

Integrated Care Board

Date of meeting	8 November 2023
Title of paper	Finance Performance Report – Month 6
Presented by	Sam Proffitt, Chief Finance Officer
Author	Katherine Disley, Director of Operational Finance
Agenda item	11
Confidential	No

Executive summary

As at the 30 September 2023 (month 6), the Integrated Care Board (ICB) is reporting a system deficit of £159.5m which is £71.9m worse than plan. The Providers are reporting a £109.1m deficit which is £21.5m off plan and the ICB is reporting a year-to-date deficit of £50.4m against a break-even plan.

The month 6 deficit position is being driven by cost and inflationary pressures and undelivered savings schemes across organisations. The system is currently forecasting to deliver a full year £80.0m deficit in line with plan, however further efficiencies will need to be identified and delivered in order to deliver the plan.

There is high level of risk in doing so but the system is continuing to work to reduce this risk. A number of actions are being taken to identify further mitigations and assess the risk to the year end forecast. An update on this work will be brought to the next Board meeting.

Recommendations

The Lancashire and South Cumbria ICB is asked to note:

- The work being done on further mitigations and assessment of risk to forecast position with an update to the next Board meeting and
- The content of this report for the period ending 30 September 2023.

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			
Financial Implications	X			
Where paper has been discussed (list other committees/forums that have discussed this paper)				
Meeting	Date		Outcomes	
Executive Management Team	31 October 2023		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 – 8 November 2023

Finance Performance Report – Month 6

1. Introduction

- 1.1 This paper reports the financial position at the end of September 2023 and provides an assessment of the risks and mitigating actions required to support the Lancashire and South Cumbria (LSC) health system to deliver its 2023-24 financial targets.
- 1.2 It also provides an update on the actions that have been taken to mitigate financial risk across the system and to deliver against the financial recovery plan put in place to manage the risk identified during the planning process.

2. Current Financial Performance

- 2.1 At the end of month 6, the system is reporting a system deficit of £159.5m which is £71.9m worse than plan. The Providers are reporting a £109.1m deficit which is £21.5m off plan and the ICB is reporting a year-to-date deficit of £50.4m against a break-even plan.
- 2.2 All Provider Trusts are forecasting to achieve the planned £80.5m deficit and the ICB forecasting to achieve its planned £0.5m year-end surplus position.
- 2.3 During the month the provider position has stabilised with only a small moment in month. However, to achieve the £80m deficit target will require the ICB to deliver a £50.9m surplus in the last 6 months and a reduction in the Provider's run rate to reduce the current deficit by £28.6m during the remainder of the year.
- 2.4 All organisations are continuing to identify actions to mitigate this position, but this remains high risk given the current pressures in the system.
- 2.5 The month 6 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ORGANISATION	MONTH 6					
	Plan YTD	Actual YTD	Variance YTD	Plan FOT	Actual FOT	Variance FOT
	£m	£m	£m	£m	£m	£m
Blackpool Teaching Hospitals NHS Foundation Trust	(30.4)	(30.3)	0.1	(24.3)	(24.3)	0.0
East Lancashire Hospitals NHS Trust	(14.2)	(23.8)	(9.6)	(24.3)	(24.3)	0.0
Lancashire and South Cumbria NHS Foundation Trust	(5.6)	(9.2)	(3.6)	1.6	1.6	(0.0)
Lancashire Teaching Hospitals NHS Foundation Trust	(20.5)	(31.7)	(11.2)	(15.3)	(15.3)	0.0
North West Ambulance Service NHS Trust	(1.3)	1.9	3.2	0.0	0.0	0.0
University Hospitals of Morecambe Bay NHS Foundation Trust	(15.6)	(16.1)	(0.5)	(18.3)	(18.3)	0.0
Provider Sub-Total	(87.6)	(109.1)	(21.5)	(80.5)	(80.5)	(0.0)
ICB	(0.0)	(50.4)	(50.4)	0.5	0.5	(0.0)
ICB SYSTEM TOTAL	(87.6)	(159.5)	(71.9)	(80.0)	(80.0)	(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 deficit of £50.4m against a planned break-even position.
- 3.2 The reported deficit position is being driven by cost pressures and inflationary pressures relating to continuing health care packages of care costs, prescribing and slippage against planned savings schemes.
- 3.3 As part of the month end process, a full review has been undertaken of the key pressure areas detailed above in order to establish the drivers of the pressures and an accurate assessment of the deliverability of remaining QIPP and mitigation schemes.
- 3.4 Inflation pressures for the year represents half of the current pressure. The other half relates to unmitigated pressure and slippage against QIPP and Mitigation schemes.
- 3.5 A number of additional mitigations and actions will need to be identified and delivered in order to achieve the year end plan position. The profiling of the forecast pressures has resulted in the ICB reporting a £50.4m deficit position as at 30 September 2023, reflecting the cost pressure halfway through the financial year.
- 3.6 The inflationary pressures and national pricing issues are being raised with NHSE to assess how these pressures can be mitigated or supported.
- 3.7 Further work is being undertaken by ICB Executives and the Senior Leadership Team to identify actions to mitigate against the non-delivery of the high-risk schemes and find alternative solutions. At this stage the ICB is continuing to forecast to achieve its year end planned surplus of £0.5m, however the risk of achieving this has increased. Further updates on the risk and potential mitigations will be report to the next Board meeting.

4. Provider Financial Performance

4.1 Providers had a planned deficit at month 6 of £87.6m as shown in **Table 1**. The actual deficit is £109.1m and the adverse variance of £21.5m is driven by:

- East Lancashire Hospitals Trust (£9.6m): This is largely slippage against the Cost Improvement Programme, unachieved system stretch target and strike action.
- Lancashire and South Cumbria Foundation Trust (£3.6m) which primarily all relates to Out of Area Placements (OAPs).
- Lancashire Teaching Hospitals (£11.2m): This is largely slippage against the Cost Improvement Programme, unachieved system stretch target, operational pressures and strike action.
- North West Ambulance Service is £3.2m better than plan. This is expected to correct itself by the year-end as planned investments come on stream.

4.2 Blackpool Teaching Hospitals and University Hospitals Morecambe Bay are broadly on plan having mitigated the impact of strike action and other pressures to date.

5. Efficiencies

5.1 Month 6 efficiency performance is shown in **Table 2**. As at month 6, savings of £83.5m have been delivered across the ICB which is behind plan by £24.3m. Provider savings plans are £6.5m behind plan and ICB savings plans are £21.0m behind plan.

5.2 In total, across all organisations, 59% of year-to-date savings have been delivered recurrently and the current forecast is showing that 67% will be delivered recurrently by the end of the year. It will be important that recurrent solutions are in place by the year end to avoid further pressures in 2024/25.

5.3 The full year forecast for all organisations is to achieve £299.0m which reflects the £97m QIPP in the ICB and £202m in Provider Cost Improvement Plans (CIP).

Table 2: Efficiency performance

ORGANISATION	2023-24 Plan £m	MONTH 6					FOT					
		YTD Plan £m	YTD Recurrent £m	YTD Non-Rec £m	YTD Total £m	Variance to plan £m	FOT Recurrent £m	FOT Non-Rec £m	FOT Total £m	Variance to plan £m	FOT Recurrent %	FOT Non-Rec %
BTH	37.7	12.8	6.8	5.9	12.7	(0.0)	22.2	15.5	37.7	0.0	59%	41%
ELHT	42.3	21.1	3.3	11.3	14.6	(6.6)	19.6	35.1	54.6	12.3	36%	64%
LSCFT	18.6	4.0	2.6	2.2	4.9	0.8	9.6	9.0	18.6	(0.0)	52%	48%
LTH	48.5	17.2	10.9	2.8	13.7	(3.5)	44.5	4.0	48.5	0.0	92%	8%
NWAS	12.2	4.8	3.5	1.4	4.9	0.0	9.3	2.9	12.2	0.0	76%	24%
UHMB	30.5	9.1	8.7	3.2	11.8	2.7	24.2	6.2	30.5	0.0	80%	20%
Provider Sub-Total	189.7	69.1	35.8	26.8	62.5	(6.5)	129.3	72.7	202.1	12.3	64%	36%
ICB	97.0	38.8	13.6	7.4	21.0	(17.8)	70.0	27.0	97.0	0.0	72%	28%
ICB TOTAL	286.7	107.9	49.4	34.2	83.5	(24.3)	199.3	99.7	299.0	12.3	67%	33%

6. Capital

6.1 The provider capital envelope for 2023-24 is £113.9m. A plan was set of £114.9m on the basis this would be managed down to £113.9m in year as shown in **Table 3**. At month 6, providers have spent £29.4m, which is £13.3m behind plan. As with previous years, the spend profile is expected to accelerate. Blackpool has reduced the capital forecast by £1.7m meaning there is now a forecast underspend of £0.4m against the envelope. NWAS has increased their forecast at month 6 to reflect an allocation which will be transferred from another ICB at month 7.

6.2 A mid-year stocktake is in progress to ascertain the likely forecast position so any potential underspend can be reallocated between the providers to ensure the full capital envelope is spent.

Table 3: Capital Expenditure

ORGANISATION	MONTH 6				MONTH 6			
	Plan YTD £m	Actual YTD £m	Variance YTD £m	Variance %	Plan FOT £m	Actual FOT £m	FOT still to spend £m	FOT % to spend %
Blackpool Teaching Hospitals NHS Foundation Trust	9.2	4.3	4.9	53%	21.1	19.4	15.1	78%
East Lancashire Hospitals NHS Trust	6.2	5.0	1.1	18%	14.0	14.0	9.0	64%
Lancashire and South Cumbria NHS Foundation Trust	7.4	5.2	2.2	30%	14.4	14.4	9.2	64%
Lancashire Teaching Hospitals NHS Foundation Trust	7.5	5.9	1.6	21%	22.4	22.4	16.5	74%
North West Ambulance Service NHS Trust	3.3	3.3	0.0	1%	23.8	24.1	20.8	86%
University Hospitals of Morecambe Bay NHS Foundation Trust	9.2	5.7	3.5	38%	19.2	19.2	13.5	70%
PROVIDER TOTAL	42.7	29.4	13.3	31%	114.9	113.5	84.0	74%
Total Provider Allocation						113.9		
Forecast Variance to Allocation						0.4		

7. Recommendations

7.1 The Lancashire and South Cumbria ICB is asked to note:

- The work being done on further mitigations and assessment of risk to forecast position with an update to the next Board meeting and
- The content of this report for the period ending 30 September 2023.

Sam Proffitt

Chief Finance Officer

31 October 2023