

Integrated Care Board

Date of meeting	15 January 2025
Title of paper	Finance Performance Report – Month 8
Presented by	Andrew Harrison, Director of Finance
Author	Andrew Harrison, Director of Finance
Agenda item	14
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.

The £175m deficit support funding was received in month 6, which enables the system to report against a breakeven plan.

The system is still forecasting to deliver the full year planned position at month 8 but there is significant risk against this position with only 37% of the savings target delivered as at 30 November 2024, leaving 73% to be delivered in the remaining four months of the year. The risk associated with the delivery of the financial plan is described in the report

As at the 30 November 2024 (month 8) the system is £62.7m behind plan with a reported £94.9m deficit. The ICB is reporting a year-to-date deficit of £7.0m with the remaining £55.7m variance from plan associated with the acute 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 November 2024, Provider Trusts have a shortfall of £37.7m on the year-to-date delivery of efficiency savings. The ICB has met its year-to-date target.

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 £51.3m for the ICB and £166m for providers against the break even plan.

Approval of Special Payments

Two transactions that meet the criteria for special payments have been made by the ICB and require approval by the Board. A special payment is an item that is outside the normal range of departmental activity and is not considered when monies are voted for by Parliament. As such, these transactions are subject to greater control than other payments and are mandatory disclosures within the ICB's Annual Report and Accounts. The ICB has delegated authority to approve special payments up to

the value of £95,000. All special payments up to that value must be approved by the Board, in accordance with the ICB's Scheme of Reservation and Delegation.

Recommendations

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

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	✓
SO5	Meet national and locally determined performance standards and targets	✓
SO6	To develop and implement ambitious, deliverable strategies	✓

Implications

	Yes	No	N/A	Comments
Associated risks	✓			
Are associated risks detailed on the ICB Risk Register?	✓			ICB-008
Financial Implications	✓			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			✓	
Equality impact assessment completed			✓	
Data privacy impact assessment completed			✓	

Report authorised by: Sam Proffitt, Chief Finance Officer

Integrated Care Board – 15 January 2025

Finance Performance Report – Month 8

1. Introduction

1.1 This paper reports the financial position at the end of November 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. The £175m deficit support funding was received in month 6, which enables the system to report against a break-even plan.

2. Current Financial Performance

2.1 As at the 30 November 2024 (month 8) the System is £62.7m behind plan. This represents a year-to-date deficit of £87.9m for the provider trusts and a year-to-date deficit of £7.0m for the ICB.

2.2 The variance of £62.7m 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 8 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ICS System Summary Income and Expenditure	Year to Date : Month 1-8			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	(10,311)	(20,675)	(10,364)	(0)	(0)	0
East Lancashire Hospitals NHS Trust	(7,706)	(32,238)	(24,532)	0	(0)	(0)
Lancashire & South Cumbria NHS FT	(5,136)	(6,276)	(1,140)	(0)	(0)	(0)
Lancashire Teaching Hospitals NHS FT	(9,119)	(20,225)	(11,106)	0	0	0
North West Ambulance Service NHSE Trust	0	4,532	4,532	0	0	0
University Hospitals of Morecambe Bay NHS	0	(13,056)	(13,056)	0	0	0
Providers	(32,272)	(87,937)	(55,665)	(0)	(0)	(0)
Lancashire & South Cumbria ICB	0	(7,000)	(7,000)	0	0	0
ICS System Surplus / (Deficit)	(32,272)	(94,937)	(62,665)	(0)	(0)	(0)

3. ICB Financial Performance

3.1 At the end of month 8, the Integrated Care Board (ICB) is reporting a year-to-date deficit of £7.0m, which reflects the current level of unmitigated risk.

- 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 8, the Provider Trusts are reporting a year-to-date position which is £55.7m behind plan. Of this, £37.7m relates to a shortfall on the delivery of efficiency savings. 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 8 efficiency performance is shown in **Table 2**. As at the 30 November 2024, savings of £197.2m have been delivered across the system which is £37.7m behind plan.
- 5.2 The Provider Trusts have delivered savings of £74.0m against a year-to-date plan of £111.7m, a shortfall of £37.7m. This means that provider trusts have to deliver 72% (£186.8m) of savings plans in the remaining 4 months of the financial year. The latest risk adjusted forecast for the Providers is £166m variance to plan.
- 5.3 The ICB has delivered savings of £123.2m year-to-date, which is in line with plan. This means that the ICB has to deliver 54% (£146.8m) of savings plans in the remaining 4 months of the financial year. A further £51.3m of high risk is associated with these plans. Currently the ICB is likely to miss its plan unless further action can be taken to reduce the run rate in the last quarter of the year. A number of actions are being developed to support the ICB to remain on plan. It is essential this is in place in the current month to allow the impact to be made.
- 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 1-8			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	25,455	9,637	(15,818)	63,692	63,692	0	85%
East Lancashire Hospitals NHS Trust	23,745	17,316	(6,429)	59,679	59,679	(0)	71%
Lancashire & South Cumbria NHS FT	14,350	13,867	(483)	27,000	27,000	(0)	49%
Lancashire Teaching Hospitals NHS FT	20,705	13,608	(7,097)	58,041	58,040	(1)	77%
North West Ambulance Service NHSE Trust	9,735	10,281	546	15,059	15,059	0	32%
University Hospitals of Morecambe Bay NHS	17,708	9,272	(8,436)	37,311	37,311	0	75%
Providers	111,698	73,981	(37,717)	260,782	260,781	(1)	72%
Lancashire & South Cumbria ICB	123,205	123,205	0	269,992	269,992	0	54%
ICS System Surplus / (Deficit)	234,903	197,186	(37,717)	530,774	530,773	(1)	63%

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 £112.1m as shown in **Table 3**. This comprised an operational capital envelope of £86.8m and an allocation for IFRS16 related expenditure (leases) of £25.3m. At month 8, provider Trusts have spent £51.2m, which is £33.3m behind plan. The full year forecast is to overspend against the envelope by £18.8m 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 on 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 1-8			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	12,165	8,538	(3,627)	17,770	21,762	3,992
East Lancashire Hospitals NHS Trust	6,017	4,899	(1,118)	27,527	28,043	516
Lancashire & South Cumbria NHS FT	8,250	2,461	(5,789)	10,584	11,019	435
Lancashire Teaching Hospitals NHS FT	25,392	18,796	(6,596)	32,833	32,833	0
North West Ambulance Service NHSE Trust	20,320	9,220	(11,100)	42,620	26,360	(16,260)
University Hospitals of Morecambe Bay NHS	12,322	7,282	(5,040)	15,344	14,422	(922)
Provider Total	84,467	51,196	(33,271)	146,678	134,439	(12,239)
Total Provider Allocation					112,097	
Forecast Variance to Allocation					(18,804)	

7. Risk

7.1 At month 8, 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 £197.2m (37%) being delivered as at the 30 November 2024.

- 7.2 The ICB has a risk of £51.3m that needs to be managed by the year-end in order to deliver a breakeven position. To address the risk, 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.
- 7.3 The Providers are reporting risk to the breakeven even plan of £166m. Therefore the total risk for the system is £217m. This is after receiving £175m of deficit support funding.
- 7.4 Risk and the approach to recovery is described in more detail in the Recovery and Transformation paper to the Board.

8. Special Payments for Approval

- 8.1 Two transactions that meet the criteria for special payments have been made by the ICB:
- (i) £550 ex gratia payment to meet the requirement of an associated Ombudsman's report following a complaint for failings in the ICB's management of a residential placement.
 - (ii) £4,320 ex gratia payment to compensate travel costs incurred by relatives of an ICB patient, who had been transferred out of the ICB footprint for care.
- 8.2 Due to the time sensitive nature of the two payments, approval was provided by the Chief Finance Officer and Director of Finance respectively. NHS England guidance and the ICB's Scheme of Reservation and Delegation states that all special payments up to the value of £95,000 must be approved by the Board.
- 8.3 The Board is therefore asked to provide retrospective approval for the two items, for inclusion on the ICB's Losses and Special Payments Register.

9. Recommendations

- 9.1 The Lancashire and South Cumbria ICB is asked to note the content of this report for the period ending 30 November 2024 and to approve the two special payments.

Andrew Harrison
Director of Finance