

Item: 13

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

BOARD

25 MARCH 2025

Report Title:

NENC ICB and ICS Finance Report – M10 2024/25

Purpose of report

To provide 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 2024/25 for the ten months to 31 January 2025.

Key points

ICS Revenue Position:

The full year ICS financial plan is now a breakeven position following receipt of deficit support funding of £49.95m. NHSE have confirmed this deficit support funding will not be repayable by the ICS as long as the planned position is delivered for the year (i.e. as long as a breakeven position is now achieved).

As at 31 January 2025, the ICS is reporting a year to date deficit of £21.8m compared to a planned deficit of £19.3m, a slight deterioration compared to the previous month.

The position continues to include a number of financial pressures highlighted previously, in particular cost pressures linked to the pay award, efficiency under-delivery and pressures on drugs and devices.

The year to date deficit position is expected to be recovered over the second half of the year, reflecting the phasing of efficiency plans, however this will continue to be challenging to deliver.

As noted last month, one organisation within the system, North Cumbria Integrated Care NHSFT (NCIC) identified that they will be unable to deliver their planned position due to significant financial pressures. After following the NHSE Change in Forecast Outturn Protocol, a plan to manage this within the system was agreed by Board, with offsetting improvements agreed in other organisations including the ICB surplus position. These changes have been enacted in month 10 but are net neutral across the ICS.

Across the ICS, total efficiency delivery is slightly behind plan year to date with a forecast over-delivery by the end of the year of £3.9m. Within that however, there continues to be a significant under-delivery of recurrent efficiencies across ICS provider trusts (£49.3m across providers for the ten month period and £64.7m forecast under-delivery) which is being offset by non-recurring savings. The vital importance of delivery of recurrent efficiencies is being continually reaffirmed with ICS Chief Executives and Directors of Finance given the underlying financial challenges facing the ICS going forward.

ICB Revenue Position:

At month 10 there has been an agreed reduction in the ICB planned surplus of £50m with a corresponding improvement in provider positions (nil net impact on the overall ICS position). This was approved by ICB Board in January 2025 and subsequently approved by NHS England.

The ICB is now reporting a year to date surplus of £8.0m compared to a plan of £3.0m, and a forecast surplus of £12.2m compared with a revised full year plan surplus of £3.6m.

As noted above, the improvement in the ICB forecast position compared to plan was agreed to offset the deterioration in the overall ICS provider position and reflects a number of unanticipated one-off financial benefits that have materialised in recent months.

ICB Running Costs:

The ICB is reporting an underspend position against running cost budgets of £2.15m year to date and forecast underspend of £5.8m. An underspend on running cost budgets was expected in the current year as the full reduction in running cost allowance does not materialise until 2025/26. The underspend helps to mitigate pressures on programme budgets.

ICS Capital:

ICS capital spending forecasts are now back in line with latest confirmed capital allocations.

Including IFRS 16, a forecast overspend of £5.8m was reported at month 9. Additional IFRS 16 funding allocation has now been transferred from NHSE to offset this technical pressure resulting in forecasts being in line with allocations.

2025/26 Financial Planning:

Work is progressing on the development of both the ICB and wider ICS financial plan for 2025/26, building upon the medium term financial plan and the 2025/26 planning guidance which was published in January 2025.

As previously highlighted, 2025/26 is expected to be a hugely challenging year financially. The CFO is confident the ICB, with specific efficiency measures such as stretch savings within LDTs and Continuing Care, can achieve plan however there is less confidence across Acute FT providers. The high level of non-recurrent benefits which are being used to support the ICS financial position in 2024/25, combined with lower than average net growth (after convergence adjustment) and low levels of recurrent CIP in previous years for NENC in 2025/26, mean it will be extremely difficult to deliver a balanced financial plan without taking very difficult decisions.

A separate, more detailed, update on the financial and operational plan submission due to NHSE on 27 March 2025 will be provided to Board.

Risks and issues

The ICS must deliver the financial plan or if not will need to repay NHSE £50m of deficit support funding. This would be a reduction to future years revenue resource limits and come with an associated loss of cash funding.

At the start of the year a number of potential financial risks were identified within the financial plan, both for the ICB and wider ICS, totalling over £417m. Net unmitigated risk in the plan amounted to £161m across the system. This largely relates to the delivery of required efficiency plans being significant in proportion to budget and higher still than those delivered in 2023/24.

At month 10 this unmitigated financial risk is estimated and has been reported to NHSE at £17.8m (reduced from £36.1m at month 9) although work continues across the system to review this. This includes unmitigated net risks of £2m for the ICB.

A number of financial risks materialised in the position in month 10 resulting in a deterioration in the forecast of one organisation, however this has been offset by non-recurring mitigations and improvements elsewhere in the ICS.

Work continues to review the position across the system and seek to identify further mitigations.

Work is also continuing on updating the medium term financial plan across the ICS and delivery of related financial recovery plans and programmes via the System Recovery Board working closely with the Provider Collaborative and a recent update on this was provided to the Finance, Investment and Performance Committee.

To support delivery of the financial position, an independent review of financial grip and control measures across all organisations within the ICS was undertaken. The review was intended to both provide assurance around controls in place as well as identifying areas for potential improvement and agreeing resulting actions for individual organisations and across the system. Action plans are being developed both at an individual organisation and system level, which will be monitored through relevant committees within individual provider organisations and the ICB.

Assurances and supporting documentation

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 Chief Finance Officer 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 System Recovery Board will continue to oversee the delivery of the agreed financial recovery programme and receive assurance on the delivery of organisational efficiency plans. A dedicated ICS transformation director supporting financial recovery has also recently been appointed to support the delivery of the efficiency programme across the system.

Recommendation/action required

The Board is asked to:

- note the latest year to date and forecast financial position for 2024/25,
- note there are some financial risks across the system still to be managed although there is confidence the planned position can be delivered for 2024/25.

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
 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	10.03.25
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

Any potential/actual conflicts of interest associated with the paper? (please tick)	Yes		No	✓	N/A	
Equality analysis completed (please tick)	Yes		No		N/A	✓
If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken? (please tick)	Yes		No	✓	N/A	
Essential considerations (must be completed)						
Financial implications and considerations	The report summarises the latest financial position for both the ICB and ICS.					
Contracting and Procurement	N/A					
Local Delivery Team	N/A					
Digital implications	N/A					
Clinical involvement	N/A					
Health inequalities	N/A					
Patient and public involvement	N/A					
Partner and/or other stakeholder engagement	Position reviewed with system partners via Directors of Finance and Chief Executive meetings					
Other resources	N/A					

Version Control

Version	Date	Author	Update comments
1.0	07/03/25	Richard Henderson	Updated from Exec version
2.0	10/3/25	David Chandler	Final
3.0			