

Integrated Care Board

Date of meeting	22 May 2025
Title of paper	2025/26 ICB Final Plan and High-level Budgets
Presented by	Stephen Downs, Acting Chief Finance Officer
Author	Elaine Collier, Deputy Director of Operational Finance
Agenda item	10
Confidential	No

Executive summary

The paper presents the Integrated Care Board's (ICB) final plan and high-level budgets for 2025/26 based on the latest funding and expenditure plan for all commissioned services and running costs.

It sets out the planning guidance expectations and the assumptions which have been reflected in the ICB's final plan submitted on 30 April 2025.

The paper reports a breakeven plan but with a requirement to deliver £142.7m savings. At the time of writing this report, £69.8m of schemes have been fully developed and £72.9m remains either as an opportunity (£14.2m) or unidentified (£58.7m).

Work is continuing with the PMO to ensure all savings schemes have PIDs and QIAs completed, and that new opportunities are identified to replace the unidentified value with fully worked up schemes.

The ICB plan does not include any impact of the organisational change which has recently been announced. It is anticipated that the ICB may be able to retain any in-year savings to support the ICB position.

Recommendations

The Lancashire and South Cumbria ICB is asked to:

- Note the content of this report
- Approve the high-level budgets for 2025/26
- Support the work to develop robust QIPP plans
- Support the process to issue budgets to budget holders who will be accountable for accepting and managing within final budgets

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
Associated risks	✓	
Are associated risks detailed on the ICB Risk Register?	✓	
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
N/A		
Conflicts of interest associated with this report		
N/A		
Impact assessments		
	Yes	No
Quality impact assessment completed		✓
Equality impact assessment completed		✓
Data privacy impact assessment completed		✓
Report authorised by:		
Stephen Downs, Acting Chief Finance Officer		

Integrated Care Board – 22 May 2025

2025/26 ICB Draft High-level Budgets for the period 1 April 2025 to 31 March 2026

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 The paper sets out the final plan and high-level budgets for the ICB and does not include the wider system position.
- 1.3 In line with the Operating Planning Guidance issued on 17 February 2025, the final detailed plan was submitted on 30 April 2025. The ICB plan is breakeven but requires £142.7m QIPP savings to be delivered in year. At the time of writing this report, £69.8m of schemes have been fully developed and £72.9m remains either as an opportunity or unidentified.
- 1.4 Deficit support funding of £164m is available for the whole system for 2025/26. This has been deployed across the system with £54m currently remaining with the ICB to cover agreed costs.

2.0 Purpose

- 2.1 The purpose of this paper is to set out the final plan position and the high-level ICB budgets for 2025/26.
- 2.2 The paper includes the latest funding and expenditure plan for all 2025-26 commissioned services and running costs. The final plan incorporates the agreed system planning principles and includes a range of board decisions.
- 2.3 Draft budgets have been shared with budget holders throughout the planning process and these are currently being updated and re-issued to reflect any changes in the final plan. The PMO function is working with scheme leads to progress the QIPP plan and to ensure they complete a robust quality and equality impact assessment, and to ensure schemes meet the tests set out for delivery which include robust costings, clear delivery timeframes and clinical / operational sign off.

3.0 ICB Allocations for 2025/26

- 3.1 The ICB allocation for 2025/26 is £5,441.3m, of which £4,975.0m is recurrent and £321.9m is non-recurrent. The ICB has also received £144.4m of additional non-recurrent allocations relating to deficit support funding of £164m less the £19.5m repayment that the system is required to make for prior year deficits. **Table 1** shows the detailed allocations.

Table 1 – ICB Allocations

ICB Allocation	Confirmed £'000	Indicative £'000	Total £'000
ICB Recurrent Allocation			
ICB Programme Allocation	3,911,572	-	3,911,572
Primary Medical Care Services	398,811	-	398,811
Delegated Primary Care Allocation (POD)	207,876	-	207,876
Running costs (pre-delegation)	26,054	-	26,054
Running costs (delegation staff transfer funding)	1,144	-	1,144
Delegated Specialised Commissioning	430,020	-	430,020
Roll out of OCT	(242)	-	(242)
Corneal Tissue	(247)	-	(247)
Total ICB recurrent Allocation	4,974,988	-	4,974,988
ICB Non-Recurrent Allocation			-
Elective Recovery Funding (core)	92,885	11,155	104,040
Elective Recovery Funding (additional)	-	81,180	81,180
COVID-19 Testing	2,931	-	2,931
Other POD Allocations	840	-	840
Service Development Fund (SDF)	13,632	1,637	15,269
Transfers from SDF	51,147	-	51,147
Charge Exempt Overseas Visitor and Cross Border adj	(1,760)	-	(1,760)
Depreciation/amortisation - Additional Ringfenced Funding	-	1,122	1,122
Central Technology Licence Arrangement adj	(319)	-	(319)
Pay other Income Support	3,225	-	3,225
Discharge Funding	16,262	-	16,262
Activity Growth Funding for Emergency Ambulance Services	-	17,231	17,231
CDC Funding	30,737	-	30,737
Total ICB Non-Recurrent Allocation	209,580	112,325	321,905
ICB Business Rules (Non-Recurrent)			
Repayment of Prior Year Deficit	(19,558)	-	(19,558)
Deficit Support Funding	163,967	-	163,967
Total ICB Non-Recurrent Allocation	144,409	-	144,409
Total ICB Allocation	5,328,977	112,325	5,441,302

3.2 During 2022-23, the allocations methodology was reset to move systems back to a fair shares distribution of resource. As the ICB is currently receiving more than its fair share of resource, a convergence adjustment is applied. For 2025-26, this adjustment is 0.5% for core programme funding, which equates to a reduction in our recurrent allocation of £19.6m. The ICB plan includes the recovery of some of this from providers, but the remaining £6.4m is a pressure on the ICB. **Table 2** shows the growth and convergence applied to the ICB's recurrent allocations for each area of funding, along with the impact on the distance from target where this information is available.

3.3 Assuming this allocations methodology remains, the ICB can expect to receive convergence adjustments for future years.

3.4 The ICB business rules section also shows that the ICB has had £19.5m removed in respect of the requirement to repay prior year deficits. The ICB plan includes the recovery of some of this from providers, but the remaining £7.2m is a pressure on the ICB.

Table 2 – Allocation Growth and Convergence

	CORE		P/C-MED		P/C-POD		TOTAL AGREED	
	%	£m	%	£m	%	£m		£m
Distance from Target	4.90%		0.10%					
Base Growth	4.37%	164.5	3.09%	10.9	3.47%	7.0		
Convergence	-0.50%	(19.6)	-0.01%	(0.0)				
Distance from Target post Convergence	4.36%		0.06%					
Recurrent Allocation Growth	3.85%	144.9	3.08%	10.9	3.47%	7.0		162.8

4.0 Planning Guidance and Assumptions

4.1 The ICB's final plan for 2025-26 includes a range of inflationary uplifts as detailed in the planning guidance, or where not available, the uplift assumptions have been determined locally. These are shown in Table 3.

Table 3 – Planning Guidance and Assumptions

UPLIFTS	SOURCE OF UPLIFT	%	£'000
Cost Uplift Factor (CUF)	Planning Guidance	4.15	113,566
General Efficiency Requirement	Planning Guidance	(2.00)	(54,732)
Net CUF		2.15	58,834
Convergence adjustment - Core funding	Planning Guidance	(0.50)	(13,739)
Convergence adjustment - POD funding	Planning Guidance	(0.01)	(2)
Supporting Underlying Capacity	Planning Guidance	0.60	0
BCF Uplift	Planning Guidance	3.90	3,058
MHIS Uplift (4.37% not incl as MHIS target currently met via other uplifts)	Planning Guidance	0.00	0
CHC/MH Packages/Dementia/LD&A Packages Uplift	Locally Determined	6.10	28,275
FNC Uplift	Locally Determined	7.71	2,052
Prescribing Uplift	Locally Determined	3.30	11,956
Hospice Uplift	Locally Determined	4.50	524
Other Inflation (non-NHS, etc)	Locally Determined	2.15	4,251
NHSPS/CHP Uplift	Locally Determined	10.00	1,026
Delegated Primary Care Medical (8.3% for Global Sum/OOH, 2.2% for QOF)	National View	8.30	12,928
Demographic Growth	Locally Determined		9,517
Other Uplifts (ambulance capacity, pay award)	Mix		1,819
Uplifts in Final Plan			120,499

5.0 ICB Expenditure Summary for Budget Purposes

5.1 The ICB final plan for 2025/26 is a breakeven position. This is after applying the system's agreed planning principles and a range of board decisions. **Table 5** shows the draft expenditure plan for the ICB by programme spend category and compares this to the agreed allocation.

Table 5 – ICB Draft Expenditure Summary

PLANNED SPEND BY AREA	2025/26 Final Plan £'000
Acute Services	2,520,365
Mental Health Services	483,328
LD&A	90,678
Community Services	391,678
Continuing Care Services	332,489
Primary Care - Prescribing	333,114
Primary Care - Other	77,764
Other Commissioned Services	25,734
Other Programme Services	35,678
Reserves/Contingencies	69,535
Delegated: Primary Care Medical	398,811
Delegated: POD	208,716
Delegated: Specialised Commissioning	446,214
Running Costs	27,198
Total ICB Expenditure	5,441,302
Anticipated allocation	5,441,302
2025/26 Draft Plan Surplus / (Deficit)	0

5.2 The system planning principles assume that any savings or mitigations that were delivered in 2024-25, should be assumed to be deliverable in 2025-26 unless there is a valid reason for this not being the case, for example, a non-recurrent allocation may not be received again. Therefore, budgets have been adjusted to reflect this principle.

6.0 Restrictions on the use of Budget Allocations

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
- Primary Care Co-commissioning
- Delegated Dental Services – a hard ringfence is expected to continue to support the required investment in dental service provision
- Specific SDF – £51.1m of SDF funding has been transferred into the ICB baseline for 2025-26 which removes any ringfence. The items that remain in SDF total £15.3m and are expected to be subject to a ringfence.

7.0 Savings

- 7.1 The ICB plan includes a savings requirement of £142.7m. The PMO function is working with scheme leads to ensure all opportunities are fully worked up into deliverable schemes that are fully supported by PIDs and robust quality and equality impact assessments. **Table 6** shows the areas where QIPP has been assigned in the plan and the expected values. At the time of writing this report, £69.8m of schemes have been fully developed and £72.9m remains either as an opportunity (£14.2m) or unidentified (£58.7m).
- 7.2 Opportunities being pursued to address the identified savings target include further savings in all age continuing care, running/programme cost savings, commissioned services review, community services review and reserves being held. The expectation is that the savings gap will be closed by the end of May.

Table 6: Draft QIPP Plan for 2025-26

QIPP	TOTAL £'000
Acute Service Review	700
Community Service Review	7,300
All Age Continuing Care	32,000
Prescribing	42,000
Estates	2,000
Unidentified	58,660
Draft QIPP Plan	142,660

8.0 Conclusion

- 8.1 The ICB is statutorily responsible for ensuring its expenditure does not exceed the budget allocated from NHSE for 2025/26 and for ensuring expenditure on administrative running costs is within the specified allowance.

9. Recommendations

- 9.1 The Board is requested to:
- Note the content of this report.
 - Approve the final plan high-level budgets for 2025/26 noting that further work is required to identify savings which may change the distribution of budgets once further schemes are identified and assigned.
 - Support the process to issue budgets to budget holders who will be accountable for accepting and managing within their final budgets.

Stephen Downs
Acting Chief Finance Officer
7 May 2025