

Integrated Care Board

Date of meeting	10 January 2024
Title of paper	Finance Performance Report – Month 8
Presented by	Sam Proffitt, Chief Finance Officer
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Agenda item	12
Confidential	No

Executive summary

As at the 30 November 2023 (month 8), the Integrated Care Board (ICB) is reporting a system deficit of £172m which is £82m worse than plan. This represents a current deficit of £122m for the Provider Trusts with the ICB reporting a year-to-date deficit of £50m.

The month 8 deficit position is being driven by in-year cost pressures and undelivered savings schemes for Provider Trusts and the ICB.

The system is still forecasting to deliver a full year £80.0m deficit in line with plan, however it is unlikely this will now be achievable given the level of cost pressures in the system.

The current trajectory would suggest a year end deficit position nearer £258m deficit but a reassessment of the plan in November has submitted a reviewed deficit target of £198m. This requires several actions to enable the system to meet this revised plan and address the £60m risk.

The report provides an overview of the current financial position, the key actions taken as part of the replanning exercise and the main areas of focus for the system as we work to collectively deliver the resubmitted system target.

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				
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 Team	2 January 2024		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 – 10 January 2024

Finance Performance Report – Month 8

1.0 Introduction

- 1.1 This paper reports the financial position at the end of November 2023 and provides an assessment of the risks and mitigating actions required to ensure the Lancashire and South Cumbria (LSC) health system can achieve its 2023-24 financial targets.
- 1.2 At the start of the 2023-24 financial year, the ICB set out a significant savings and mitigation strategy of £172.0m in order to deliver the planned £0.5m surplus year end position. With the exception of the contract review scheme, this is being delivered.
- 1.3 In year pressures are £127.8m due to excess inflation for Continuing Healthcare and Prescribing in addition to increased activity for Individual Packages of Care. This additional pressure is driving the ICB's current reported deficit position. Although the current forecast remains to deliver the planned £0.5m year end surplus position, it is likely that these additional in year pressures will not be fully mitigated.
- 1.4 The providers are on track to deliver their 5% CIP plans totalling £189.7m, however a stretch target of £92.0m required to be delivered to achieve the planned year end £80.0m deficit position was dependent on a number of system wide schemes delivering in year. These schemes will take longer to develop and implement.

2.0 Current Financial Performance

- 2.1 As at the 30 November 2023 (month 8), the Integrated Care Board (ICB) is reporting a system deficit of £172m which is £82m worse than plan. This represents a current deficit of £122m for the Provider Trusts and the ICB reporting a year-to-date deficit of £50m.
- 2.2 All Provider Trusts are forecasting to achieve the planned £80.5m deficit position and the ICB is forecasting to achieve its planned £0.5m year-end surplus position.
- 2.3 However, the trajectory would suggest the system deficit could be £258m by year end due to the additional in year pressures and timing of the delivery of the system wide recovery programme

2.4 A replanning exercise was undertaken during November 2023. The collective likely system deficit position based on this exercise has been quantified as £198.0m . This assumes a number of mitigations to address the remaining £60m risk against the current trajectory. This also does not include any financial impact of the further strike action.

2.5 The month 8 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ORGANISATION	MONTH 8					
	Plan YTD £m	Actual YTD £m	Variance YTD £m	Plan FOT £m	Actual FOT £m	Variance FOT £m
Blackpool Teaching Hospitals NHS Foundation Trust	(31.2)	(31.2)	0.0	(24.3)	(24.3)	0.0
East Lancashire Hospitals NHS Trust	(17.5)	(29.5)	(12.0)	(24.3)	(24.3)	0.0
Lancashire and South Cumbria NHS Foundation Trust	(3.9)	(6.6)	(2.7)	1.6	1.6	(0.0)
Lancashire Teaching Hospitals NHS Foundation Trust	(18.4)	(35.3)	(16.9)	(15.3)	(15.3)	0.0
North West Ambulance Service NHS Trust	(1.0)	2.7	3.8	0.0	0.0	0.0
University Hospitals of Morecambe Bay NHS Foundation Trust	(17.5)	(21.9)	(4.4)	(18.3)	(18.3)	0.0
Provider Sub-Total	(89.5)	(121.8)	(32.2)	(80.5)	(80.5)	(0.0)
ICB	0.0	(50.4)	(50.4)	0.5	0.5	0.0
ICB SYSTEM TOTAL	(89.5)	(172.1)	(82.6)	(80.0)	(80.0)	(0.0)

3.0 ICB Financial Performance

3.1 At the end of month 8, 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 prior year pressures, undelivered savings relating to a contract review scheme, continuing health care packages of care costs, and prescribing pressures.

3.3 As part of the month end process, a full review has been undertaken of the key pressure areas in order to establish the drivers of the prior year and in-year pressures and an accurate assessment of the deliverability of remaining savings schemes.

3.4 The ICB trajectory shows a £70m deficit risk to the ICB breakeven Plan. Several mitigations have been identified to maintain the current level of deficit to enable the ICB to achieve a revised deficit plan of no more than a £49m deficit.

3.5 These mitigations include using remaining budgets, tight spending controls and working with partner organisations to identify costs that should be shared and jointly mitigated.

4.0 Provider Financial Performance

4.1 At month 8, the providers are reporting a collective deficit of £121.8m against a planned deficit of £89.5m . The adverse variance of £32.2m is driven by:

- East Lancashire Hospitals Trust (£12m): £7.3m Cost Improvement Programme (CIP) slippage, £6.9m unachieved system stretch and £6.9m strike action (costs and lost income).
- Lancashire and South Cumbria Foundation Trust (£2.8m) which primarily all relates to Out of Area Placements (OAPs).
- Lancashire Teaching Hospitals (£16.9m): £10.3m unachieved system stretch, £6.8m CIP slippage, £1.7m Strike Action (costs and lost income).
- University Hospitals Morecambe Bay (£4.4m): £6.5m unachieved system stretch and £2.1m Strike Action (costs and lost income).
- North West Ambulance Service is £3.8m better than plan which is offsetting some of the adverse variance. This is expected to correct itself by the year-end as planned investments come on stream.

4.2 Blackpool Teaching Hospitals are broadly on plan having mitigated the impact of strike action and the system planning gap.

4.3 Following the reassessment of the plan in November, the Providers are aiming to collectively remain with a year end deficit position of £149m.

5.0 Efficiencies

5.1 Month 8 efficiency performance is shown in **Table 2** below. As at the 30 November, savings of £126.5m have been delivered across the system which is behind plan by £35.1m. Provider savings plans are £12.0m behind plan and ICB savings plans are £31.2m 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 65% will be delivered recurrently by the end of the year.

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 8 YTD					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	20.8	10.5	10.3	20.8	(0.0)	21.5	16.2	37.7	(0.0)	57%	43%
ELHT	42.3	28.2	6.1	14.8	20.9	(7.3)	19.3	35.3	54.6	12.3	35%	65%
LSCFT	18.6	8.4	4.1	4.4	8.5	0.2	9.5	9.1	18.6	0.0	51%	49%
LTH	48.5	27.6	16.9	4.0	20.9	(6.8)	35.7	12.8	48.5	0.0	74%	26%
NWAS	12.2	7.1	5.2	1.8	7.1	0.0	9.3	2.9	12.2	0.0	76%	24%
UHMB	30.5	15.2	13.0	4.2	17.1	1.9	24.2	6.2	30.5	0.0	80%	20%
Total	189.7	107.3	55.7	39.6	95.3	(12.0)	119.6	82.5	202.1	12.3	59%	41%
ICB	97.0	54.3	18.7	12.4	31.2	(23.1)	76.0	21.0	97.0	0.0	78%	22%
ICB TOTAL	286.7	161.6	74.5	52.0	126.5	(35.1)	195.6	103.5	299.0	12.3	65%	35%

6.0 Capital

6.1 The provider capital envelope for 2023-24 is £126.8m as shown in **Table 3** below. At month 8, providers have spent £51.1m, which is £13.9m behind plan. As with previous years, the spend profile accelerates in the latter part of the year and the plan is expected to be achieved.

Table 3: Capital Expenditure

ORGANISATION	MONTH 8				FOT			
	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	11.9	7.7	4.2	36%	21.1	20.0	12.3	62%
East Lancashire Hospitals NHS Trust	12.0	10.7	1.2	10%	19.0	19.0	8.2	43%
Lancashire and South Cumbria NHS Foundation Trust	9.5	8.3	1.2	12%	14.4	14.4	6.0	42%
Lancashire Teaching Hospitals NHS Foundation Trust	10.9	10.0	0.9	9%	22.7	23.0	13.0	57%
North West Ambulance Service NHS Trust	7.9	5.3	2.5	32%	28.5	31.2	25.9	83%
University Hospitals of Morecambe Bay NHS Foundation Trust	12.9	9.1	3.8	29%	19.2	19.5	10.5	54%
PROVIDER TOTAL	65.0	51.1	13.9	21%	124.9	127.1	76.0	60%
Total Provider Allocation						126.8		
Forecast Variance to Allocation						(0.3)		

7.0 Recommendations

7.1 The Lancashire and South Cumbria ICB is asked to note the content of this report for the period ending 30 November 2023.

Sam Proffitt

Chief Finance Officer

10 January 2024