

Integrated Care Board

Date of meeting	24 July 2025
Title of paper	Finance Performance Report – Month 3
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Agenda item	19
Confidential	No

Executive summary

The Integrated Care System (ICS) submitted its final 2025/26 plan in April 2025, setting out a system breakeven plan after utilising £164m of Deficit Support Funding and with a requirement to deliver £394.2m savings.

The report provides an overview of the current financial position (as at 30 June 2025), focusing on the year to-date deficit position and delivery against the efficiency programme.

The Deficit Support Funding is being issued quarterly during 2025/26. Two quarters (£82.0m) have been received by the ICB as at 30 June 2025 with the remainder included in the forecast outturn to enable the system to report against a breakeven plan. NHSE are setting out a series of criteria which the system must satisfy, in order to receive future Deficit Support Funding.

As at month 3 year-to-date, the system is £12.8m behind plan with a reported £42.3m deficit against a year-to-date planned deficit of £29.5m. The ICB is reporting a year-to-date breakeven to plan with the remaining £12.8m variance associated with the provider trusts.

The system is forecasting to deliver the full year planned position but there is significant risk against this position with only 13% of the savings target delivered as at 30 June 2025, leaving 87% to be delivered in the remaining nine months of the year.

As above, delivery of the agreed plan is dependent on receipt of the remaining Deficit Support Funding and the release of £394.2m of efficiency savings; £251.5m for provider trusts and £142.7m for the ICB. As at the 30 June 2025, provider trusts have a shortfall of £16.6m on the year-to-date delivery of efficiency savings. The ICB has met its year-to-date 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	✓		
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-005
Financial Implications	✓			The benefits delivered by focusing 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 and Contracting Committee	17 July 2025		Position was 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: Stephen Downs, Acting Chief Finance Officer				

Integrated Care Board – 24 July 2025

Finance Performance Report – Month 3

1. Introduction

- 1.1 This paper reports on the financial position at the end of June 2025 for the Lancashire and South Cumbria (LSC) health system.
- 1.2 The Integrated Care System (ICS) submitted its final 2025/26 plan in April 2025, setting out a system breakeven plan after utilising £164m of Deficit Support Funding and with a requirement to deliver £394.2m savings. As at 30 June, the ICS has received the equivalent of Q1 and Q2 (£82m) of the Deficit Support Funding. NHS England will make the Deficit Support Funding available for Q3 and Q4 subject to being satisfied that system is on course to deliver the plan.

2. Current Financial Performance

- 2.1 As at the 30 June 2025 (month 3) the system is £12.8m behind plan. This represents a year-to-date deficit of £42.3m for the provider trusts against a year-to-date deficit plan of £29.5m. The ICB year-to-date is breakeven. The system is forecasting breakeven to plan for the full year.
- 2.2 The variance of £12.8m relates largely to a shortfall on the delivery of efficiency savings. The full year delivery is dependent on a number of savings plans scheduled for delivery in the latter part of the year. It is essential that these plans are closely monitored and delivered in line with the timescales and trajectories set.
- 2.3 The month 3 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ICS System Summary Income and Expenditure	Year to Date : Month 1-3			Final Outturn : Month 1-12		
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Actual	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	(5,916)	(7,558)	(1,642)	0	0	0
East Lancashire Hospitals NHS Trust	(6,203)	(9,516)	(3,313)	0	0	0
Lancashire & South Cumbria NHS FT	(4,941)	(7,415)	(2,474)	0	0	(0)
Lancashire Teaching Hospitals NHS FT	(7,012)	(12,471)	(5,459)	0	0	0
North West Ambulance Service NHSE Trust	(926)	22	948	0	0	0
University Hospitals of Morecambe Bay NHS	(4,504)	(5,320)	(816)	0	0	0
Providers	(29,502)	(42,257)	(12,755)	0	0	(0)
Lancashire & South Cumbria ICB	0	0	0	0	0	0
ICS System Surplus / (Deficit)	(29,501)	(42,257)	(12,755)	0	0	(0)

3. ICB Financial Performance

- 3.1 At the end of month 3, the Integrated Care Board (ICB) is reporting a year-to-date breakeven position which is in line with the plan and is forecasting breakeven to plan for the full year.
- 3.2 In order to deliver the full year plan, the ICB is required to achieve efficiency savings of £142.7m, which represents 2.7% of the revenue resource limit. Further detail on this is provided in **Section 5** of this report.

4. Provider Financial Performance

- 4.1 At the end of month 3, the Provider Trusts are reporting a year-to-date position which is £12.8m behind plan. The main driver of the adverse variance is the £16.6m shortfall in the delivery of efficiency savings. Providers are forecasting breakeven to plan for the full year.
- 4.2 In order to deliver the full year plan, the Provider Trusts are required to collectively deliver efficiency savings of £251.5m. Further detail is provided in **Section 5** of this report.

5. System Efficiencies

- 5.1 Month 3 efficiency performance is shown in **Table 2**. As at the 30 June 2025, savings of £51.7m have been delivered across the system which is £16.6m behind plan. The full year forecast for the system is to deliver savings of £388.1m against a plan of £394.2m, a shortfall of £6.1m which relates to provider trusts.
- 5.2 The Provider Trusts have delivered savings of £21.1m against a year-to-date plan of £37.7m, a shortfall of £16.6m. This equates to 8% of the plan delivered which means that provider trusts have to deliver 92% (£230.4m) of savings plans in the remaining 9 months of the financial year. Providers are reporting a forecast under delivery of £6.1m for the full year.
- 5.3 The ICB has delivered savings of £30.6m year-to-date, which is in line with plan. This equates to 21% of the plan delivered which means that the ICB has to deliver 79% (£112.1m) of savings plans in the remaining 9 months of the financial year.

Table 2: Efficiency performance

ICS System Efficiency Savings	Year to Date : Month 1-3			Forecast : Month 1-12			Savings still to be delivered
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)	
	£000	£000	£000	£000	£000	£000	
Blackpool Teaching Hospitals NHS FT	4,110	2,149	(1,961)	44,700	44,700	0	95%
East Lancashire Hospitals NHS Trust	9,101	6,722	(2,379)	60,791	51,462	(9,329)	89%
Lancashire & South Cumbria NHS FT	5,635	2,677	(2,959)	38,600	42,441	3,841	93%
Lancashire Teaching Hospitals NHS FT	9,499	3,582	(5,917)	60,000	60,000	(0)	94%
North West Ambulance Service NHSE Trust	3,800	4,145	345	14,878	14,259	(619)	72%
University Hospitals of Morecambe Bay NHS	5,520	1,836	(3,684)	32,540	32,540	0	94%
Providers	37,665	21,111	(16,554)	251,508	245,402	(6,107)	92%
Lancashire & South Cumbria ICB	30,573	30,577	4	142,660	142,660	0	79%
ICS System Surplus / (Deficit)	68,238	51,688	(16,550)	394,168	388,062	(6,107)	87%

6. Capital

6.1 The provider operational capital envelope for 2025-26 is £115.1m as shown in **Table 3**. At month 3, provider Trusts have spent £16.3m, which is £0.5m ahead of plan. Note that since the plan was submitted a further allocation of £9m has been received from NHSE relating to the 2024/25 UEC Incentive scheme. The current forecast is £114.8m, which is a underspend of £0.25m

Table 3: Charge against Operational Capital Allocation (including IFRS16)

Provider Charge against Operational Capital Allocation (including impact of IFRS16)	Year to Date : Month 1-3			Final Outturn : Month 1-12		
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Actual	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	3,222	1,142	(2,080)	15,527	15,527	0
East Lancashire Hospitals NHS Trust	1,716	5,947	4,231	17,889	20,114	2,225
Lancashire & South Cumbria NHS FT	5,698	5,938	240	11,545	11,545	0
Lancashire Teaching Hospitals NHS FT	972	365	(607)	17,075	19,300	2,225
North West Ambulance Service NHSE Trust	3,200	2,129	(1,071)	29,084	31,384	2,300
University Hospitals of Morecambe Bay NHS F	955	782	(173)	14,967	16,967	2,000
Provider Total	15,763	16,303	540	106,087	114,837	8,750
UEC Incentive Allocation				9,000		
Total Provider Allocation				115,087	114,837	(250)

7. Risk

7.1 At month 3, the main risk to delivery of the plan is in relation to the efficiency savings programme. The system is required to deliver a collective £394.2m of savings with £51.7m (13%) being delivered as at the 30 June 2025.

7.2 Each month the Providers complete a risk-adjusted forecast based on the level of identified efficiency, the risk of delivery and other emerging costs pressures (noting that the Resident Doctors Industrial action has not been included). At month 3, the risk adjusted forecast was a variance of £55m, which has reduced by £36m since month 2 and is expected to reduce further when month 4 is reported.

7.3 The main risks to the ICB that are subject to detailed oversight and are currently being mitigated in the forecast are:

- Delivery of the efficiency plan: currently £127m out of the £142m target has identified schemes, with non-recurrent mitigations being deployed to address the £15m shortfall. In addition, of the £127m identified schemes, £44m is high risk.
- Independent sector overperformance: after three months there is £3m overperformance on independent sector contracts. This is expected to be addressed through activity management plans now contracts have been agreed.
- All-Aged Continuing Care: £7m of costs have been identified during month 3 that were unbudgeted and will need to be absorbed and managed.

8. Recommendations

- 8.1 The Lancashire and South Cumbria ICB is asked to note the content of this report for the period ending 30 June 25.

Stephen Downs
Acting Chief Finance Officer