

Integrated Care Board

Date of meeting	19 March 2025
Title of paper	Finance Report – Month 10
Presented by	Sam Proffitt, Chief Finance Officer
Author	Sam Proffitt, Chief Finance Officer
Agenda item	15
Confidential	No

Executive summary		
<p>The Integrated Care System (ICS) plan aims to achieve a breakeven financial position after the receipt of £175m deficit support funding in 2024/25.</p> <p>The level of risk reported though out the year is clearly manifested in the year-to-date variance from plan at the end of January 2025. Although work continues to try and mitigate the risk, the likely forecast outturn is c£180m away from plan. A forecast will be formally updated at month 11.</p> <p>At month 10 the system's year-to-date position is showing a £135m deficit which is £112m behind plan. This variance relates to both the ICB and provider sector.</p> <p>The likely outturn deficit after £175m of deficit support is £180m, this comprises c£160m for Providers and £20m for the ICB but work is ongoing to try and mitigate this further by year end.</p> <p>The focus must now be on ensuring where savings schemes have slipped these continue to be delivered and made recurrent for 2025/26.</p> <p>The Board are asked to note the content of this report and the risk and likely outturn position which will be updated and reflected in a forecast at month 11.</p>		
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	
Finance & Performance committee	12 March 2025		Report noted	
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 – 19 March 2025

Finance Performance Report – Month 10

1.0 Introduction

- 1.1 The paper reports the year-to-date financial position of the Lancashire & South Cumbria Integrated Care System (ICS) as at the end of January 2025.
- 1.2 The key aim of this report is to provide the committee with the latest financial position for the Lancashire and South Cumbria System.

2.0 System Performance Overview

- 2.1 Deficit support funding of £175m was provided to the system in order to meet a break even plan in 2024/25. This support funding was split between providers and the ICB with £87.5m of support across the four acute Trusts and £87.5m for the ICB.
- 2.2 At month 10, the system is reporting that it is on target to deliver the 2024/25 full year breakeven plan. However, the year-to-date position is showing a £135m deficit which is £112m behind plan. This variance relates to both the ICB and provider sector.
- 2.3 Although the forecast remains on plan this will be updated at month 11 and reported to NHSE. The level of risk has been reported through to Board and NHSE throughout the year and the forecast will be updated at month 11.
- 2.4 The likely outturn deficit after £175m of deficit support is £180m, this comprises c£160m for Providers and £20m for the ICB but work is ongoing to try and mitigate this further by year end.
- 2.5 **Table 1** below shows a summary of the system surplus / (deficit) position for the ICB and provider sector as at 31 January 2025.

Table 1: System Surplus / (Deficit) Position

ICS System Summary Income and Expenditure	Year to Date : Month 1 - 10			Forecast : Month 1 - 12		
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Lancashire and South Cumbria ICB	0	(7,000)	(7,000)	0	0	0
Blackpool Teaching Hospitals NHS Foundation Trust	(7,759)	(28,821)	(21,062)	0	0	0
East Lancashire Hospitals NHS Trust	(5,630)	(47,348)	(41,718)	0	0	0
Lancashire and South Cumbria NHS Foundation Trust	(3,174)	(7,696)	(4,522)	0	0	0
Lancashire Teaching Hospitals NHS Foundation Trust	(6,012)	(31,395)	(25,383)	0	0	0
North West Ambulance Service NHS Trust	0	5,825	5,825	0	0	0
University Hospitals of Morecambe Bay NHS Foundation Trust	(431)	(18,584)	(18,153)	0	0	0
ICS System Surplus / (Deficit)	(23,006)	(135,019)	(112,013)	0	0	0

3.0 Financial Performance Summary - ICB

- 3.1 At month 10, the Integrated Care Board (ICB) is reporting a year-to-date overspend of £7.0m and a breakeven forecast outturn. The forecast recognises the ICB's share of £87.5m deficit support funding. The year-to-date position reflects the level of residual risk, and a likely outturn is a deficit of £20m.
- 3.2 Since early September, the ICB has held weekly meetings with the Senior Leadership Team to oversee key budget areas and mitigate the initial risk of c£100m. This has enabled the ICB to reduce the level of risk and mitigate new pressures but there remains high risk for the residual £20m which is now the likely year end deficit position for the ICB. However, work continues to try and mitigate this further to achieve the plan.
- 3.3 The main area of pressure relates to All Age Continuing Care which has continued to grow throughout the year. This includes Continuing health care and packages of care across mental health and community. In total the budget is £500m but the likely year end position is £564m. Thus a £64m or 12.8% overspend against the budget.
- 3.4 Other pressures have included increase variable activity and high-cost drugs across acute service contracts.
- 3.5 **Table 2** below summarises the ICB position as at 31 January 2025.

Table 2: ICB Summary Income and Expenditure Statement

Summary Income and Expenditure	Year to Date : Month 1-10			Forecast : Month 1-12		
	Budget	Actual	Variance Favourable / (Adverse)	Budget	Forecast Outturn	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Revenue Resource Limit	4,398,024	4,398,024	0	5,227,284	5,227,284	0
Total Allocations	4,398,024	4,398,024	0	5,227,284	5,227,284	0
Acute Services	2,045,800	2,069,969	(24,170)	2,457,762	2,469,596	(11,834)
Mental Health Services	462,764	454,779	7,985	552,525	545,556	6,969
Community Services	343,921	338,925	4,996	410,721	407,245	3,476
Continuing Care Services	249,427	311,123	(61,695)	294,403	352,428	(58,025)
Primary Care Services	358,863	349,099	9,764	422,510	424,131	(1,621)
Other Commissioned Services	19,849	19,904	(55)	23,823	23,869	(47)
Other Programme Services	46,711	42,091	4,620	54,915	50,855	4,060
Reserves/Contingencies	39,769	0	39,769	10,081	(33,006)	43,087
Delegated Services	802,883	793,614	9,269	967,623	956,687	10,936
Healthcare Sub Total	4,369,989	4,379,505	(9,516)	5,194,362	5,197,362	(3,000)
Running Costs	28,035	25,519	2,516	32,922	29,922	3,000
Total Expenditure	4,398,024	4,405,024	(7,000)	5,227,284	5,227,284	0
Surplus / (Deficit)	0	(7,000)	(7,000)	0	0	0

4.0 Financial Performance Summary - Providers

- 4.1 Providers are reporting that after deficit support of £87.5m the year-to-date deficit is £128m as at month 10. The deficit at month 9 was £110m therefore the deficit in-month was £18m. Whilst providers are formally forecasting to deliver breakeven the likely outturn position is c£160m and will be updated in the forecast in Month 11.

5.0 System Efficiency Savings

- 5.1 At month 10, the system is reporting year-to-date savings of £273.4m which is £89.6m behind plan. This is due to a £10.5m variance in the ICB and £79.1m variances in the provider sector. The forecast outturn savings are currently in line with the plan, but significant delivery risks are recognised, and work is ongoing to find further mitigations. The likely shortfall against the savings plans has been built into the likely outturn positions described earlier.
- 5.2 The system must continue to focus on the delivery of the savings schemes that have slipped in year to ensure they can affect recurrently in 2025/26. This remains a focus for all organisations as they system finalises the plans for 2025/26.
- 5.2 The efficiency performance for each organisation is detailed in **Table 5**.

Table 5: System Efficiency Performance

ICS System Efficiency Savings	Year to Date : Month 1-10			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	43,014	16,661	(26,353)	63,692	63,692	0
East Lancashire Hospitals NHS Trust	39,787	17,425	(22,362)	59,679	59,679	(0)
Lancashire & South Cumbria NHS FT	20,341	20,385	44	27,000	27,000	(0)
Lancashire Teaching Hospitals NHS FT	37,589	19,458	(18,131)	58,041	58,040	(1)
North West Ambulance Service NHSE Trust	12,393	12,715	322	15,059	15,089	30
University Hospitals of Morecambe Bay NHS	26,749	14,114	(12,635)	37,311	37,311	0
Providers	179,873	100,759	(79,114)	260,782	260,811	29
Lancashire & South Cumbria ICB	183,153	172,690	(10,463)	269,992	269,992	0
ICS System Surplus / (Deficit)	363,026	273,449	(89,577)	530,774	530,803	29

6.0 Provider Capital

- 6.1 As shown in table 6 below providers are forecasting to underspend against the capital allocation by £5.2m. Options are being explored to utilise this resource.

Table 6: Provider Capital

Charge Against Capital Allocation (Including impact of IFRS16)	Month 10			
	Actual YTD	Actual FOT	FOT still to spend	FOT % to spend
	£m	£m	£m	%
ORGANISATION				
Blackpool Teaching Hospitals NHS Foundation Trust	10.9	21.869	11.0	50%
East Lancashire Hospitals NHS Trust	23.2	28.655	5.4	19%
Lancashire and South Cumbria NHS Foundation Trust	10.7	11.718	1.1	9%
Lancashire Teaching Hospitals NHS Foundation Trust	21.5	30.833	9.3	30%
North West Ambulance Service NHS Trust	14.4	26.360	11.9	45%
University Hospitals of Morecambe Bay NHS Foundation Trust	11.1	14.592	3.5	24%
PROVIDER TOTAL	91.9	134.0	42.1	31%
Total Provider Allocation		139.2		
Forecast Variance to Allocation		5.2		

7.0 Recommendations

7.1 The Board are asked to note the content of this report and the risk and likely outturn position which will be updated and reflected in a forecast at month 11.