

Integrated Care Board

Date of meeting	13 March 2024
Title of paper	Finance Performance Report – Month 10
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Agenda item	9
Confidential	No

Executive summary

As at the 31 January 2024 (month 10), the Integrated Care Board (ICB) is reporting a system deficit of £208.5m which is £120.0m worse than plan. This represents a current deficit of £133.5m for the Provider Trusts with the ICB reporting a year-to-date deficit of £75.0m.

The system stretched itself at the start of the year to deliver a number of recovery savings schemes in order to meet the original £80m deficit plan.

The month 10 deficit position is being driven by new in-year cost pressures including inflation pressures on continuing health care and prescribing costs and the slippage against recovery savings schemes as these take time to develop and deliver. Approval has been received for an additional £5.5m of costs incurred supporting the recent industrial action activity.

Despite the deficit position the system is on plan to have delivered £244.3m of efficiency savings by the end of year.

The system is required to deliver a revised full year deficit of £198.0m which is in line with the replanning exercise undertaken in November 2023. There remains £30m risk to this position and work continues to mitigate this risk by the end of the year.

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				<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	5 March 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

Integrated Care Board – 13 March 2024

Finance Performance Report – Month 10

1. Introduction

- 1.1 This paper reports the financial position at the end of January 2024 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. The paper examines both the ICB's own financial position and that of the providers in the wider system.
- 1.2 In terms of the ICB's own position, it set out a significant saving of £172.0m in order to deliver the planned £0.5m surplus year end position. With the exception of the contract review scheme these planned savings have been delivered.
- 1.3 Additional in year pressures of £127.8m have been incurred due to excess inflation for Continuing Healthcare and Prescribing costs in addition to increased activity for Individual Packages of Care. This additional pressure is driving the ICB's current reported deficit position. These pressure along with the original savings plans mean that the ICB would need to deliver £304.8m of savings to meet its original target of £0.5m surplus.
- 1.4 The providers are on track to deliver £176.8m of CIP plans however a stretch target of £92.0m was required to be delivered to achieve the planned year end £80.0m deficit position which was dependent on a number of system wide recovery schemes delivering in year. These schemes will take longer to develop and implement and as such the forecast deficit for providers has increased.
- 1.5 The replanning exercise undertaken during November 2023 identified 'best case' system forecast position of £198.0m deficit, of which the ICB is forecasting to be £59.0m by year end providers £139.0m.
- 1.6 There remains a £30m risk to this position for which actions continue to mitigate by the end of the year.
- 1.7 Despite the increased deficit position the system has delivered significant savings in 2023/24 and in the final quarter of the year the run rate is beginning to show a decrease as move towards 2024/25.
- 1.8 The continued reduction in run rate along with the implementation of robust plans for recovery will be essential to ensure the system continues to move to long term financial sustainability.

2. Current Financial Performance

- 2.1 As at the 31 January (month 10), the Integrated Care Board (ICB) is reporting a system deficit of £208.5m which is £120.0m worse than plan. This represents a current deficit of £133.5m for the Provider Trusts and the ICB reporting a year-to-date deficit of £75.0m.
- 2.2 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 risk against the current trajectory. In addition to this there are costs incurred by providers supporting the recent Industrial Action which takes the forecast to £202.4, however these additional costs will be funded, and this will be reflected in the next report to the Board.
- 2.3 The month 10 position for the system is provided at **Table 1**.

Table 1: Summary financial position

<u>Adjusted Financial Performance</u>	MONTH 10					
	Plan YTD	Actual YTD	Variance YTD	Plan FOT	Actual FOT	Variance FOT
	£m	£m	£m	£m	£m	£m
ORGANISATION						
Blackpool Teaching Hospitals NHS Foundation Trust	(30.71)	(30.71)	0.01	(24.28)	(25.29)	(1.01)
East Lancashire Hospitals NHS Trust	(20.91)	(35.22)	(14.31)	(24.28)	(40.81)	(16.53)
Lancashire and South Cumbria NHS Foundation Trust	(0.93)	(4.96)	(4.03)	1.61	(0.00)	(1.61)
Lancashire Teaching Hospitals NHS Foundation Trust	(16.93)	(40.13)	(23.20)	(15.28)	(51.90)	(36.62)
North West Ambulance Service NHS Trust	(0.63)	4.75	5.38	0.00	5.70	5.70
University Hospitals of Morecambe Bay NHS Foundation Trust	(18.39)	(27.24)	(8.86)	(18.28)	(31.07)	(12.79)
Provider Sub-Total	(88.50)	(133.51)	(45.01)	(80.50)	(143.36)	(62.86)
ICB	0.00	(75.00)	(75.00)	0.50	(59.00)	(59.50)
ICB SYSTEM TOTAL	(88.50)	(208.51)	(120.01)	(80.00)	(202.36)	(122.36)

3. ICB Financial Performance

- 3.1 At the end of month 10, the Integrated Care Board (ICB) is reporting a year-to-date deficit of £75.0m against a planned break-even position.
- 3.2 The reported deficit position is being largely driven by undelivered savings relating to a contract review scheme, continuing health care packages of care costs, and inflation on continuing healthcare and prescribing pressures.
- 3.3 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 £59m deficit.
- 3.4 These mitigations include a review of remaining spending plans, tight spending controls and working with partner organisations to identify costs that should be shared and jointly mitigated.

3.5 There is a risk of £30.0m associated with delivering the replanned deficit position with mitigations yet to be finalised.

4. Provider Financial Performance

4.1 At month 10, the providers are reporting a collective deficit of £133.5m against a planned deficit of £88.5m. The adverse variance of £45.0m is driven by:

- East Lancashire Hospitals Trust (£14.3m): Cost Improvement Programme slippage, unachieved system recovery savings schemes and industrial action costs
- Lancashire and South Cumbria Foundation Trust (£4.0m) which primarily all relates to OAPs.
- Lancashire Teaching Hospitals (£23.2m): unachieved system recovery savings schemes, Cost Improvement Programme slippage and industrial action costs
- University Hospitals Morecambe Bay (£8.9m): unachieved system recovery savings schemes.
- North West Ambulance Service is £5.4m better than plan which is offsetting some of the adverse variance.

4.2 Blackpool Teaching Hospitals are broadly on plan.

4.3 Following the reassessment of the plan in November, the Providers are aiming to collectively remain with a year-end deficit position of £139.0m.

4.4 NHSE have confirmed that £80.0m will be transferred to the ICB as cash resource to support the initial planned deficit position. This will be distributed to providers in full and will directly reduce the forecast deficit position for providers down from £139.0m to £59.0m and will be reflected in the next report to the Board.

5. Efficiencies

5.1 Month 10 efficiency performance is shown in **Table 2** below. As at the 31 January, savings of £170.5m have been delivered across the system which is behind plan by £51.2m. Provider savings plans are £19.6m behind plan and ICB savings plans are £31.7m behind plan.

5.2 In total, across all organisations, 63% of year-to-date savings have been delivered recurrently and the current forecast is showing that 69% will be delivered recurrently by the end of the year.

5.3 The full year forecast for all organisations is to achieve £244.3m which is a shortfall of £42.4m. This forecast assumes delivery of £48.3m in the remaining two months of the financial year.

Table 2: Efficiency performance

ORGANISATION	2023-24 Plan £m	MONTH 10 YTD					FOT						CIP to be delivered £m	CIP to be delivered %
		YTD Plan	YTD Recurrent	YTD Non-Rec	YTD Total	Variance to plan	FOT Recurrent	FOT Non-Rec	FOT Total	Variance to plan	FOT Recurrent	FOT Non-Rec		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%		
BTH	37.7	29.0	14.6	14.5	29.0	0.0	20.4	17.3	37.7	0.0	54%	46%	8.7	23%
ELHT	42.3	35.2	9.1	16.2	25.3	(9.9)	22.4	19.8	42.3	0.0	53%	47%	17.0	40%
LSCFT	18.6	13.9	6.2	7.7	13.9	(0.0)	7.8	10.8	18.6	(0.0)	42%	58%	4.7	25%
LTH	48.5	38.1	22.6	5.8	28.4	(9.7)	31.2	7.6	38.7	(9.8)	80%	20%	10.3	27%
NWAS	12.2	9.5	7.3	2.3	9.6	0.1	9.3	2.9	12.2	0.0	76%	24%	2.6	21%
UHMB	30.5	22.3	22.2	0.1	22.3	(0.0)	27.3	0.1	27.4	(3.1)	100%	0%	5.1	19%
Total	189.7	148.1	81.9	46.6	128.5	(19.6)	118.3	58.5	176.8	(12.9)	67%	33%	48.3	27%
ICB	97.0	73.7	26.2	15.8	42.0	(31.7)	50.3	17.2	67.5	(29.5)	75%	25%		
ICB TOTAL	286.7	221.8	108.1	62.4	170.5	(51.2)	168.6	75.7	244.3	(42.4)	69%	31%		

6. Capital

- 6.1 The provider capital envelope for 2023-24 is £126.8m as shown in **Table 3** below. At month 10, providers have spent £73.2m, which is £16.7m behind plan. As with previous years, the spend profile accelerates in the latter part of the year, however providers are currently forecasting to under spend by 3.5m.

Table 3: Capital Expenditure

ORGANISATION	MONTH 10				MONTH 10			
	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	17.0	16.7	0.3	2%	21.1	23.6	6.9	29%
East Lancashire Hospitals NHS Trust	13.2	12.0	1.2	9%	19.0	17.3	5.3	30%
Lancashire and South Cumbria NHS Foundation Trust	11.7	7.6	4.2	36%	14.4	10.7	3.1	29%
Lancashire Teaching Hospitals NHS Foundation Trust	15.7	15.2	0.5	3%	22.7	24.2	9.0	37%
North West Ambulance Service NHS Trust	15.8	11.6	4.2	27%	28.5	28.0	16.4	59%
University Hospitals of Morecambe Bay NHS Foundation Trust	16.4	10.1	6.3	39%	19.2	19.5	9.4	48%
PROVIDER TOTAL	89.8	73.2	16.7	19%	124.9	123.3	50.1	41%
Total Provider Allocation						126.8		
Forecast Variance to Allocation							3.5	

7. Recommendations

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

Sam Proffitt

Chief Finance Officer

13 March 2024