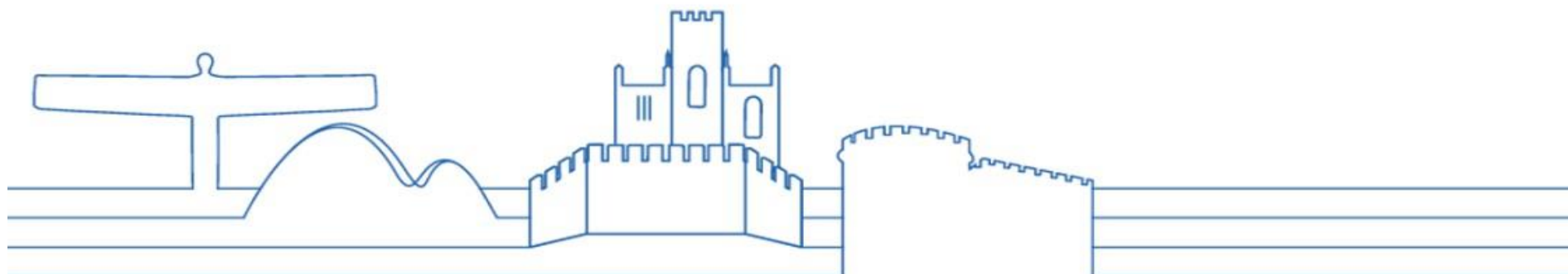




**North East and
North Cumbria**

NENC ICB

Finance Report for the period ending 30th November 2022



Executive Summary						
M08 - November 2022			YTD	Forecast		
Key Statutory Financial Duties	Overall ICS 2022/23 In Year Financial Position - (Surplus) / Deficit					
	For the financial year 2022/23 the ICS, including the Q1 position of the NENC CCGs, is on track to deliver the planned breakeven position reporting a small surplus of £0.04m at Month 8			Plan	£3.95 m	£0.00 m
				Actual	£24.01 m	(£0.04) m
	Overall ICB 2022/23 In Year Financial Position - (Surplus) / Deficit					
	Overall ICB 2022/23 In Year Financial Position prior to retrospective funding - (Surplus) / Deficit			Plan	(£0.87) m	(£2.63) m
	The ICB is reporting a year to date variance of £3.15m and an outturn variance of £5.55m, prior to expected retrospective funding adjustments of £11.22m - Deficit / (Surplus)			Actual	£3.15 m	£5.55 m
	Expected ICB 2022/23 In Year Financial Position after retrospective funding - (Surplus) / Deficit			Plan	(£0.87) m	(£2.63) m
	The ICB is reporting an outturn variance of £5.68m, after expected retrospective funding adjustments of £11.22m, an improved position of £3.05m against the planned surplus of £2.63m - Deficit / (Surplus)			Actual	£3.15 m	(£5.68) m
	ICB Running Costs Position - July 2022 to March 2023					
	The ICB is reporting a year to date and forecast outturn underspend of £1.37m and £1.96m respectively, compared with the submitted financial plan			Plan	£23.92 m	£44.76 m
			Actual	£22.55 m	£42.80 m	
			Variance	(£1.37) m	(£1.96) m	
Overall ICS 2022/23 Capital Funding						
The ICS is reporting a forecast outturn against the capital allocation in line with plan for primary care and £13.88m over on provider capital. At Month 8 there is a year to date underspend against the capital allocation of £50.19m.			Allocation	£128.32 m	£200.71 m	
			Actual	£78.14 m	£214.59 m	
			Variance	(£50.19) m	£13.88 m	
Other Financial Performance Metrics	Overall ICS 2022/23 QIPP/Efficiency			Plan	£157.80 m	£248.83 m
	The ICS is reporting year to date QIPP savings of £141.20m and forecast savings of £246.21m with the ICB delivering £48.72m which is slightly over the submitted QIPP/Efficiency plan. Providers are currently forecasting an under-delivery against target of £2.91m.			Actual	£141.20 m	£246.21 m
				Variance	(£16.60) m	(£2.62) m
	Overall 2022/23 Mental Health Investment Standard (MHIS)				6.68%	6.68%
	The ICB is on track to achieve the MHIS target for 2022/23 (growth in spend of 6.68%), the target now includes the impact of the pay award and additional uplift.					
	Cash				0.34%	<1.25%
The ICB cash balance for October is 0.37% and within the target set by NHS England of <1.25% of the monthly cash drawdown.						
BPPC				by volume	by value	
The BBPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days			NHS	99.69%	100.00%	
			Non NHS	99.12%	99.23%	

Overview of the Financial Position

This report provides an update on the financial performance of the ICB and wider ICS in the financial year 2022/23 for the period to 30th November 2022.

The ICB is currently reporting a forecast outturn deficit of £5.6m, prior to expected retrospective central funding of £11.22m relating to the Primary Care Additional Roles Reimbursement Scheme (ARRS). Once this funding is received, the ICB will report a forecast surplus of £5.7m against a planned surplus of £2.6m. The additional £3.0m surplus will offset a forecast deficit across relevant NHS providers, resulting in a balanced financial position across the ICS.

The main factors driving this performance are:

- Acute overspend mainly relating to Independent Sector provider activity where Elective Recovery Fund income has not been assumed (£20.9m forecast overspend)
- Mental Health overspend in particular pressures on s117 packages and specialist packages of care (£7.5m forecast overspend)
- Continuing Healthcare pressures, in particular backdated high cost packages of care for children (£3.2m forecast overspend)
- Prescribing overspend based on 6 months Prescription Pricing Data (£0.6m forecast overspend)
- Management of reserves to balance overall ICB position and release of non-recurring benefits across a number of budget areas

NHS England have confirmed a total historical surplus from the former Clinical Commissioning Groups (CCGs) of £17.5m for the ICB which is shown as part of the cumulative surplus position at the bottom of Table 1. Access to this historical surplus is subject to approval by NHS England.

The financial plan of the ICB required an overall efficiency target of £48.4m and the ICB is slightly above target.

The ICB is on track to deliver the Mental Health Investment Standard, the target investment has increased from 5.26% to 6.68% and now includes the impact of the pay award and additional inflationary uplift.

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. NHS expenditure accounts for approximately 65% of total ICB expenditure.

The main areas of risk and uncertainty for the ICB arises from non nhs activity, including in particular independent sector acute spend, prescribing and continuing healthcare costs.

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.

Whilst the ICB has reported a forecast in line with plan, a number of potential financial risks have been identified, totalling £16m. This includes in particular potential risks around prescribing and the continued increase in price concessions, continuing healthcare and independent sector acute activity, linked to the elective recovery programme.

Mitigations have been identified to manage the majority of potential risks, leaving an unmitigated potential risk of £5m linked to elective recovery fund (ERF) activity and prescribing. Additional elective recovery funding to cover these costs is subject to overall system performance which presents a significant risk. In addition, a number of potential risks to the wider ICS financial position have been identified for NHS provider trusts, with unmitigated financial risk assessed at £30m. Work is continuing across the system to review potential pressures and identify appropriate mitigations where possible.

Table 1: ICB Financial Position						
Month 8 - November 2022	YTD Plan	YTD Actual	YTD Variance	2022/23 Annual Plan	2022/23 Forecast Outturn	2022/23 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Revenue Resource Limit</u>	(2,806,592)			(5,066,945)		
<u>Programme</u>						
Acute Services	1,427,328	1,440,051	12,723	2,524,679	2,545,604	20,926
Mental Health Services	338,141	341,358	3,217	604,514	612,049	7,535
Community Health Services	274,717	273,455	(1,262)	485,847	482,448	(3,399)
Continuing Care	165,736	166,523	787	300,822	304,014	3,192
Prescribing	239,228	236,962	(2,266)	427,842	428,484	642
Primary Care	48,416	44,313	(4,103)	84,461	77,998	(6,463)
Primary Care Co-Commissioning	230,629	232,916	2,287	418,169	427,325	9,156
Other Programme Services	26,970	28,508	1,538	45,620	47,922	2,302
Other Commissioned Services	10,595	10,618	23	19,143	19,021	(122)
Programme Reserves	5,682	822	(4,861)	86,231	67,322	(18,909)
Contingency	2,695	0	(2,695)	4,725	0	(4,725)
Total ICB Programme Costs	2,770,139	2,775,527	5,389	5,002,052	5,012,187	10,135
<u>Admin</u>						
Running Costs	23,919	22,551	(1,368)	44,761	42,803	(1,958)
Total ICB Admin Costs	23,919	22,551	(1,368)	44,761	42,803	(1,958)
In Year (Surplus) / Deficit	867	0	(867)	2,632	0	(2,632)
Total In Year ICB Financial Position	2,794,925	2,798,079	3,153	5,049,445	5,054,990	5,545
Central Funding expected for ARRS costs	0	0	0	11,224	0	(11,224)
Total In Year ICB Financial Position after expected retrospective funding	2,794,925	2,798,079	3,153	5,060,669	5,054,990	(5,679)
Cumulative Surplus Position for information:						
Historic (Surplus) / Deficit	11,667	0	(11,667)	17,500	0	(17,500)
Total Cumulative ICB Financial Position	2,806,592	2,798,079	(8,514)	5,078,169	5,054,990	(23,179)

Table 1.1: ICB In Year Financial Position						
Month 8 - November 2022	YTD Plan	YTD Actual	YTD Variance	2022/23 Annual Plan	2022/23 Forecast Outturn	2022/23 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Financial Position at 'Place/Area' level</u>						
North Cumbria	280,378	291,612	11,234	509,441	521,217	11,776
North Cumbria Area	280,378	291,612	11,234	509,441	521,217	11,776
Newcastle	302,656	300,462	(2,194)	542,136	538,184	(3,952)
Gateshead	245,930	244,928	(1,002)	439,828	438,578	(1,250)
North Tyneside	172,916	171,266	(1,650)	310,963	308,992	(1,971)
Northumberland	262,012	264,447	2,435	473,153	476,305	3,152
North Area	983,514	981,104	(2,410)	1,766,080	1,762,058	(4,022)
County Durham	468,388	466,972	(1,415)	855,766	852,503	(3,263)
South Tyneside	139,449	136,357	(3,093)	251,842	247,639	(4,202)
Sunderland	252,069	250,560	(1,509)	452,321	450,016	(2,305)
Central Area	859,906	853,889	(6,017)	1,559,929	1,550,158	(9,771)
Tees Valley	575,005	576,344	1,339	1,041,339	1,044,150	2,811
Tees Valley (South) Area	575,005	576,344	1,339	1,041,339	1,044,150	2,811
System	96,122	95,129	(993)	183,880	177,407	(6,473)
Total ICB Financial Position excl. Allocations	2,794,925	2,798,079	3,153	5,060,669	5,054,990	(5,679)

Table 2: Overall ICS (Surplus) / Deficit						
Month 8 - November 2022	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)						
Q1 CCG	22,903	0	(22,903)	22,903	0	(22,903)
Q2-Q4 ICB	(23,770)	3,153	26,924	(25,536)	5,545	31,081
Total In Year ICB Position	(867)	3,153	4,021	(2,633)	5,545	8,178
Central Funding expected for ARRS costs	0	0	0		(11,224)	(11,224)
Total In Year ICB Position after central funding	(867)	3,153	4,021	(2,633)	(5,679)	(3,046)
NENC Providers	4,815	20,861	16,046	2,633	5,642	3,009
Total Provider Position	4,815	20,861	16,046	2,633	5,642	3,009
Total ICS Financial Position 2022/23	3,948	24,014	20,067	0	(37)	(37)

Table 3: ICS Efficiencies						
Month 8 - November 2022	YTD Plan	YTD Actual	YTD Variance	2022/23 Annual Plan	2022/23 Forecast Outturn	2022/23 Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Acute	1,470	1,470	0	2,650	2,650	0
Community Healthcare	5,428	5,428	0	8,144	8,144	0
Primary Care (inc. Primary Co-Commissioning)	11,066	11,066	0	16,592	16,592	0
Continuing Healthcare	13,481	14,036	555	20,229	20,513	284
Other Programme Services	542	542	0	818	818	0
Total ICB Efficiencies	31,987	32,542	555	48,433	48,717	284
Of Which:						
Recurrent	11,529	12,620	1,091	17,280	18,371	1,091
Non Recurrent	20,458	19,922	(536)	31,153	30,346	(807)
Total ICB Efficiencies	31,987	32,542	555	48,433	48,717	284
Providers within system	125,817	108,658	(17,159)	200,396	197,491	(2,905)
Total Provider Efficiencies (within system)	125,817	108,658	(17,159)	200,396	197,491	(2,905)
Of Which:						
Recurrent	75,094	34,764	(40,330)	124,103	66,354	(57,749)
Non Recurrent	50,723	73,894	23,171	76,293	131,137	54,844
Total Provider Efficiencies (within system)	125,817	108,658	(17,159)	200,396	197,491	(2,905)
Total ICS Efficiencies	157,804	141,200	(16,604)	248,829	246,208	(2,621)
Of Which:						
Recurrent	86,623	47,384	(39,239)	141,383	84,725	(56,658)
Non Recurrent	71,181	93,816	22,635	107,446	161,483	54,037
Total ICS Efficiencies	157,804	141,200	(16,604)	248,829	246,208	(2,621)
ICS Efficiencies key points						
The tables above shows the efficiency targets set out in the ICS plan. For the ICB this is by ISFE category and at Month 8 the ICB is forecasting a slight over-delivery against CHC schemes with the remaining schemes on target to deliver the planned efficiencies.						
For providers within the system there is a YTD under-delivery against target of £17.2m and forecast under-delivery of £2.91m. The forecast outturn for recurrent efficiencies is an underachievement of £57.7m and is partly mitigated by a forecast over delivery of non-recurrent schemes totalling £54.8m. Of the eleven providers within the ICS, there is now only one forecasting achievement of recurrent efficiencies. For the other providers the main reasons for under delivery include costs associated with COVID continuing longer than planned, continued use of agency staffing and delays in progressing development schemes.						

Table 4: ICS Risks and Mitigations			
Risks	Potential impact before mitigations	Mitigating actions	Potential impact after mitigations
	£000s		£000s
ICB Risks			
Continuing Healthcare - risk around activity increases and fee rates	(4,323)	NR measures / stretch efficiency	0
Prescribing	(5,595)	NR measures / stretch efficiency	(1,000)
Potential additional IS activity pressures (Elective Recovery Fund gap)	(4,500)	Anticipated ERF income	(3,956)
Winter pressures including Covid Medicines Delivery Unit (CMDU) Surge and PC Extended Access	(1,025)	NR measures / stretch efficiency	0
Other (including backdated FNC, dom care rates & s117s)	(1,038)	NR measures / stretch efficiency	0
System Risks			
Pay award risk	(20,000)	System actively working collaboratively to develop plans to mitigate this risk	(20,000)
ERF and other pay/non-pay provider risks	(46,000)	System actively working collaboratively to develop plans to mitigate this risk	(9,838)
Total ICS Risks	(82,481)		(34,794)