



**North East and
North Cumbria**

NENC ICB

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

Executive Summary

M10 - January 2024		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 £19.96m underspend against plan year to date and forecast underspend of £14.88m against the original plan deficit of £49.87m for the full year. This is in line with the revised forecast plan agreed in November 2023.	Plan	£52.32 m	£49.87 m
		Actual	£32.37 m	£35.00 m
		Variance	(£19.96) m	(£14.88) m
	Overall ICB 2023/24 In Year Financial Position - (Surplus) / Deficit			
	The ICB is reporting a year to date surplus of £28.03m, an improvement to plan of £1.02m, and continues to report a forecast outturn surplus of £32.41m in line with plan.	Plan	(£27.00) m	(£32.40) m
		Actual	(£28.03) m	(£32.41) m
		Variance	(£1.02) m	(£0.00) m
	2023/24 ICB Running Costs Position			
	The ICB is reporting an underspend against the running cost allowance of £1.24m year to date and £1.52m forecast underspend for the year.	Plan	£52.21 m	£62.37 m
	Actual	£50.97 m	£60.85 m	
	Variance	(£1.24) m	(£1.52) m	
Overall ICS 2023/24 Capital Funding				
The ICS is reporting a forecast outturn overspend against the capital allocation of £32.98m, relating to the impact of IFRS16 (lease accounting). Some additional funding is expected to help manage the IFRS16 impact.	Allocation	£161.90 m	£222.54 m	
	Actual	£127.42 m	£255.51 m	
	Variance	(£34.48) m	£32.98 m	
Other Financial Performance Metrics	Overall ICS 2023/24 QIPP/Efficiency			
	The ICS is reporting year to date efficiency savings of £317.7m and forecast savings of £409.55m (slightly above plan) with the ICB delivering £97.84m, £2.9m ahead of plan. Significant non-recurring efficiencies are being delivered which is offsetting under achievement of recurring efficiency plans.	Plan	£317.93 m	£408.36 m
		Actual	£317.70 m	£409.55 m
		Variance	(£0.23) m	£1.19 m
	Overall 2023/24 Mental Health Investment Standard (MHIS)			
The ICB is on track to achieve the MHIS target for 2023/24 (growth in spend of 6.73%).		6.73%	6.73%	
Cash				
The ICB cash balance for January is 0.55% and within the target set by NHS England of <1.25% of the monthly cash drawdown.		0.55%	<1.25%	
BPPC				
The BPPC target is for 95% of NHS and Non NHS invoices to be paid within 30 days		by volume	by value	
	NHS	99.20%	99.98%	
	Non NHS	99.33%	99.09%	

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 31st January 2024.

The overall ICS financial position is a year to date deficit of £32.3m compared to a planned deficit of £52.3m, a favourable variance of £20m. 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 (NHSE) in November 2023.

The forecast ICS position reported at month 10 continues to be a deficit of £35m in line with the revised forecast plan approved by ICB Board in November 2023, an improvement of £15m from the original plan.

The ICB is currently reporting a year to date surplus of £28m, an improvement to plan of £1.0m. 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 10, the ICS capital spending forecasts include the impact of IFRS16 (lease accounting), resulting in a forecast overspend of £33m. 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 slightly increased this month with net unmitigated financial risk across the ICS estimated at £12.2m (month 9: £8.7m). This reflects a risk around a Public Dividend Capital (PDC) benefit relating to IFRS16 included within the forecast position for a number of providers which is subject to confirmation from NHSE.

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 10 - January 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)	(27,003)	(28,027)	(1,024)	(32,404)	(32,406)	(2)
Total In Year ICB Position	(27,003)	(28,027)	(1,024)	(32,404)	(32,406)	(2)
NENC Providers	79,327	60,394	(18,933)	82,277	67,403	(14,874)
Total Provider Position	79,327	60,394	(18,933)	82,277	67,403	(14,874)
Total ICS Financial Position 2023/24	52,324	32,367	(19,957)	49,873	34,997	(14,876)

Table 2: ICB Financial Position

Month 10 - January 2024	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	(6,180,084)			(7,499,246)		
Programme						
Acute Services	2,999,204	3,015,411	16,207	3,589,677	3,597,042	7,365
Mental Health Services	733,837	718,494	(15,343)	881,792	871,082	(10,710)
Community Health Services	591,982	584,311	(7,671)	712,435	703,975	(8,460)
Continuing Care	337,621	358,245	20,624	413,494	438,671	25,177
Prescribing	473,223	505,558	32,335	568,610	609,096	40,485
Primary Care	95,694	94,228	(1,465)	115,638	113,123	(2,515)
Primary Care Co-Commissioning	491,129	513,454	22,325	589,375	603,923	14,548
Delegated – Pharmacy, Ophthalmic and Dental	293,218	279,748	(13,469)	351,861	335,531	(16,330)
Other Programme Services	6,555	4,568	(1,988)	13,711	10,883	(2,827)
Other Commissioned Services	25,383	27,044	1,661	30,658	33,272	2,614
Programme Reserves	53,024	24	(52,999)	137,221	89,392	(47,829)
Total ICB Programme Costs	6,100,868	6,101,085	216	7,404,471	7,405,990	1,519
Admin						
Running Costs	52,212	50,972	(1,240)	62,371	60,850	(1,521)
Total ICB Admin Costs	52,212	50,972	(1,240)	62,371	60,850	(1,521)
(Surplus) / Deficit	27,003	0	(27,003)	32,404	0	(32,404)
Total In Year ICB Financial Position	6,180,084	6,152,057	(28,027)	7,499,246	7,466,841	(32,406)

Table 2.1: ICB In Year Financial Position

Month 10 - January 2024	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	81,612	82,763	1,151	98,876	100,978	2,102
North Cumbria Area	81,612	82,763	1,151	98,876	100,978	2,102
Newcastle	91,557	95,600	4,043	111,569	114,648	3,079
Gateshead	67,577	64,366	(3,211)	82,028	78,069	(3,959)
North Tyneside	45,224	41,175	(4,050)	54,886	51,525	(3,361)
Northumberland	77,991	83,629	5,638	95,037	100,364	5,328
North Area	282,349	284,770	2,420	343,520	344,607	1,087
County Durham	123,081	123,360	278	151,774	152,476	702
South Tyneside	35,423	33,567	(1,856)	44,037	41,795	(2,242)
Sunderland	75,747	70,719	(5,028)	91,794	85,876	(5,918)
Central Area	234,251	227,646	(6,605)	287,606	280,148	(7,458)
Tees Valley	187,908	190,543	2,635	231,680	237,436	5,756
Tees Valley (South) Area	187,908	190,543	2,635	231,680	237,436	5,756
System	5,393,963	5,366,334	(27,629)	6,537,564	6,503,671	(33,893)
Total ICB Financial Position	6,180,084	6,152,057	(28,027)	7,499,246	7,466,841	(32,406)

Table 3: ICS Efficiencies

Month 10 - January 2024	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	7,070	2,304	(4,766)	8,480	2,376	(6,104)
Community Healthcare	7,240	8,342	1,102	8,692	8,805	113
Mental Health	0	7,027	7,027	0	7,077	7,077
Ambulance	0	0	0	0	0	0
Primary Care (inc. Primary Co-Commissioning)	34,340	19,659	(14,681)	41,205	26,522	(14,683)
Continuing Healthcare	22,050	40,136	18,086	26,455	42,046	15,591
Running Costs	0	0	0	0	0	0
Other Programme Services	2,100	10,459	8,359	2,523	11,018	8,495
Unidentified	6,320	0	(6,320)	7,589	0	(7,589)
Total ICB Efficiencies	79,120	87,928	8,808	94,944	97,844	2,900
Of Which:						
Recurrent	38,700	31,430	(7,270)	46,441	41,347	(5,094)
Non Recurrent	40,420	56,497	16,077	48,503	56,497	7,994
Total ICB Efficiencies	79,120	87,928	8,808	94,944	97,844	2,900
Providers within system	238,809	229,773	(9,036)	313,416	311,706	(1,710)
Total Provider Efficiencies (within system)	238,809	229,773	(9,036)	313,416	311,706	(1,710)
Of Which:						
Recurrent	141,055	90,748	(50,307)	181,619	118,768	(62,851)
Non Recurrent	97,754	139,025	41,271	131,797	192,938	61,141
Total Provider Efficiencies (within system)	238,809	229,773	(9,036)	313,416	311,706	(1,710)
Total ICS Efficiencies	317,929	317,701	(228)	408,360	409,550	1,190
Of Which:						
Recurrent	179,755	122,178	(57,577)	228,060	160,115	(67,945)
Non Recurrent	138,174	195,523	57,349	180,300	249,435	69,135
Total ICS Efficiencies	317,929	317,701	(228)	408,360	409,550	1,190
ICS Efficiencies key points						
<p>The table above shows the efficiency targets set out in the ICS plan. For the ICB this is by ISFE category and at Month 10 the ICB is forecasting a slight over-delivery against plan although this includes significant non-recurrent efficiencies. Work continues through the Financial Sustainability Programme Group to review and manage delivery against plans.</p> <p>For providers within the system there is a forecast under-delivery of £1.7m. The forecast outturn for recurrent efficiencies is an underachievement of £62.9m, largely mitigated by a forecast over delivery of non-recurrent schemes totalling £61.1m. 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.</p>						

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	(8,541)
Prescribing	(5,749)
Other	(4,022) Includes risk on oxygen / virtual wards and redundancy costs
Total ICB risks identified	(18,312)
ICB Mitigations	
Expected reserves slippage	2,000
Further internal flexibilities and efficiencies	16,312 In addition to existing efficiency plans
Total ICB mitigations identified	18,312
Net ICB unmitigated risks	0
System Risks	
Efficiency, ERF and other pay/non-pay provider risks, including IFRS16 PDC benefit	(85,474)
System Mitigations	
System Mitigations	73,260
Net System unmitigated risks (providers)	(12,214)
Total Net ICS unmitigated risks	(12,214)