



**North East and
North Cumbria**

NENC ICB

**Finance Report for the period ending
31st May 2024**

Executive Summary

M02 - May 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 slight deterioration to YTD plan of £2.09m. Based on the final 2024/25 plan submission, an overall deficit for the year of £49.9m is expected across the ICS.	Plan	£24.67 m	£49.95 m
		Actual	£26.76 m	£49.95 m
		Variance	£2.09 m	£0.00 m
	Overall ICB 2024/25 In Year Financial Position - (Surplus) / Deficit			
	The ICB is reporting a year to date surplus of £8.94m, and a forecast outturn surplus of £53.6m in line with plan.	Plan	(£8.93) m	(£53.60) m
		Actual	(£8.94) m	(£53.60) m
		Variance	(£0.00) m	£0.00 m
	2024/25 ICB Running Costs Position			
The ICB is reporting a year to date and forecast outturn breakeven position on running cost budgets.	Plan	£7.48 m	£50.31 m	
	Actual	£7.48 m	£50.31 m	
	Variance	£0.00 m	£0.00 m	
Other Financial Performance Metrics	Overall ICS 2024/25 QIPP/Efficiency			
	The ICS is reporting year to date efficiency savings of £61.63m with full year savings of £519.74m expected based on the final 2024/25 financial plan. Providers are currently forecasting a slight under-delivery against target of £2.72m (YTD), with an under-delivery of recurrent efficiencies (£9.2m) partially offset by non-recurring savings.	Plan	£64.35 m	£519.74 m
		Actual	£61.63 m	£519.74 m
		Variance	(£2.72) m	£0.00 m
	Overall 2024/25 Mental Health Investment Standard (MHIS)			
	The ICB is on track to achieve the MHIS target for 2024/25 (growth in spend of 4.0%).		4.00%	4.00%
Cash				
The ICB cash balance for May is 0.41% and within the target set by NHS England of <1.25% of the monthly cash drawdown.		0.41%	<1.25%	
BPPC		by volume	by value	
The BPPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days		NHS	99.99%	
		Non NHS	98.34%	

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 two month period to 31 May 2024.

For month 2 reporting, the year to date plan figures are based on the financial plan submitted in May 2024. The overall reported ICS financial position is a year to date deficit of £26.76m compared to a planned deficit of £24.67m. The adverse variance of £2.09m reflects pressures in provider positions, in particular costs associated with increased activity, including drugs and devices, and under-delivery of efficiency plans.

This is expected to be managed back in line with plan by the end of the year. The final 2024/25 financial plan was resubmitted on 12 June 2024 and showed an expected deficit position across the ICS for the year of £49.9m.

The ICB is currently reporting a year to date surplus of £8.94m and a forecast surplus for the year of £53.60m in line with plan.

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 always very 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 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, which presents a significant 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.

Table 1: Overall ICS (Surplus) / Deficit

Month 02 - May 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)	(8,934)	(8,937)	(3)	(53,602)	(53,602)	0
Total In Year ICB Position	(8,934)	(8,937)	(3)	(53,602)	(53,602)	0
NENC Providers	33,604	35,694	2,090	103,555	103,555	0
Total Provider Position	33,604	35,694	2,090	103,555	103,555	0
Total ICS Financial Position 2024/25	24,670	26,757	2,087	49,953	49,953	0

Table 2: ICB Financial Position

Month 02 - May 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	(1,258,249)			(7,544,202)		
Programme						
Acute Services	604,343	604,341	(2)	3,626,060	3,626,060	0
Mental Health Services	153,809	153,809	0	922,852	922,852	0
Community Health Services	119,769	119,769	0	718,613	718,613	0
Continuing Care	85,184	85,184	0	511,104	511,104	0
Prescribing	99,942	99,942	0	599,653	599,653	0
Primary Care	16,631	16,631	1	99,784	99,784	0
Primary Care Co-Commissioning	103,456	103,456	(0)	609,994	620,737	10,743
Delegated – Pharmacy, Ophthalmic and Dental	60,025	60,025	0	360,150	360,150	0
Other Programme Services	6,279	6,279	0	37,673	37,673	0
Other Commissioned Services	3,259	3,256	(2)	19,552	19,552	0
Programme Reserves	(10,858)	(10,858)	(0)	(65,147)	(75,890)	(10,743)
Total ICB Programme Costs	1,241,838	1,241,835	(3)	7,440,287	7,440,287	0
Admin						
Running Costs	7,476	7,476	0	50,313	50,313	0
Total ICB Admin Costs	7,476	7,476	0	50,313	50,313	0
(Surplus) / Deficit	8,934	0	(8,934)	53,602	0	(53,602)
Total In Year ICB Financial Position	1,258,249	1,249,312	(8,937)	7,544,202	7,490,600	(53,602)

Table 3: ICS Efficiencies

Month 02 - May 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	26	26	0	156	156	0
Community Healthcare	2,664	2,664	0	15,984	15,984	0
Mental Health	624	624	0	3,744	3,744	0
Primary Care (inc. Primary Co-Commissioning)	6,554	6,554	0	39,324	39,324	0
Continuing Healthcare	4,574	4,574	0	27,444	27,444	0
Running Costs	1,770	1,770	0	10,620	10,620	0
Other Programme Services	638	3,406	2,768	3,828	6,596	2,768
Unidentified	2,768	0	(2,768)	16,612	13,844	(2,768)
Total ICB Efficiencies	19,618	19,618	0	117,712	117,712	0
Of Which:						
Recurrent	6,780	6,780	0	40,680	40,680	0
Non Recurrent	12,838	12,838	0	77,032	77,032	0
Total ICB Efficiencies	19,618	19,618	0	117,712	117,712	0
Providers within system	44,727	42,012	(2,715)	402,031	402,031	0
Total Provider Efficiencies (within system)	44,727	42,012	(2,715)	402,031	402,031	0
Of Which:						
Recurrent	29,144	20,091	(9,053)	260,225	260,225	0
Non Recurrent	15,583	21,921	6,338	141,806	141,806	0
Total Provider Efficiencies (within system)	44,727	42,012	(2,715)	402,031	402,031	0
Total ICS Efficiencies	64,345	61,630	(2,715)	519,743	519,743	0
Of Which:						
Recurrent	35,924	26,871	(9,053)	300,905	300,905	0
Non Recurrent	28,421	34,759	6,338	218,838	218,838	0
Total ICS Efficiencies	64,345	61,630	(2,715)	519,743	519,743	0

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 2 the ICB is forecasting delivery in line with plan although 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 under-delivery to plan of £2.7m, and shows an under-delivery of recurrent schemes of £9.1m partially offset by over-delivery of non recurrent schemes of £6.3m. Forecast positions were not required for month 2 but are currently assumed to be in line with the financial plan submitted in June 2024. 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)	(9,183)	(74,545)	(83,728)
Additional cost risk (inflation)	0	(58,794)	(58,794)
Efficiency risk	(10,000)	(156,886)	(166,886)
Prescribing / CHC	(30,460)	0	(30,460)
Income risk (excl. ERF)	0	(77,511)	(77,511)
Total Risks	(49,643)	(367,736)	(417,379)
Mitigations / benefits:			
Additional cost control or income (excl. ERF)	3,000	109,631	112,631
Efficiency mitigation	10,000	70,005	80,005
Non-recurrent mitigations	10,000	53,798	63,798
Mitigations not yet identified	26,643	134,302	160,945
Total Mitigations	49,643	367,736	417,379
Total Net Risk (excluding ERF)	0	0	0
Total Unmitigated Net Risk	(26,643)	(134,302)	(160,945)

Table 5: Better Payment Practice Code

For the two months to 31st May 2024

Better Payment Practice Code - 30 Days	NUMBER	£000s
Non-NHS		
Total Non-NHS Trade Invoices Paid in the Year	26,713	336,806
Total Non-NHS Trade Invoices Paid Within 30 Day Target	26,631	331,230
Percentage of Non-NHS Trade Invoices Paid Within 30 Day Target	99.69%	98.34%
NHS		
Total NHS Trade Invoices Paid in the Year	377	819,999
Total NHS Trade Invoices Paid Within 30 Day Target	374	819,889
Percentage of NHS Trade Invoices Paid Within 30 Day Target	99.20%	99.99%

Table 6: Allocations as at 31st May 2024

Description	Recurrent £000s	Non- Recurrent £000s	Total £000s
Confirmed allocations			
ICB Programme Allocation	6,187,595		6,187,595
Primary Medical Care Services	606,063		606,063
Delegated Primary Care Allocation (POD)	358,037		358,037
Running Costs	50,313		50,313
Additional discharge allocation	28,408		28,408
Additional physical and virtual bed capacity funding	31,790		31,790
Ambulance capacity funding	9,705		9,705
Learning disability and autism FTA	2,196		2,196
Allocation baseline reset (limited public health exercise)	1,824		1,824
Pay Award (Recurrent)	17,550		17,550
SDF: Ageing Well		4,658	4,658
SDF: Cancer		20,791	20,791
SDF: CYP		1,626	1,626
SDF: LD & Autism		7,468	7,468
SDF: Maternity		5,476	5,476
SDF: Mental Health		56,910	56,910
SDF: Other		4,229	4,229
SDF: Personalised Care		126	126
SDF: Prevention & Long term conditions		5,986	5,986
SDF: Primary Care		7,662	7,662
SDF: Innovation		30	30
Elective Recovery Funding		126,127	126,127
COVID-19 Testing		4,759	4,759
Charge exempt overseas visitor and UK cross border adjustment		(1,972)	(1,972)
Adult Long Covid		4,604	4,604
Pay Award (Non-Recurrent)		2,241	2,241
Total Confirmed Allocations	7,293,481	250,721	7,544,202

Table 7: Budget virements and transfers - Month 02

Description	Acute £000s	Mental Health £000s	Community Health £000s	All Age Continuing Care £000s	Primary Care £000s	Other Programme £000s	Other Commissioned £000s	Primary Medical Services £000s	Delegated Primary Care £000s	Running Costs £000s	Reserves £000s
North West Ambulance Service - 111 contract	(1,404)						1,404				
Newcastle Hospitals NHS FT - baseline contract realignment	(22,435)		16,002		6,433						
South Tees Hospitals NHS FT - baseline contract realignment	1,463		(1,463)								
North East Ambulance Services - baseline contract realignment	(14,448)						14,448				
North Tees and Hartlepool NHS FT - baseline contract realignment	(7,556)				7,556						
Total Budget Virements	(44,380)	0	14,539	0	13,989	0	15,852	0	0	0	0

Budget Virements key points

The budget virements above relate to the review of provider baseline contracts and the realignment of budgets for the 111 service, out of hours service and Community SDF funding

The adjustments do not impact total budgets approved by Board, and requires approval of transfer between ISFE areas in line with SFIs.

Table 8: ICB Statement of Financial Position

Month 02 - May 2024				
	May-24	Mar-24	Movement	
	£000s	£000s	£000s	
Non Current Assets	Property, plant and equipment	3,680	4,441	(761)
Total Non Current Assets		3,680	4,441	(761)
Current Assets	Trade and other Receivables	3,649	10,241	(6,592)
	Prepayments & Accrued Income	37,325	4,461	32,864
	Cash and cash equivalents	2,406	1,624	782
Total Current Assets		43,380	16,326	27,054
Total Assets		47,060	20,766	26,294
Current Liabilities	Trade and other payables	(91,530)	(103,199)	11,669
	Accruals	(412,818)	(368,366)	(44,453)
	Lease liabilities	(444)	(667)	223
Total Current Liabilities		(504,792)	(472,231)	(32,560)
Non-Current Assets plus/less Net Current Assets/Liabilities		(457,731)	(451,465)	(6,267)
Non-Current liabilities	Lease liabilities	(3,251)	(3,814)	563
Total Non-Current Liabilities		(3,251)	(3,814)	563
TOTAL ASSETS EMPLOYED		(460,982)	(455,279)	(5,704)
Financed by Taxpayers Equity				
Capital & Reserves	General Fund	(460,982)	(455,279)	(5,704)
TOTAL TAXPAYERS EQUITY		(460,982)	(455,279)	(5,704)

ICB Statement of Financial Position key points

The movement in the Statement of financial position from March includes a decrease in trade and other receivables relates to payment of outstanding invoices.

The increase in prepayments and accrued income relates to an increase in prepayments for quarterly non NHS payments in the normal line of business.

Cash is managed within NHSEI targets.

The decrease in trade and other payables is due to a move back to regular levels of creditors after an increase in year end creditors due to the pursuit of outstanding invoices for 23/24

Increase in Accruals is mainly due to a delay in invoicing from the majority of local authorities and non acute providers at the beginning of the financial year. This is a normal trend due to awaiting contract agreements and PO set ups