



North East and
North Cumbria

NENC ICB

Finance Report for the period ending
30th November 2023

Executive Summary

M08 - November 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 an £18.94m underspend against plan year to date but continues to forecast delivery of the planned deficit position of £49.87m deficit for the full year.	Plan	£48.62 m	£49.87 m
		Actual	£29.68 m	£49.87 m
		Variance	(£18.94) 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 £23.51m, an improvement to plan of £1.91m, but continues to report a forecast outturn surplus of £32.40m in line with plan.	Plan	(£21.60) m	(£32.40) m
		Actual	(£23.51) m	(£32.40) m
		Variance	(£1.91) m	(£0.00) m
	2023/24 ICB Running Costs Position			
	The ICB is reporting an underspend against the running cost allowance of £3.83m year to date and £1.52m forecast underspend for the year.	Plan	£40.11 m	£60.42 m
		Actual	£36.28 m	£58.90 m
		Variance	(£3.83) m	(£1.52) m
Overall ICS 2023/24 Capital Funding				
The ICS is reporting a forecast outturn overspend against the capital allocation of £40.85m. This includes the £9.4m pressure reported previously along with the impact of IFRS16 (lease accounting) which is included this month. Some additional funding is expected to help manage the IFRS16 impact.	Allocation	£113.15 m	£217.08 m	
	Actual	£87.07 m	£257.93 m	
	Variance	(£26.08) m	£40.85 m	
Other Financial Performance Metrics	Overall ICS 2023/24 QIPP/Efficiency	Plan	£239.26 m	£408.36 m
	The ICS is reporting year to date efficiency savings of £246.08m and forecast savings of £410.25m (slightly above plan) with the ICB delivering £97.98m, £3.04m ahead of plan. Significant non-recurring efficiencies are being delivered which is offsetting under achievement of recurring efficiency plans.	Actual	£246.08 m	£410.25 m
		Variance	£6.83 m	£1.89 m
	Overall 2023/24 Mental Health Investment Standard (MHIS)		6.73%	6.73%
	The ICB is on track to achieve the MHIS target for 2023/24 (growth in spend of 6.73%).			
	Cash		0.58%	<1.25%
The ICB cash balance for November is 0.54% 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	98.85%	99.98%	
	Non NHS	99.32%	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 November 2023.

The overall ICS financial position is a year to date deficit of £29.7m compared to a planned deficit of £48.6m, a favourable variance of £18.9m (compared to an adverse YTD variance of £20.8m at month 7). The improved YTD position is mainly due to the receipt of additional non recurrent funding to support industrial action and other pressures, together with changes in Elective Recovery Fund (ERF) arrangements agreed by NHS England in November 2023.

The forecast ICS position reported at month 8 continues to be in line with original plan, a deficit of £49.87m. A revised forecast plan was approved by ICB Board in November 2023 at a deficit of £35m. In line with NHS England guidance, this revised forecast is expected to be reported at month 9.

The ICB is currently reporting a year to date surplus of £23.5m, an improvement to plan of £1.9m (compared to an adverse YTD variance of £5.8m at month 7). Again this improvement is due to the receipt of additional non recurrent funding and ERF overperformance funding which is helping to offset pressures in prescribing and continuing healthcare budgets. The ICB forecast surplus for the year continues to be £32.4m in line with plan.

In month 8, the ICS capital spending forecasts include the impact of IFRS16 (lease accounting), resulting in a forecast overspend of £40.9m. This also includes an allowable 5% 'over-programming' of £9.44m in excess of the ICS capital departmental expenditure limit (CDEL) allocation. Some additional funding is expected to support the pressure associated with IFRS16 and work continues via the Provider Collaborative to manage the overall capital position by the end of the year.

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

The main areas of risk and uncertainty for the ICB are from prescribing and packages of care, These areas are subject to the usual delay by up to two months for activity-based contracts being confirmed and outcomes of local authority reconciliations. In turn this creates a level of risk and uncertainty in the forecast position.

Overall the level of financial risk in the forecast position has reduced significantly this month following confirmation of additional funding and benefit of changes to ERF arrangements. Net unmitigated financial risk across the ICS is now estimated at £10m, compared to £88m last month. This does not include the potential impact of further industrial action in the remainder of the year which could pose a further significant risk to the position.

Work will continue 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, incorporating a financial recovery plan, which will support planning for 2024/25.

Table 1: Overall ICS (Surplus) / Deficit

Month 8 - November 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)	(21,603)	(23,509)	(1,907)	(32,404)	(32,404)	(0)
Total In Year ICB Position	(21,603)	(23,509)	(1,907)	(32,404)	(32,404)	(0)
NENC Providers	70,226	53,192	(17,034)	82,277	82,277	0
Total Provider Position	70,226	53,192	(17,034)	82,277	82,277	0
Total ICS Financial Position 2023/24	48,623	29,683	(18,941)	49,873	49,873	(0)

Table 2: ICB Financial Position

Month 8 - November 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	(4,883,355)			(7,460,607)		
Programme						
Acute Services	2,365,114	2,368,301	3,187	3,532,350	3,539,281	6,931
Mental Health Services	579,352	578,659	(692)	871,411	873,068	1,657
Community Health Services	484,125	479,522	(4,603)	722,473	716,242	(6,230)
Continuing Care	264,546	277,094	12,548	416,297	440,461	24,163
Prescribing	378,643	406,582	27,939	569,418	604,990	35,572
Primary Care	66,495	64,616	(1,878)	101,574	100,616	(959)
Primary Care Co-Commissioning	392,903	402,206	9,303	589,375	604,587	15,212
Delegated – Pharmacy, Ophthalmic and Dental	238,835	227,815	(11,019)	358,270	341,707	(16,562)
Other Programme Services	5,059	4,446	(613)	19,118	17,296	(1,822)
Other Commissioned Services	17,559	17,707	148	26,848	27,326	479
Programme Reserves	29,012	(3,384)	(32,396)	160,647	103,727	(56,920)
Total ICB Programme Costs	4,821,643	4,823,566	1,922	7,367,780	7,369,300	1,520
Admin						
Running Costs	40,109	36,279	(3,829)	60,423	58,903	(1,520)
Total ICB Admin Costs	40,109	36,279	(3,829)	60,423	58,903	(1,520)
(Surplus) / Deficit	21,603	0	(21,603)	32,404	0	(32,404)
Total In Year ICB Financial Position	4,883,355	4,859,845	(23,509)	7,460,607	7,428,203	(32,404)

Table 2.1: ICB In Year Financial Position

Month 8 - November 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	64,597	65,277	681	99,234	100,438	1,203
North Cumbria Area	64,597	65,277	681	99,234	100,438	1,203
Newcastle	73,557	76,410	2,852	113,369	118,497	5,128
Gateshead	53,899	52,732	(1,167)	82,663	80,578	(2,085)
North Tyneside	35,668	32,932	(2,736)	55,015	52,811	(2,204)
Northumberland	62,490	67,021	4,531	96,181	102,383	6,202
North Area	225,613	229,094	3,481	347,228	354,269	7,041
County Durham	97,569	98,358	789	154,064	157,867	3,803
South Tyneside	27,744	26,746	(998)	44,955	43,279	(1,676)
Sunderland	59,733	57,418	(2,315)	91,696	88,340	(3,356)
Central Area	185,046	182,522	(2,524)	290,715	289,486	(1,229)
Tees Valley	144,063	148,663	4,600	231,693	241,695	10,002
Tees Valley (South) Area	144,063	148,663	4,600	231,693	241,695	10,002
System	4,264,036	4,234,289	(29,747)	6,491,738	6,442,316	(49,421)
Total ICB Financial Position	4,883,355	4,859,845	(23,509)	7,460,607	7,428,203	(32,404)

Table 3: ICS Efficiencies

Month 8 - November 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	5,656	1,403	(4,253)	8,480	2,380	(6,100)
Community Healthcare	5,792	7,923	2,131	8,692	9,055	363
Mental Health	0	6,413	6,413	0	7,078	7,078
Ambulance	0	0	0	0	0	0
Primary Care (inc. Primary Co-Commissioning)	27,472	16,920	(10,552)	41,205	26,210	(14,995)
Continuing Healthcare	17,640	34,439	16,799	26,455	42,220	15,765
Running Costs	0	0	0	0	0	0
Other Programme Services	1,680	6,474	4,794	2,523	11,040	8,517
Unidentified	5,056	0	(5,056)	7,589	0	(7,589)
Total ICB Efficiencies	63,296	73,572	10,276	94,944	97,983	3,039
Of Which:						
Recurrent	30,960	24,612	(6,348)	46,441	40,824	(5,617)
Non Recurrent	32,336	48,960	16,624	48,503	57,159	8,656
Total ICB Efficiencies	63,296	73,572	10,276	94,944	97,983	3,039
Providers within system	175,960	172,512	(3,448)	313,416	312,264	(1,152)
Total Provider Efficiencies (within system)	175,960	172,512	(3,448)	313,416	312,264	(1,152)
Of Which:						
Recurrent	102,309	68,660	(33,649)	181,619	124,135	(57,484)
Non Recurrent	73,651	103,852	30,201	131,797	188,129	56,332
Total Provider Efficiencies (within system)	175,960	172,512	(3,448)	313,416	312,264	(1,152)
Total ICS Efficiencies	239,256	246,084	6,828	408,360	410,247	1,887
Of Which:						
Recurrent	133,269	93,272	(39,997)	228,060	164,959	(63,101)
Non Recurrent	105,987	152,812	46,825	180,300	245,288	64,988
Total ICS Efficiencies	239,256	246,084	6,828	408,360	410,247	1,887

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 8 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.

For providers within the system there is a forecast under-delivery of £1.2m. The forecast outturn for recurrent efficiencies is an underachievement of £57.5m, largely mitigated by a forecast over delivery of non-recurrent schemes totalling £56.3m. 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.

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	(9,584)
Prescribing	(5,790)
Risk on efficiency delivery	(11,691) Risk on 3% stretch target for prescribing
Other	(3,542) Includes risk on oxygen / virtual wards and redundancy costs
Total ICB risks identified	(30,607)
ICB Mitigations	
Expected reserves slippage	2,000
Further internal flexibilities and efficiencies	28,607 In addition to existing efficiency plans
Total ICB mitigations identified	30,607
Net ICB unmitigated risks	0
System Risks	
Efficiency, ERF and other pay/non-pay provider risks	(99,623)
System Mitigations	
System Mitigations	System working collaboratively to deliver plans but significant 89,695 mitigations still to be identified
Net System unmitigated risks (providers)	(9,928)
Total Net ICS unmitigated risks	(9,928)