTD Actual	YTD Variance	2024/25 Annual Plan	2024/25 Forecast Outturn	2024/25 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Revenue Resource Limit	(3,902,699)			(7,702,828)		
Programme						
Acute Services	1,905,646	1,905,737	91	3,607,448	3,608,255	807
Mental Health Services	465,038	462,667	(2,371)	929,482	926,290	(3,192)
Community Health Services	373,961	373,127	(834)	737,947	737,565	(382)
Continuing Care	240,233	245,115	4,882	498,751	499,010	259
Prescribing	291,130	297,883	6,753	590,967	603,227	12,260
Primary Care	56,370	55,624	(745)	114,722	114,419	(303)
Primary Care Co-Commissioning	312,918	318,127	5,209	631,998	642,415	10,418
Delegated – Pharmacy, Ophthalmic and Dental	181,688	183,589	1,901	361,762	361,762	(0)
Other Programme Services	(4,472)	(4,609)	(138)	11,885	11,581	(304)
Other Commissioned Services	17,678	17,470	(208)	35,359	35,161	(197)
Programme Reserves	13,250	(0)	(13,250)	78,592	62,860	(15,733)
Total ICB Programme Costs	3,853,442	3,854,730	1,288	7,598,913	7,602,545	3,632
Admin						
Running Costs	22,457	20,620	(1,836)	50,313	46,681	(3,632)
Total ICB Admin Costs	22,457	20,620	(1,836)	50,313	46,681	(3,632)
(Surplus) / Deficit	26,801	0	(26,801)	53,602	0	(53,602)
Total In Year ICB Financial Position	3,902,699	3,875,350	(27,349)	7,702,828	7,649,226	(53,602)

Table 3: ICS Efficiencies

Month 06 - September 2024	YTD Plan	YTD Actual	YTD Variance	2024/25 Annual Plan	2024/25 Forecast Outturn	2024/25 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	78	1,369	1,291	156	2,738	2,582
Community Healthcare	7,992	9,203	1,211	15,984	12,851	(3,133)
Mental Health	1,872	5,845	3,973	3,744	10,189	6,445
Primary Care (inc. Primary Co-Commissioning)	19,662	14,342	(5,320)	39,324	32,467	(6,857)
Continuing Healthcare	13,722	13,628	(94)	27,444	30,690	3,246
Running Costs	5,310	5,310	0	10,620	10,620	0
Other Programme Services	1,914	6,220	4,306	3,828	12,440	8,612
Unidentified	8,304	0	(8,304)	16,612	1,445	(15,167)
Total ICB Efficiencies	58,854	55,917	(2,937)	117,712	113,440	(4,272)
Of Which:						
Recurrent	20,340	22,096	1,756	40,680	50,240	9,560
Non Recurrent	38,514	33,821	(4,693)	77,032	63,200	(13,832)
Total ICB Efficiencies	58,854	55,917	(2,937)	117,712	113,440	(4,272)
Providers within system	154,388	154,579	191	403,084	412,502	9,418
Total Provider Efficiencies (within system)	154,388	154,579	191	403,084	412,502	9,418
Of Which:						
Recurrent	101,090	77,796	(23,294)	260,225	221,325	(38,900)
Non Recurrent	53,298	76,783	23,485	142,859	191,177	48,318
Total Provider Efficiencies (within system)	154,388	154,579	191	403,084	412,502	9,418
Total ICS Efficiencies	213,242	210,496	(2,746)	520,796	525,942	5,146
Of Which:						
Recurrent	121,430	99,892	(21,538)	300,905	271,565	(29,340)
Non Recurrent	91,812	110,604	18,792	219,891	254,377	34,486
Total ICS Efficiencies	213,242	210,496	(2,746)	520,796	525,942	5,146

ICS Efficiencies key points

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 an under-delivery against plan mainly due to medicines optimisation schemes and the impact of apixaban price increases. There is currently over-delivery on recurrent schemes of £9.56m, however, it should be noted this remains a considerable challenge given the scale of stretch efficiency targets included in plan. Work continues through the Financial Sustainability Programme Group to review and manage delivery against plans.

For providers within the system there is a slight year to date over-delivery to plan of £0.2m, and shows an under-delivery of recurrent schemes of £23.3m offset by over-delivery of non recurrent schemes of £23.5m. At Month 6, the providers are forecasting over-delivery of £9.42m against plan. As with the ICB, this represents a significant challenge given the increased efficiency targets in plan for 2024/25, and this is reflected within ICS risks.

Table 4: ICS Risks and Mitigations

Risks and Mitigations	ICB 2024/25 £000s	Provider Trusts 2024/25 £000s	Total ICS 2024/25 £000s
(Risks) / (Offsets to benefits):			
Additional cost risk (capacity, pressures, winter)	(9,055)	(55,564)	(64,619)
Additional cost risk (inflation)	0	(1,900)	(1,900)
Efficiency risk	(13,667)	(29,587)	(43,254)
Prescribing / CHC	(21,490)	0	(21,490)
Income risk (excl. ERF)	0	(13,341)	(13,341)
Total Risks	(44,212)	(100,392)	(144,604)
Mitigations / benefits:			
Additional cost control or income (excl. ERF)	1,500	19,069	20,569
Efficiency mitigation	13,199	6,016	19,215
Non-recurrent mitigations	14,233	16,544	30,777
Mitigations not yet identified	15,280	58,763	74,043
Total Mitigations	44,212	100,392	144,604
Total Net Risk (excluding ERF)	0	0	0
Total Unmitigated Net Risk	(15,280)	(58,763)	(74,043)

Table 5: ICS Capital Funding 2024/25

Month 06 - September 2024	YTD Plan	YTD Actual	YTD Variance	2024/25 Annual Plan	2024/25 Forecast Outturn	2024/25 Forecast Variance	ICS Capital Allocation	Forecast variance to ICS Capital Allocation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Capital position excluding IFRS 16:								
Provider Capital								
2024/25 Provider Capital Position excluding IFRS16	75,249	71,704	(3,545)	211,328	213,716	2,388	204,605	9,111
ICB Capital (held by NHSE):								
GPIT	0	0	0	4,000	4,000	0	4,000	0
Primary Care Estates Schemes	0	0	0	1,447	1,447	0	1,447	0
ICB allowable 'over-programming'	0	0	0	260	0	(260)	0	0
Total ICB Capital (held by NHSE)	0	0	0	5,707	5,447	(260)	5,447	0
Provider capital shown as ICB within plan	0	0	0	5,203	3,403	(1,800)	3,403	0
Total ICS Capital excluding IFRS 16	75,249	71,704	(3,545)	222,238	222,566	328	213,455	9,111
Capital position including IFRS 16:								
2024/25 Provider Capital Position including IFRS16	84,308	74,569	(9,739)	252,959	264,872	11,913	244,436	20,436
Total ICB Capital (held by NHSE)	0	0	0	5,707	5,447	(260)	5,447	0
Provider capital shown as ICB within plan	0	0	0	3,403	3,403	0	3,403	0
Total ICS Capital including IFRS 16	84,308	74,569	(9,739)	262,069	273,722	11,653	253,286	20,436

ICS Capital Spend key points

The confirmed ICS Capital Departmental Expenditure Limit (CDEL) allocation for 2024/25 (excluding IFRS16) amounted to £204.6m. Capital plans for the year included an allowable 5% 'over-programming' (£9.37m).

At Month 6, £3.4m of provider capital allocation is shown as ICB capital and has been protected whilst the split by provider is agreed. In addition, the agreed ICB capital allocation for 2024/25 amounts to £5.4m and the revised plan is £4.0m for GPIT and £1.4m for Primare Care Estates Schemes.

Excluding IFRS 16 the ICS capital spending forecasts includes the 5% over-programming of £9.11m, resulting in a current forecast overspend against the capital allocation. This is being managed with the Provider Collaborative. The £588k overspend against capital plan reflects additional approved RAAC funding confirmed after plans were agreed.

Including IFRS 16 a specific pressure is reported in one provider trust at month 6 relating to rent reviews, resulting in the forecast £20.44m overspend against capital allocation. This is being reviewed with NHSE against identified IFRS 16 funding envelope.



Table 6: NENC Workforce Summary - September 2024

Workforce Spend (000's)	Latest data	12 Month Average		12 Months Previous		Plan	
	Sep-24	Sep-23 - Aug-24		Sep-23			
		Value	% Diff	Value	% Diff	Value	% Diff
Agency	5,165	7,265	-28.9%	8,698	-40.6%	6,687	-22.8%
Bank	14,675	15,794	-7.1%	14,667	0.1%	12,481	17.6%
Bank & Agency	19,840	23,059	-14.0%	23,365	-15.1%	19,168	3.5%
Substantive	381,569	375,336	1.7%	363,504	5.0%	374,208	2.0%
Other	834	1,076	-22.5%	835	-0.1%	1,446	-42.3%
Total	402,243	399,472	0.7%	387,705	3.7%	394,822	1.9%

Workforce WTE	Latest data	12 Month Average		12 Months Previous		Plan	
	Sep-24	Sep-23 - Aug-24		Sep-23			
		Value	% Diff	Value	% Diff	Value	% Diff
Agency	555	746	-25.5%	978	-43.2%	573	-3.2%
Bank	3,606	3,649	-1.2%	3,512	2.7%	3,206	12.5%
Bank & Agency	4,161	4,394	-5.3%	4,490	-7.3%	3,780	10.1%
Substantive	85,449	84,968	0.6%	83,446	2.4%	85,104	0.4%
Total	89,610	89,362	0.3%	87,936	1.9%	88,884	0.8%

Latest Month vs 12 Month Rolling Average

- Total Workforce spend has shown a 0.7% increase of £2,771K
- Total Workforce WTE has shown a 0.3% increase of 247
- Bank & Agency combined has shown a 14.0% reduction in spend and a 5.3% (233) reduction in WTE
 - Medical and Dental Substantive WTE has shown a 2.0% reduction (161)
 - Non Medical - Clinical Substantive WTE has shown a 0.2% increase (88)
 - Non Medical - Non-Clinical Substantive WTE has shown a 2.5% increase (522)

