

Item: 9.2

| REPORT CLASSIFICATION          | ✓ | CATEGORY OF PAPER        | ✓ |
|--------------------------------|---|--------------------------|---|
| Official                       | ✓ | Proposes specific action |   |
| Official: Sensitive Commercial |   | Provides assurance       | ✓ |
| Official: Sensitive Personal   |   | For information only     |   |

## BOARD

4 JUNE 2024

### Report Title:

**NENC ICB and ICS Finance Report – M12**

### 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) and NENC Integrated Care System (ICS) in the financial year 2023/24 for the year to 31 March 2024.

### Key points

#### ICS Revenue Position:

As at 31 March 2024, the ICS is reporting an overall outturn surplus of £0.43m.

As noted previously, in month 11 a funding allocation of £35m was received from NHSE to offset the agreed planned deficit at the start of the year which is now being transacted to allow cash to flow to the system. This funding was intended to offset deficits within relevant organisations within the system and enable an overall breakeven position to be reported for the year. It is important to note from a financial performance perspective, the ICS will still be deemed to have over-spent its funding by £35m which will be subject to repayment from 2025/26.

Across the ICS, total efficiencies of £409.9m, slightly ahead of plan, have been delivered. It should be noted however that the level of recurrent efficiency delivery is around £62m behind plan (around 1% shortfall). This is mainly within the provider part of the ICS and effectively makes the 24/25 financial plan more challenging.

#### ICB Revenue Position:

As at 31 March 2024 the ICB is reporting an outturn surplus of £4.49m.

In March 2024, ICB Board approved a non-recurrent reduction in the ICB surplus of £28m, with relevant provider trusts within the ICS reducing deficit positions by an equivalent amount, ensuring no change to the overall ICS position. This was in respect of non-recurrent in-year service pressures and provided an additional benefit to the ICS in respect of reduced cash borrowing requirement costs for relevant provider trusts and/or support potential cash reliant strategic investments with significant system benefits.

#### ICB Running Costs:

The ICB is reporting a relatively small underspend against running costs budgets (£1.6m). This underspend helps to offset pressures where certain costs have been realigned to programme budgets.

## ICS Capital Position:

The ICS capital outturn position shows a small overspend of £1.5m relating to the impact of IFRS16 (lease accounting). This was managed with NHSE at a regional level, with additional capital funding agreed by NHSE in March 2024.

## Risks and issues

A number of risks have been successfully managed across the system during 2023/24. Significant underlying recurrent financial pressures continue to be evident which present a material challenge to delivery of balanced financial plans for 2024/25.

All outturn figures reported here remain draft and subject to audit.

## Assurances

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

The ICB Executive Director of Finance meets monthly with the ICS Directors of Finance to review the ICS finance position.

The financial position of both the ICB and the wider ICS will continue to be reviewed in detail on a monthly basis by the Finance, Investment and Performance Committee and the ICB Executive Committee.

The 2024/25 financial plan has been developed and submitted to NHSE for approval.

## Recommendation/action required

The Board is asked to:

- note the draft outturn financial position for 2023/24.

## Acronyms and abbreviations explained

ARRS – Primary Care Networks Additional Roles Reimbursement Scheme

BPPC – Better Payment Practice Code

CHC – Continuing Healthcare

ERF – Elective Recovery Fund

FT – NHS Provider Foundation Trust

H2 – Half 2 (widely used by NHSE and financial institutions to refer to the second half of the financial year in the same way Q1 = Quarter 1)

ISFE – Integrated Single Financial Environment (financial ledger system)

MHIS – Mental Health Investment Standard

NHSE – NHS England

QIPP – Quality, Innovation, Productivity and Prevention

POD – Pharmacy, Ophthalmic and Dental

YTD – Year to Date

**Sponsor/approving executive director**

David Chandler, Chief Finance Officer

**Date approved by executive director**

29/05/2024

**Report author**

R Henderson, Director of Finance (Corporate)  
A Thompson, Senior Finance Manager

## Link to ICP strategy priorities (please tick all that apply)

Longer and Healthier Lives

✓

Fairer Outcomes for All

✓

Better Health and Care Services

✓

Giving Children and Young People the Best Start in Life

✓

| Relevant legal/statutory issues   |  |  |           |   |            |   |
|---|--|--|-----------|---|------------|---|
| Note any relevant Acts, regulations, national guidelines etc  |  |  |           |   |            |   |
| <b>Any potential/actual conflicts of interest associated with the paper?</b><br>(please tick)   | <b>Yes</b>                                       |  | <b>No</b> | ✓ | <b>N/A</b> |   |
| If yes, please specify  |  |  |           |   |            |   |
| <b>Equality analysis completed</b><br>(please tick)   | <b>Yes</b>                                       |  | <b>No</b> |   | <b>N/A</b> | ✓ |
| <b>If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken?</b> (please tick) | <b>Yes</b>                                       |  | <b>No</b> | ✓ | <b>N/A</b> |   |
| Key implications  |  |  |           |   |            |   |
| <b>Are additional resources required?</b>   | n/a  |  |           |   |            |   |
| <b>Has there been/does there need to be appropriate clinical involvement?</b>   | n/a  |  |           |   |            |   |
| <b>Has there been/does there need to be any patient and public involvement?</b>   | n/a  |  |           |   |            |   |
| <b>Has there been/does there need to be partner and/or other stakeholder engagement?</b>  | Yes, engagement within the ICB and the wider ICS |  |           |   |            |   |

## Version Control

| Version    | Date     | Author            | Update comments                    |
|------------|----------|-------------------|------------------------------------|
| <b>1.0</b> | 10/05/24 | Richard Henderson | Updated based on final Exec report |
| <b>2.0</b> | 29/05/24 | David Chandler    | Final                              |
|            |          |                   |                                    |