

Integrated Care Board

Date of meeting	25 September 2025
Title of paper	Finance Performance Report – Month 5
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Agenda item	13
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 31 August 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 31 August 2025 with the remainder included in the forecast outturn to enable the system to report against a breakeven plan. NHSE are currently collating data to help determine if the system satisfies the necessary criteria to achieve quarter 3's Deficit Support Funding.

As at month 5 year-to-date, the system is £23.0m behind plan with a reported £58.1m deficit against a year-to-date planned deficit of £35.1m. The ICB is reporting a year-to-date breakeven to plan with the remaining £23.0m 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 25% of the savings target delivered as at 31 August 2025, leaving 75% to be delivered in the remaining seven 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 31 August 2025, provider trusts have a shortfall of £25.3m on the year-to-date delivery of efficiency savings and the ICB has a shortfall of £5.4m year-to date.

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-008
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
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 – 25 September 2025

Finance Performance Report – Month 5

1. Introduction

- 1.1 This paper reports on the financial position at the end of August 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 31 August, the ICS has received the equivalent of Q1 and Q2 (£82m) of the Deficit Support Funding. NHS England are currently collating data to help determine if the system satisfies the necessary criteria to achieve the quarter 3 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 31 August 2025 (month 5) the system is £23.0m behind plan. This represents a year-to-date deficit of £58.1m for the provider trusts against a year-to-date deficit plan of £35.1m. The ICB year-to-date is breakeven. The system is forecasting breakeven to plan for the full year.
- 2.2 The variance of £23.0m 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 5 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ICS System Summary Income and Expenditure	Year to Date : Month 1-5			Final Outturn : Month 1-12		
	Plan	Actual	Variance	Plan	Actual	Variance
	£000	£000	Favourable / (Adverse) £000	£000	£000	Favourable / (Adverse) £000
Blackpool Teaching Hospitals NHS FT	(7,971)	(10,266)	(2,295)	0	0	0
East Lancashire Hospitals NHS Trust	(6,367)	(11,821)	(5,454)	0	0	0
Lancashire & South Cumbria NHS FT	(7,845)	(9,997)	(2,152)	0	0	(0)
Lancashire Teaching Hospitals NHS FT	(6,437)	(16,056)	(9,619)	0	0	0
North West Ambulance Service NHSE Trust	(309)	935	1,244	0	0	0
University Hospitals of Morecambe Bay NHS	(6,201)	(10,867)	(4,666)	0	0	0
Providers	(35,130)	(58,072)	(22,942)	0	0	(0)
Lancashire & South Cumbria ICB	0	0	0	0	0	0
ICS System Surplus / (Deficit)	(35,130)	(58,072)	(22,942)	0	0	(0)

3. ICB Financial Performance

- 3.1 At the end of month 5, 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 5, the Provider Trusts are reporting a year-to-date position which is £23.0m behind plan. The main driver of the adverse variance is the £25.3m 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 5 efficiency performance is shown in **Table 2**. As at the 31 August 2025, savings of £96.8m have been delivered across the system which is £30.7m behind plan. The full year forecast for the system is to deliver savings of £387.5m against a plan of £394.2m, a shortfall of £6.6m which relates to provider trusts.
- 5.2 The Provider Trusts have delivered savings of £49.6m against a year-to-date plan of £74.9m, a shortfall of £25.3m. This equates to 20% of the plan delivered which means that provider trusts have to deliver 80% (£201.9m) of savings plans in the remaining 7 months of the financial year. Providers are reporting a forecast under delivery of £6.6m for the full year.
- 5.3 The ICB has delivered savings of £47.1m against a year-to-date plan of £52.6m, a shortfall of £5.4m. This equates to 33% of the plan delivered which means that the ICB has to deliver 67% (£95.5m) of savings plans in the remaining 7 months of the financial year.

Table 2: Efficiency performance

ICS System Efficiency Savings	Year to Date : Month 1-5			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	10,093	5,864	(4,229)	44,700	44,700	(0)	87%
East Lancashire Hospitals NHS Trust	19,138	15,496	(3,642)	60,791	55,843	(4,947)	75%
Lancashire & South Cumbria NHS FT	10,150	6,506	(3,643)	38,600	40,903	2,303	83%
Lancashire Teaching Hospitals NHS FT	19,232	9,634	(9,598)	60,000	60,000	0	84%
North West Ambulance Service NHSE Trust	6,110	6,977	867	14,878	14,911	33	53%
University Hospitals of Morecambe Bay NHS	10,178	5,161	(5,017)	32,540	28,510	(4,030)	84%
Providers	74,901	49,638	(25,262)	251,508	244,867	(6,641)	80%
Lancashire & South Cumbria ICB	52,563	47,127	(5,436)	142,660	142,660	0	67%
ICS System Surplus / (Deficit)	127,464	96,765	(30,698)	394,168	387,527	(6,641)	75%

6. Capital

- 6.1 The provider operational capital envelope for 2025-26 is £118.5m as shown in **Table 3**. At month 5, provider Trusts have spent £24.5m, which is £7.0m behind 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 taking the allocation to £118.5m. The current forecast is £115.9m, which is an underspend of £2.6m against the total system allocation of £118.5m. The expectation is this underspend will be spent by the year-end.

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

Provider Charge against Capital Allocation (including impact of IFRS16)	Year to Date : Month 1-5			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	4,710	2,970	1,740	15,527	15,527	0
East Lancashire Hospitals NHS Trust	7,530	9,430	(1,900)	17,889	20,114	(2,225)
Lancashire & South Cumbria NHS FT	7,000	7,470	(470)	11,545	12,550	(1,005)
Lancashire Teaching Hospitals NHS FT	2,240	310	1,930	17,075	19,300	(2,225)
North West Ambulance Service NHSE Trust	6,950	2,510	4,440	29,084	31,470	(2,386)
University Hospitals of Morecambe Bay NHS	3,110	1,840	1,270	14,967	16,967	(2,000)
Provider Total	31,540	24,530	7,010	106,087	115,928	(9,841)
Total Provider Allocation					118,490	
Forecast Variance to Allocation					2,562	

7. Risk

- 7.1 At month 5, 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 £96.8m (25%) being delivered as at the 31 August 2025.
- 7.2 The Providers forecast risk is a variance of £58m which primarily relates to the efficiency programme. All providers continue to report plan delivery and have plans to mitigate the risk.

7.3 Note that Resident Doctors Industrial Action in month 4 was reported as costing £1.6m.

7.4 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, £41m is high risk.
- Independent sector overperformance: after five months there is £7m overperformance on independent sector contracts. This is expected to be addressed through activity management plans now that contracts have been agreed.
- All-Aged Continuing Care: £17m of costs have been identified during months 1 to 5 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 31 August 25.

Stephen Downs
Acting Chief Finance Officer