

## Integrated Care Board

<b>Date of meeting</b>	13 March 2024
<b>Title of paper</b>	2024-25 ICB High-level Draft Budgets
<b>Presented by</b>	Sam Proffitt, ICB Chief Finance Officer
<b>Author</b>	Katherine Disley, Director of Operational Finance
<b>Agenda item</b>	12
<b>Confidential</b>	No

### Executive summary

The paper presents the latest funding and expenditure plan for all commissioned services and running costs for 2024-25 which have been used to develop the ICB high level budgets.

It sets out the planning guidance expectations and assumptions reflected in the ICB plan and the continuing work that is required before the final plan submission on 21 March 2024.

The paper reports a £95m planning gap after assuming high risk mitigations can be delivered in year. This has not yet been finalised as final planning guidance has not yet been received and further discussions are planned with NHSE.

### Recommendations

The Board is requested to:

- Note the contents of the report
- Approve the draft high-level budgets for 2024-25
- Support the work to develop robust delivery plans to deliver the agreed mitigations and return on investment
- Support the continuing conversations with NHSE in respect of the timescale for full system recovery

### 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

<b>Implications</b>				
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Comments</b>
Associated risks				
Are associated risks detailed on the ICB Risk Register?	X			ICB-008
Financial Implications	X			
<b>Where paper has been discussed (list other committees/forums that have discussed this paper)</b>				
<b>Meeting</b>	<b>Date</b>		<b>Outcomes</b>	
Executive Team	5.3.24		Approved	
<b>Conflicts of interest associated with this report</b>				
Not applicable				
<b>Impact assessments</b>				
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Comments</b>
Quality impact assessment completed			X	
Equality impact assessment completed			X	
Data privacy impact assessment completed			X	

<b>Report authorised by:</b>	Sam Proffitt, Chief Finance Officer
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# Integrated Care Board – 13 March 2024

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## 2024-25 ICB High Level Budget for the period 1 April 2024 to 31 March 2025

### 1.0 Introduction

- 1.1 The ICB is responsible for ensuring its expenditure does not exceed the budget allocation from NHSE and for ensuring its expenditure on running costs is within the specified running cost allowance.
- 1.2 This report sets out the draft budget for the ICB only and does not include the wider system provider positions.
- 1.3 In line with the Draft Operating Planning Guidance issued on 9<sup>th</sup> February 2024, a draft Lancashire and South Cumbria system plan was submitted to NHSE on 29 February 2024 with the final plan due on 21<sup>st</sup> March 2024 following the release of the final planning guidance expected early March. Work has continued including meetings with ICB Execs and the Extended Leadership Team to develop the required savings plans.

### 2.0 Purpose

- 2.1 The purpose of this paper is to set out the latest plan position and the high level draft ICB budgets, recognising that work is continuing to:
  - refine the detailed workings
  - develop schemes to deliver the mitigations and return on investment actions
  - identify additional opportunities to further improve the position
  - update the submission as required by the final planning guidance.
- 2.2 The paper includes the latest funding and expenditure plan for all 2024-25 commissioned services and running costs and includes the mitigations agreed by the Executive Team. The mitigation actions currently leave the ICB with a residual planning gap of £95.0m.
- 2.3 Budget holder meetings are currently in progress to consider the budget position and to ensure schemes to deliver against the options/mitigations are robust.
- 2.4 Each of the schemes are subject to a robust quality and equality impact assessments. This work is currently being undertaken to confirm the final plan submission on 21 March 2024.

### 3.0 ICB Allocation for 2024-25

3.1 The ICB allocation for 2024-25 is £4,421.9m, of which £4,332.5m is recurrent and £89.3m is non-recurrent. **Table 1** shows the detailed allocations.

**Table 1 – ICB Allocations**

ICB Allocation	Confirmed £'000	Indicative £'000	Total £'000
<b>ICB Recurrent Allocation</b>			
ICB Programme Allocation	3,594,845		3,594,845
COVID Funding	14,458		14,458
Additional discharge allocation	16,262		16,262
Additional physical and virtual bed capacity funding	41,363		41,363
Ambulance capacity funding	5,412		5,412
ERF	84,681		84,681
IFRS16	1,643		1,643
Covid testing	2,778		2,778
Long covid tfr from SDF	2,950		2,950
LD&A transfer from SDF	1,046		1,046
Primary Medical Care Services	342,730		342,730
Delegated Primary Care Allocation (POD)	196,225		196,225
Running costs	28,133		28,133
<b>Total ICB recurrent Allocation</b>	<b>4,332,526</b>		<b>4,332,526</b>
<b>ICB Non-Recurrent Allocation</b>			
Service Development Fund (SDF)	56,369	32,986	89,355
<b>Total ICB Non-Recurrent Allocation</b>	<b>56,369</b>	<b>32,986</b>	<b>89,355</b>
<b>Total ICB Allocation</b>	<b>4,388,895</b>	<b>32,986</b>	<b>4,421,881</b>

3.2 During 2022-23, the allocations methodology was reset to move systems back to a fair share distribution of resource and therefore the ICB received a convergence adjustment. For 2024-25, the ICB has again received a convergence adjustment of 1.09% which equates to a reduction in its recurrent allocation of £40.0m.

### 4.0 Planning Guidance and Assumptions

4.1 The following draft planning guidance and assumptions have been reflected in the ICB financial plan for 2024-25 in **Table 2**.

**Table 2 – Planning Assumptions**

UPLIFT	AREA	BASIS	IMPACT
1.90%	Provider Cost Uplift Factor	Draft Planning Guidance	Net uplift applied of 0.80%. Applied to acute contracts, leaving a balance of £13.6m to be absorbed by the ICB.
-1.10%	Provider Efficiency	Draft Planning Guidance	
-1.09%	Convergence	Draft Planning Guidance	
0.60%	Capacity	Draft Planning Guidance	This has not been applied to L&SC provider contracts which is consistent with the agreed approach for Spec Comm Delegated Services and a consistent approach across the NW region.
5.66%	Better Care Fund Growth	Draft Planning Guidance	The Local Authority element equates to £5.6m.
4.05%	MHIS	Draft Planning Guidance	This equates to an additional investment requirement of £17.0m.
7.50%	AACC/CHC Growth	Local Determination	This equates to a cost increase of £37.0m.
8.00%	Prescribing Growth	Local Determination	This equates to a cost increase of £27.6m.

## 5.0 ICB Expenditure Summary Budget Position

5.1 **Table 3** sets out a budget summary showing the total expenditure by category against the agreed allocation.

5.2 The summary shows a planned deficit position of £95.0m, which includes a number of high-level planning mitigations that total £90.0m. These mitigations have been agreed by the ICB Executive Team and this is the basis on which the draft plan has been submitted to NHSE on 29 February 2024.

**Table 3 – ICB Budget Summary**

PLANNED SPEND BY AREA	2024/25 Draft Plan £'000
Acute Service Expenditure	2,132,163
Mental Health Service Expenditure	537,380
Community Health Service Expenditure	390,702
All-age Continuing Care Service Expenditure	290,480
Prescribing	354,383
Other ICB Primary Care Service Expenditure	67,819
Other Programme expenditure	38,199
Other Commissioned Services	10,829
ICB Primary Medical Services Expenditure	342,755
Dental Services Total	134,948
Ophthalmic Services	18,160
Pharmacy Services	46,613
Running costs	29,126
Reserves	123,360
<b>Total ICB Expenditure</b>	<b>4,516,917</b>
Anticipated allocation	4,421,881
<b>2024/24 Draft Plan Surplus / (Deficit)</b>	<b>(95,036)</b>

5.3 The £90.0m planning mitigations are considered to be high risk and as such require further work and validation before the final plan submission on the 21 March 2024.

5.4 At draft plan stage, we still await details from NHSE on the 'Specialised Commissioning Delegated Services'. These will be included in the next version of the plan, and we understand that these areas of spend will not come with a deficit position.

## **6.0 Restrictions on the use of budget allocations and pooled budget arrangements**

6.1 There are a small number of budgets that are considered ringfenced and as such can only be utilised for the purposes intended. These are set out below:

- Better Care Fund (s256) with local authority partners
- Learning Disability Pooled Budget arrangements
- Primary Care Co-commissioning
- Delegated dental services – hard ring fence applied for 2024-25 to support the required investment in community dental service provision

## **7.0 QIPP and Mitigation Plans**

7.1 In order to deliver the planned £95.0m deficit position, the ICB is required to deliver recurrent QIPP savings against the identified schemes of £66.8m. Additional non recurrent mitigations/actions of £153.1m are also required to prevent the ICB incurring additional expenditure over and above current levels.

7.2 A summary of identified QIPP schemes and mitigation actions is provided in **Table 4**. Work is ongoing to fully prioritise and evaluate all opportunities identified as part of the challenge work which could identify further recurrent schemes for inclusion in the final plan submission.

**Table 4: QIPP and Mitigation Plan 2024-25**

<b>ICB QIPP and Mitigations</b>	<b>2024-25 PLAN £'000</b>
<b>Recurrent Savings</b>	
All-age Continuing Care	37,005
Primary Care Prescribing	27,579
Population Health Management	731
Running Costs	1,500
<b>Total recurrent QIPP</b>	<b>66,815</b>
<b>Non Recurrent Mitigations</b>	
Ensure mandated uplifts covers existing spend	22,614
Implement clinical policy for high cost drugs	32,000
Remove Contingency	18,000
Renegotiate pooled arrangements	5,000
Retain reserves	9,000
Independent Sector Contract Management	13,000
Retaining new allocations	47,828
Minimise impact of prior year mitigations	(13,609)
<i>To be Identified</i>	19,269
<b>Total non recurrent mitigations</b>	<b>153,102</b>
<b>TOTAL QIPP and Mitigations</b>	<b>219,917</b>

## 8.0 Conclusions

8.1 The ICB is statutorily responsible for ensuring its expenditure does not exceed the budget allocated from NHS England for 2024-25 and for ensuring expenditure on administrative running costs is within the specified allowance. Given the underlying deficit of the ICB as it exits 2023-24, a balanced plan is not considered achievable unless additional mitigations are identified for delivery. This paper therefore presents a draft deficit budget for the 2024-25 financial year of £95.0m.

## 9.0 Recommendations

- 9.1 The Board is requested to:
- Note the contents of the report
  - Approve the high-level draft budgets for 2023-24
  - Support the work to develop robust delivery plans to deliver the agreed mitigations
  - Support the continuing conversations with NHSE in respect of excess inflationary pressures.

**Sam Proffitt**  
**ICB Chief Finance Officer**  
**13 March 2024**