

Integrated Care Board

Date of meeting	13 November 2024
Title of paper	Finance Performance Report – Month 6
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Agenda item	17
Confidential	No

Executive summary

The Integrated Care System (ICS) submitted its final 2024/25 plan in June 2024, setting out a system deficit of £175m and accepting the NHSE system control total.

In month 6, the Integrated Care Board (ICB) received the £175m deficit support funding to cover the NHSE system control total, thus enabling the system to report against a breakeven plan.

The system is forecasting to still deliver the full year planned position at month 6.

As at the 30 September 2024 (month 6) the system is £15m behind plan with a reported £42m deficit. The ICB is reporting a year-to-date breakeven with the variance from plan largely associated with a number of provider Trusts.

Delivery of the agreed plan is dependent on the release of £530.8m of efficiency savings, £260.8m for provider trusts and £270.0m for the ICB. As at the 30 September 2024, Provider Trusts have a shortfall of £8.6m on the year-to-date delivery of efficiency savings. The ICB has met its year-to-date target.

However 76% of savings are planned for delivery in the last half of the year and the risk associated with the delivery of the financial plan is described in the report.

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 of £160m 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	X			
Are associated risks detailed on the ICB Risk Register?	X			The management of the associated risks held is detailed within the Board Assurance Framework (BAF-004, BAF-005, BAF-008)
Financial Implications	X			The benefits delivered by focussing on delivering our financial target are an essential contribution to our 3-year financial recovery plan

Where paper has been discussed (list other committees/forums that have discussed this paper)

Meeting	Date	Outcomes

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

Integrated Care Board – 13 November 2024

Finance Performance Report – Month 6

1. Introduction

- 1.1 This paper reports the financial position at the end of September 2024 and provides an assessment of the risks associated with the Lancashire and South Cumbria (LSC) health system delivering its agreed financial plan.
- 1.2 The final financial plan submitted on 12 June 2024 confirmed that the system will achieve the agreed control total of £175.0m, which will be delivered through additional savings plans.
- 1.3 In month 6 the ICB received the £175m deficit support funding to cover the agreed NHSE system control total, which enables the system to report against a break-even plan.

2. Current Financial Performance

- 2.1 As at the 30 September 2024 (month 6) the System is £15m behind plan. This represents a year-to-date deficit of £42m for the provider trusts and a year-to-date breakeven for the ICB.
- 2.2 The variance of £15m relates largely to a shortfall on the delivery of efficiency savings and other pay/non-pay pressures. The full year delivery is dependent on a number of savings plans scheduled for delivery 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.
- 2.3 The month 6 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ICS System Summary Income and Expenditure	Year to Date : Month 1-6			Forecast : Month 1-12		
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	(9,775)	(12,997)	(3,222)	0	0	0
East Lancashire Hospitals NHS Trust	(5,924)	(6,797)	(873)	0	0	0
Lancashire & South Cumbria NHS FT	(6,276)	(6,761)	(485)	0	0	0
Lancashire Teaching Hospitals NHS FT	(5,418)	(11,625)	(6,207)	0	0	0
North West Ambulance Service NHSE Trust	0	2,201	2,201	0	0	0
University Hospitals of Morecambe Bay NHS	0	(6,375)	(6,375)	0	0	0
Providers	(27,393)	(42,354)	(14,961)	0	0	0
Lancashire & South Cumbria ICB	0	0	0	0	0	0
ICS System Surplus / (Deficit)	(27,393)	(42,354)	(14,961)	0	0	0

3. ICB Financial Performance

- 3.1 At the end of month 6, the Integrated Care Board (ICB) is reporting a year-to-date breakeven position which is in line with the plan.
- 3.2 In order to deliver the full year plan, 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 **Section 5** of this report.

4. Provider Financial Performance

- 4.1 At the end of month 6, the Provider Trusts are reporting a year-to-date position which is £15m behind plan. Of this, £8.6m relates to a shortfall on the delivery of efficiency saving. The balance relates to pay pressures, some non-pay pressures and the residual impact from industrial action, over and above the allocation received.
- 4.2 In order to deliver the full year plan, the Provider Trusts are required to collectively deliver efficiency savings of £260.8m. Further detail is provided in **Section 5** of this report.

5. System Efficiencies

- 5.1 Month 6 efficiency performance is shown in **Table 2**. As at the 30 September 2024, savings of £129.3m have been delivered across the system which is £8.6m behind plan.
- 5.2 The Provider Trusts have delivered savings of £50.8m against a year-to-date plan of £59.4m, a shortfall of £8.6m. This means that provider trusts have to deliver 80% (£209.9m) of savings plans in the remaining 6 months of the financial year. There is high risk of almost £80m associated with these plans.
- 5.3 The ICB has delivered savings of £78.4m year-to-date, which is in line with plan. This means that the ICB has to deliver 71% (£191.6m) of savings plans in the remaining 6 months of the financial year. A further £80m of high risk is associated with these plans.
- 5.4 The full year forecast for all organisations is to deliver savings of £530.8m.

Table 2: Efficiency performance

ICS System Efficiency Savings	Year to Date : Month 1-6			Forecast : Month 1-12			Savings still to be delivered %
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)	
	£000	£000	£000	£000	£000	£000	
Blackpool Teaching Hospitals NHS FT	10,905	6,801	(4,104)	63,692	63,692	0	89%
East Lancashire Hospitals NHS Trust	11,553	11,553	(0)	59,679	59,679	0	81%
Lancashire & South Cumbria NHS FT	8,954	10,206	1,252	27,000	27,000	0	62%
Lancashire Teaching Hospitals NHS FT	10,765	8,343	(2,422)	58,041	58,041	(0)	86%
North West Ambulance Service NHSE Trust	7,086	7,554	468	15,059	15,059	0	50%
University Hospitals of Morecambe Bay NHS	10,184	6,407	(3,777)	37,311	37,311	0	83%
Providers	59,447	50,865	(8,582)	260,782	260,782	0	80%
Lancashire & South Cumbria ICB	78,393	78,392	(1)	269,992	269,992	0	71%
ICS System Surplus / (Deficit)	137,840	129,257	(8,583)	530,774	530,774	0	76%

6. 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 £111.2m as shown in **Table 3**. This comprised an operational capital envelope of £85.9m and an allocation for IFRS16 related expenditure (leases) of £25.3m. At month 6, provider Trusts have spent £40.9m, which is £22.5m behind plan. The full year forecast is to overspend against the envelope by £33.5m which is due to pressures against the IFRS16 allocation which relates to planned (and necessary) lease expenditure. Under the new IFRS16 accounting standard, leases are now treated as capital putting pressure of the capital allocation as it cannot cover this level of expenditure. The ICB is working closely with NHSE to manage this position.

Table 3: Charge against Capital Allocation (including IFRS16)

Provider Charge against Capital Allocation (including impact of IFRS16)	Year to Date : Month 1-6			Forecast : Month 1-12		
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	7,377	5,353	(2,024)	17,770	17,706	(64)
East Lancashire Hospitals NHS Trust	4,517	2,650	(1,867)	27,527	27,527	0
Lancashire & South Cumbria NHS FT	7,083	6,795	(288)	10,584	10,584	0
Lancashire Teaching Hospitals NHS FT	21,477	15,967	(5,510)	32,833	32,833	0
North West Ambulance Service NHSE Trust	12,768	5,008	(7,760)	42,620	40,720	(1,900)
University Hospitals of Morecambe Bay NHS	10,223	5,163	(5,060)	15,344	15,344	0
Provider Total	63,445	40,936	(22,509)	146,678	144,714	(1,964)
Total Provider Allocation					111,222	
Forecast Variance to Allocation					(33,492)	

7. Risk

- 7.1 At month 6, the main risk to delivery of the plan is in relation to the efficiency programme. The system is required to deliver a collective £530.8m of savings with £129.2m (24%) being delivered as at the 30 September 2024.
- 7.2 In terms of the remaining £401.6m (76%), Table 4 summarises the value of the high-risk schemes for provider Trusts and the ICB. Those schemes classified as high-risk/unidentified total almost £160m.

Table 4: System Risk Summary

System Efficiencies	High Risk £m
Provider trusts	78.9
ICB	80.7
Total High Risk Schemes	159.6

- 7.3 The high-risk schemes within Provider Trusts relate largely those schemes that remain at an identified opportunity stage. These still require 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 planned deficit 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 to ensure delivery of the plan. The ICB is reviewing the progress of the schemes through the monthly assurance meetings with each provider Trust and regular updates on progress are reported to the Finance and Performance Committee and the Board throughout the year.
- 7.5 The high-risk schemes within the ICB also relate to those schemes that remain at an identified opportunity stage. These also require detailed plans to be fully developed.
- 7.6 The ICB has implemented an Incident Management Team (IMT) approach to monitoring efficiencies. Each scheme has a lead Executive and Senior Manager, and all schemes have been assigned to Delivery Units to ensure there is a robust focus on actions and delivery. The IMT and Delivery Units meet weekly.
- 7.7 Risk and the approach to recovery is described in more detail in the Recovery and Transformation paper to the Board.

8. Recommendations

- 8.1 The Lancashire and South Cumbria ICB is asked to note the content of this report for the period ending 30 September 2024.

Sam Proffitt
Chief Finance Officer and Deputy CEO