

Integrated Care Board

Date of meeting	17 July 2024
Title of paper	Finance Performance Report – Month 2
Presented by	Katherine Disley, Director of Operational Finance on behalf of Sam Proffitt, Chief Finance Officer
Author	Katherine Disley, Director of Operational Finance
Agenda item	9
Confidential	No

Executive summary

The final plan submitted on the 12 June 2024 delivers the agreed system control total of £175m deficit which NHS England have confirmed will be cash and resource backed to enable Lancashire and South Cumbria to report a break-even position.

The system has remained within this planned position at the end of the second month of the financial year.

As at the 31 May (month 2) the Integrated Care Board (ICB) is £1.2m better than plan. This represents a current deficit of £37.1m for the Provider Trusts and the ICB reporting a year-to-date deficit of £15.8m.

Delivery of the agreed control total is dependant on the release of £530.8m of efficiency savings, £260.8m for providers and £270.0m for the ICB.

The report provides an overview of the current financial position, focusing on the year-to-date deficit position, delivery against the efficiency programme and the risk associated with the full year target for the system.

Recommendations

The Lancashire and South Cumbria ICB is asked to **note** the content of this report.

Which Strategic Objective/s does the report relate to:		Tick
SO1	Improve quality, including safety, clinical outcomes, and patient experience	
SO2	To equalise opportunities and clinical outcomes across the area	
SO3	Make working in Lancashire and South Cumbria an attractive and desirable option for existing and potential employees	
SO4	Meet financial targets and deliver improved productivity	Y
SO5	Meet national and locally determined performance standards and targets	Y
SO6	To develop and implement ambitious, deliverable strategies	Y

Implications				
	Yes	No	N/A	Comments
Associated risks				<i>Highlight any risks and where they are included in the report</i>
Are associated risks detailed on the ICB Risk Register?	X			ICB-008
Financial Implications	X			
Where paper has been discussed (list other committees/forums that have discussed this paper)				
Meeting	Date		Outcomes	
Executive Team	9.7.24		Approved	
Conflicts of interest associated with this report				
Not applicable				
Impact assessments				
	Yes	No	N/A	Comments
Quality impact assessment completed			X	
Equality impact assessment completed			X	
Data privacy impact assessment completed			X	

Report authorised by:	Sam Proffitt, Chief Finance Officer
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Integrated Care Board – 17 July 2024

Finance Performance Report – Month 2

1.0 Introduction

- 1.1 This paper reports the financial position at the end of May 2024 and provides an assessment of the risks associated with the Lancashire and South Cumbria (LSC) health system delivering its agreed control total.
- 1.2 The final plan submitted on 12 June 2024 confirmed the system will improve its position by £17.0m from the previous plan submission to achieve the agreed control total of £175.0m, which will be delivered through additional savings plans. These are still yet to be finalised.
- 1.3 On this basis, NHS England have confirmed the control total will be supported by both cash and resource which will enable a full year forecast break-even position.

2.0 Current Financial Performance

- 2.1 As at the 31 May (month 2) the Integrated Care Board (ICB) is £1.2m better than plan. This represents a current deficit of £37.1m for the Provider Trusts and the ICB reporting a year-to-date deficit of £15.8m.
- 2.2 The final plan submission on the 12 June 2024 confirmed the system will deliver the control total of £175.0m which will be cash and resource backed to enable an overall break-even position.
- 2.3 The system has delivered against the plan in the first two month of the financial year but the risks to full year delivery are dependent on a number of savings plans that will be delivered in the latter part of the year. It is essential that these plans are closely monitored and delivered in line with the timescales and trajectories set to avoid deviation from plan. These risks are described in section 7.0 below.
- 2.4 The month 2 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ORGANISATION	MONTH 2						REVISED PLAN	
	Plan YTD £m	Actual YTD £m	Variance YTD £m	Plan FOT £m	Actual FOT £m	Variance FOT £m	Plan FOT £m	Actual FOT * £m
Blackpool Teaching Hospitals NHS Foundation Trust	(12.50)	(12.50)	0.00	(24.28)	(24.28)	0.00	(21.89)	0.00
East Lancashire Hospitals NHS Trust	(5.04)	(5.04)	0.00	(30.31)	(30.31)	0.00	(21.89)	0.00
Lancashire and South Cumbria NHS Foundation Trust	(3.57)	(3.57)	0.00	0.00	0.00	0.00	0.00	0.00
Lancashire Teaching Hospitals NHS Foundation Trust	(9.00)	(9.00)	0.00	(24.28)	(24.28)	0.00	(21.89)	0.00
North West Ambulance Service NHS Trust	(1.12)	0.05	1.18	0.00	0.00	0.00	0.00	0.00
University Hospitals of Morecambe Bay NHS Foundation Trust	(7.00)	(7.00)	0.00	(24.28)	(24.28)	0.00	(21.89)	0.00
Provider Sub-Total	(38.23)	(37.05)	1.18	(103.15)	(103.15)	0.00	(87.54)	0.00
ICB	(15.84)	(15.84)	0.00	(95.02)	(95.02)	0.00	(87.46)	0.00
ICB SYSTEM TOTAL	(54.07)	(52.89)	1.18	(198.17)	(198.17)	0.00	(175.00)	0.00

* Break-even after receipt of deficit cash and resource support

3.0 ICB Financial Performance

- 3.1 At the end of month 2, the Integrated Care Board (ICB) is reporting a year-to-date position which is in line with the planned deficit position with no significant variances noted.
- 3.2 In order to deliver the planned control total, the ICB is required to achieve efficiency savings of £270.0m which represents 6.1% of the revenue resource limit. Further detail on this is provided in the efficiency section 5.0.

4.0 Provider Financial Performance

- 4.1 At month 2, the providers are reporting £1.2m better than plan. All providers are on plan except for NWAS who are £1.2m ahead of plan.
- 4.2 In order to deliver the planned control total, the providers are required to collectively deliver efficiency savings of £260.8m. Further detail is provided in the efficiency section 5.0.

5.0 Efficiencies

- 5.1 Month 2 efficiency performance is shown in **Table 2** below. As at the 31 May, savings of £42.1m have been delivered across the system which is behind plan by £0.2m.
- 5.2 The providers have delivered savings of £10.6m against a plan of £10.8m with 96% of savings plans to be delivered in the remaining 10 months of the financial year.
- 5.3 The ICB has delivered the plan of £31.5m in full with 88% of savings plans to be delivered in the remaining 10 months.
- 5.4 The full year forecast for all organisations is to deliver savings of £530.8m. The risk associated with delivering this high level of efficiency in order to deliver the agreed control total is summarised in section 7.0.

Table 2: Efficiency performance

ORGANISATION	2024-25 Plan £m	MONTH 2 YTD					FULL YEAR FORECAST			
		YTD Plan £m	YTD Recurrent £m	YTD Non-Rec £m	YTD Total £m	Variance to plan £m	FOT Total £m	Variance to plan £m	CIP to be delivered £m	CIP to be delivered %
BTH	63.7	1.3	0.8	0.2	0.9	(0.3)	63.7	0.0	62.8	99%
ELHT	59.7	2.4	2.4	-	2.4	0.0	59.7	0.0	57.3	96%
LSCFT	27.0	2.6	0.8	1.9	2.6	0.0	27.0	0.0	24.4	90%
LTH	58.0	0.4	0.4	2.2	2.7	2.2	58.0	0.0	55.4	95%
NWAS	15.1	1.4	0.4	1.2	1.6	0.2	15.1	0.0	13.5	89%
UHMB	37.3	2.7	0.4	-	0.4	(2.3)	37.3	0.0	36.9	99%
Total	260.8	10.8	5.2	5.4	10.6	(0.2)	260.8	0.0	250.2	96%
ICB	270.0	31.5	2.2	29.3	31.5	-	270.0	0.0	238.5	88%
ICB TOTAL	530.8	42.3	7.4	34.8	42.1	(0.2)	530.8	0.0	488.7	92%

6.0 Capital

- 6.1 The agreement of the system control total incorporated a £10.0m reduction in the capital envelope which was split on a fair shares basis with the revised plan being ratified by the Capital Oversight Group (COG).
- 6.2 The provider capital envelope for 2024-25 is £83.4m as shown in **Table 3** below. At month 2, NHS England did not require the reporting of year-to-date capital spend from providers, therefore there is no detail provided. This will be captured and reported from month 3.

Table 3: Capital Allocations

ORGANISATION	2024-25 Plan YTD £m
Blackpool Teaching Hospitals NHS Foundation Trust	14.9
East Lancashire Hospitals NHS Trust	7.4
Lancashire and South Cumbria NHS Foundation Trust	10.6
Lancashire Teaching Hospitals NHS Foundation Trust	17.9
North West Ambulance Service NHS Trust	17.2
University Hospitals of Morecambe Bay NHS Foundation Trust	15.3
Provider Sub-Total	83.4
ICB	-
ICB SYSTEM TOTAL	83.4

7.0 Risk

- 7.1 At month 2, the main risk to delivery of the agreed system control total is in relation to the efficiency programme. The system is required to deliver a collective £530.8m of savings with £42.1m (8%) being delivered as at the 31 May 2024.
- 7.2 In terms of the remaining £488.7m, **Table 4** below summarises the high-risk provider and ICB schemes. Those schemes classified as high-risk/unidentified total £182.1m.

Table 4: System Risk Summary

	Risk £m
Provider High Risk Schemes	123.0
ICB High Risk Schemes	51.5
ICB Unidentified Schemes	7.6
TOTAL RISK	182.1

- 7.3 The high-risk schemes within providers relate largely to those schemes that remain at an identified opportunity stage but still required detailed plans to be fully developed. Many of these higher risk schemes are planned for delivery in the last half of the year which will enable the expenditure run rate to be reduced as plans progress through the year. This is reflected in the higher deficit plan in the first part of the year.
- 7.4 Therefore, it is essential that these have clear milestones and deliverables with close monitoring and mitigation, where required, in order to deliver the plan. The ICB is reviewing the progress of the schemes through the monthly assurance meetings with each provider and regular updates on progress will be reported to the Finance and Performance Committee and the Board throughout the year.
- 7.5 The high-risk scheme within the ICB also relate to those scheme that require more granular plans. These are largely around contract review in particular and the management of Continuing Health Care costs.
- 7.6 Each scheme in the ICB has a lead Executive and Senior Manager and the schemes are reviewed monthly through the QIPP group and reported to the Recovery and Transformation Board.
- 7.7 There is a separate Recovery and Transformation Update paper on the agenda which provides more detail on the maturity of the efficiency programme and the risk to delivery. It also provides the detail on the governance structure in place to monitor delivery, assess risk and ensure mitigations are identified to maintain delivery.

8.0 Recommendations

- 8.1 The Lancashire and South Cumbria ICB is asked to note the content of this report for the period ending 31 May 2024.

Sam Proffitt

Chief Finance Officer

17 July 2024