Lancashire and South Cumbria Integrated Care Board

# Integrated Care Board

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| **Date of meeting** | 27 November 2025 |
| **Title of paper** | Finance Performance Report – Month 6 |
| **Presented by** | Mark Bakewell, Interim Chief Finance Officer |
| **Author** | Elaine Collier, Deputy Director of Operational Finance<br>Emma McGrath, Associate Director of Financial Management |
| **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 (at 30 September 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 30th September 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 6 year-to-date, the system is £27.8m behind plan with a reported £61.5m deficit against a year-to-date planned deficit of £33.7m. The ICB is reporting a year-to-date breakeven to plan with the remaining £27.8m variance associated with the provider trusts.

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 September 2025, provider trusts have a shortfall of £29.5m on the year-to-date delivery of efficiency savings and the ICB has a shortfall of £11.5m 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 |
|---|---|---|
| **Finance and Contracting Committee** | 22 October 2025 | Financial position was noted and recognition of mitigations required to deliver the plan |
| **Private Board** | 30 October 2025 | |

**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 | | | ✓ | |

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| **Report authorised by:** | Mark Bakewell, Interim Chief Finance Officer |

# Integrated Care Board – 27 November 2025

## Finance Performance Report – Month 6

### 1. Introduction

1.1 This paper reports on the financial position at the end of September 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.

### 2. Current Financial Performance

2.1 As at the 30 September 2025 (month 6) the system is £27.8m behind plan. This represents a year-to-date deficit of £61.5m for the provider trusts against a year-to-date deficit plan of £33.7m. The ICB year-to-date is breakeven.

2.2 The system is forecasting breakeven to plan for the full year but is subject to management of risks / delivery of a number of mitigation measures across all organisations. These are monitored through system Improvement & Assurance Group (IAG) meeting on a monthly basis as part of Turnaround measures.

2.3 The variance of £27.8m 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.

2.4 The month 6 position for the system is provided at **Table 1**.

**Table 1: Summary financial position**

| ICS System Summary Income and Expenditure | Year to Date : Month 1-6 | | | Final Outturn : Month 1-12 | | |
|---|---|---|---|---|---|---|
| | Plan £000 | Actual £000 | Variance Favourable / (Adverse) £000 | Plan £000 | Actual £000 | Variance Favourable / (Adverse) £000 |
| Blackpool Teaching Hospitals NHS FT | (8,651) | (11,485) | (2,834) | 0 | 0 | 0 |
| East Lancashire Hospitals NHS Trust | (6,293) | (13,555) | (7,262) | 0 | 0 | 0 |
| Lancashire & South Cumbria NHS FT | (7,832) | (9,965) | (2,133) | 0 | 0 | 0 |
| Lancashire Teaching Hospitals NHS FT | (5,069) | (16,906) | (11,837) | 0 | 0 | 0 |
| North West Ambulance Service NHSE Trust | (336) | 1,195 | 1,531 | 0 | 0 | 0 |
| University Hospitals of Morecambe Bay NHS | (5,469) | (10,765) | (5,296) | 0 | 0 | 0 |
| **Providers - Excluding DSF** | **(33,650)** | **(61,481)** | **(27,831)** | **0** | **0** | **0** |
| Lancashire & South Cumbria ICB | 0 | 0 | 0 | 0 | 0 | 0 |
| **ICS System Surplus / (Deficit)** | **(33,650)** | **(61,481)** | **(27,831)** | **0** | **0** | **0** |

### 3. ICB Financial Performance

3.1 At the end of month 6, 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.

| Summary Income and Expenditure | Year-to-Date : Month 01-06 | | | Forecast : Month 01-12 | | | |
|---|---|---|---|---|---|---|---|
| | Budget | Actual | Variance Favourable / (Adverse) | Annual Budget | Forecast Outturn | Variance Favourable / (Adverse) | |
| | £000 | £000 | £000 | £000 | £000 | £000 | |
| Revenue Resource Limit | 2,801,759 | 2,801,759 | 0 | 5,498,164 | 5,498,164 | 0 | |
| CCG Historic Surplus | | | 0 | | | 0 | |
| **Total Allocations** | **2,801,759** | **2,801,759** | **0** | **5,498,164** | **5,498,164** | **0** | |
| Acute Services (excl Ind Sector) | 1,228,108 | 1,225,526 | 2,582 | 2,434,048 | 2,435,921 | (1,874) | |
| Acute Services - Independent Sector | 69,462 | 77,245 | (7,783) | 135,697 | 149,972 | (14,275) | |
| Mental Health & LDA Services | 286,725 | 293,210 | (6,485) | 577,195 | 579,052 | (1,857) | * Part AACC |
| Community Services | 200,102 | 200,391 | (288) | 396,981 | 399,127 | (2,145) | * Part AACC |
| Continuing Care Services | 162,470 | 184,478 | (22,008) | 308,938 | 321,401 | (12,463) | * All AACC |
| Primary Care - Prescribing | 168,326 | 173,819 | (5,493) | 334,545 | 334,545 | 0 | |
| Primary Care - Other Services | 43,255 | 38,547 | 4,708 | 86,680 | 84,076 | 2,604 | |
| Other Commissioned Services | 13,110 | 12,584 | 526 | 26,220 | 25,055 | 1,165 | |
| Other Programme Services | 27,194 | 26,348 | 846 | 52,124 | 49,509 | 2,615 | |
| Reserves/Contingencies | (11,983) | 0 | (11,983) | (67,867) | (48,453) | (19,414) | |
| Delegated - Primary Care | 309,959 | 306,971 | 2,988 | 629,563 | 625,611 | 3,952 | |
| Delegated - Specialised Commissioning | 258,255 | 249,644 | 8,610 | 510,978 | 493,757 | 17,221 | |
| **Healthcare Sub Total** | **2,754,983** | **2,788,764** | **(33,781)** | **5,425,101** | **5,449,573** | **(24,472)** | |
| Running Costs | 13,293 | 12,995 | 298 | 27,392 | 27,035 | 357 | |
| **Total Expenditure** | **2,768,276** | **2,801,759** | **(33,483)** | **5,452,493** | **5,476,608** | **(24,115)** | |
| **Ledger Surplus / (Deficit)** | **33,483** | **(0)** | **(33,483)** | **45,671** | **21,556** | **(24,115)** | |
| Mitigations (Reserves/Contingencies) | 33,483 | 0 | 33,483 | 45,671 | 21,556 | 24,115 | |
| **Reported Surplus / (Deficit)** | | | **(0)** | | | **(0)** | |
| * Memorandum : AACC is made up of numerous cost centres within the Mental Health, Community and Continuing Care lines above | | | | | | | |
| AACC Summary | 259,937 | 284,124 | (24,187) | 507,903 | 520,362 | (12,459) | # |

# £28.2m of QIPP Stretch was included in budgets from M04 (the remaining £1.8m is currently held in Reserves as Unidentified)

3.2 This is after deploying available mitigations of £33.5m in the year to date position (this compares to £23.4m required at M05 and should be noted is more than 6/12ths equivalent of the ICB's original planned mitigations)

3.3 Areas showing overspends at M06 and areas which are recognised as a key risks are shown in more detail in later slides, namely, Independent Sector, MH &LD Services, All Age Continuing Care and Prescribing

3.4 The forecast outturn assumes that £24.1m of mitigations will be required to meet the full year plan, (which is also a small increase on the £21.3m required at M05) and requires successful delivery of mitigations (both WRP / management of operational pressures during the second half of the year).

3.5 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 but its actual requirements are a much higher figure due to relative levels of 'influenceable' spend given the nature of its contract expenditure. Further detail on this is provided in **Section 5** of this report.

## 4. Provider Financial Performance

4.1 At the end of month 6, the Provider Trusts are reporting a year-to-date position which is £27.8m behind plan. The main driver of the adverse variance is the £29.5m 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 6 efficiency performance is shown in **Table 2.** As at 30 September 2025, savings of £120.5m have been delivered across the system which is £40.9m behind plan. The full year forecast for the system is showing delivery of £375.0m against a plan of £394.2m, a shortfall of £19.2m which relates to provider trusts.

**Table 2: Efficiency performance**

| ICS System Efficiency Savings | Year to Date : Month 1-6 | | | 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 | 13,528 | 8,800 | (4,728) | 44,700 | 44,700 | 0 | 80% |
| East Lancashire Hospitals NHS Trust | 24,316 | 18,384 | (5,932) | 60,791 | 50,936 | (9,855) | 70% |
| Lancashire & South Cumbria NHS FT | 13,151 | 9,788 | (3,363) | 38,600 | 33,898 | (4,702) | 75% |
| Lancashire Teaching Hospitals NHS FT | 24,405 | 13,989 | (10,416) | 60,000 | 60,000 | 0 | 77% |
| North West Ambulance Service NHSE Trust | 7,276 | 7,961 | 685 | 14,878 | 14,905 | 27 | 46% |
| University Hospitals of Morecambe Bay NHS | 12,523 | 6,804 | (5,719) | 32,540 | 27,889 | (4,651) | 79% |
| **Providers** | **95,199** | **65,727** | **(29,473)** | **251,508** | **232,328** | **(19,181)** | **74%** |
| Lancashire & South Cumbria ICB | 66,233 | 54,768 | (11,465) | 142,660 | 142,660 | 0 | 62% |
| **ICS System Surplus / (Deficit)** | **161,432** | **120,495** | **(40,938)** | **394,168** | **374,988** | **(19,181)** | **69%** |

5.2 The Provider Trusts have delivered savings of £65.7m against a year-to-date plan of £95.2m, a shortfall of £29.5m. The latest reporting shows that providers are forecasting an under delivery of £19.2m for the full year. This is the main driver of the current provider deficit.

5.3 The ICB has delivered savings of £54.8m against a year-to-date plan of £66.2m, a shortfall of £11.5m. The latest reporting shows that the ICB is forecasting to deliver the efficiency plan in full but it does recognise that there some risks associated to this plan and therefore has developed a series of mitigation measures to ensure the plan is still deliverable.

| Summary of Delivery Unit Targets | Year-to-Date : Month 01-06 | | | Forecast : Month 01-12 | | |
|---|---|---|---|---|---|---|
| | Plan £000 | Actual Delivered £000 | Variance Over/(Under) Delivery £000 | Plan £000 | Forecast £000 | Variance Over/(Under) Delivery £000 |
| Acute | 327 | - | (327) | 1,070 | 1,070 | - |
| Community | 1,763 | - | (1,763) | 7,300 | 7,300 | - |
| Primary Care | - | - | - | - | - | - |
| AACC | 24,114 | 21,351 | (2,763) | 60,200 | 60,200 | - |
| Mental Health | - | - | - | - | - | - |
| Prescribing | 16,556 | 14,019 | (2,537) | 42,000 | 42,000 | - |
| Estates | 1,002 | 300 | (702) | 2,000 | 2,000 | - |
| Finance | 9,496 | 19,098 | 9,602 | 19,000 | 19,000 | - |
| Reserves | 12,975 | - | (12,975) | 11,090 | 11,090 | - |
| | **66,233** | **54,768** | **(11,465)** | **142,660** | **142,660** | **-** |

5.4 WRP is monitored weekly through Incident Management Team meeting, and has formed basis for internal (Finance Month end) / external reporting (NHSE Tracker) purposes. IMT updates received at Executive Committee Meeting each week and reported to Finance & Contracting Committee on monthly basis.

5.5 Weekly meetings continue, but Executive team have recently agreed a refreshed approach (supported by slightly revised TOR), with series of focus areas each week to allow sufficient time for review / scrutiny of key risk areas alongside updates / receipt of overall position (this commenced Mid October)

5.6 From Early November, there is has been an enhanced agenda item at weekly executive team re Month 7-12 delivery with clear executive accountability, including leadership of WRP / operational budget performance

5.7 There are also plans to increase Board oversight of delivery of mitigation plans through additional 'touchpoint' sessions to allow for greater scrutiny of detail and Additional meetings to be put in place with key system partners where issues need to be escalated as appropriate

## 6. Capital

6.1 The provider operational capital envelope for 2025-26 is £118.5m as shown in **Table 3**. At month 6, provider Trusts have spent £27.9m, which is £11.5m behind plan. 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 £119.6m, which is an overspend of £1.2m against the total system allocation of £118.5m. The expectation is this overspend will be managed 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 1-6 | | | Final Outturn : Month 1-12 | | |
|---|---|---|---|---|---|---|
| | Plan £000 | Actual £000 | Variance Favourable / (Adverse) £000 | Plan £000 | Actual £000 | Variance Favourable / (Adverse) £000 |
| Blackpool Teaching Hospitals NHS FT | 6,043 | 3,256 | 2,787 | 15,527 | 15,527 | 0 |
| East Lancashire Hospitals NHS Trust | 8,100 | 8,909 | (809) | 17,889 | 20,114 | (2,225) |
| Lancashire & South Cumbria NHS FT | 7,648 | 9,231 | (1,583) | 11,545 | 16,245 | (4,700) |
| Lancashire Teaching Hospitals NHS FT | 2,847 | 1,042 | 1,805 | 17,075 | 19,300 | (2,225) |
| North West Ambulance Service NHSE Trust | 10,470 | 3,128 | 7,342 | 29,084 | 31,472 | (2,388) |
| University Hospitals of Morecambe Bay NHS | 4,285 | 2,285 | 2,000 | 14,967 | 16,967 | (2,000) |
| **Provider Total** | **39,393** | **27,851** | **11,542** | **106,087** | **119,625** | **(13,538)** |
| **Total Provider Allocation** | | | | | **118,429** | |
| **Forecast Variance to Allocation** | | | | | **(1,196)** | |

## 7. Risk

7.1 At month 6, 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 £120.5m (31%) being delivered as at 30 September 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. The providers have confirmed that their figures and WRP delivery is in line with the positions being overseen and assured by PwC in IAG meetings. Month 7 will be challenging given the further improvement built into plans compared with Month 6.

7.3 The main risks to the ICB are shown below. These are subject to detailed oversight and are currently being mitigated in the forecast.

- Delivery of the efficiency plan: the ICB has identified schemes for £131.6m of the £142m target, with non-recurrent mitigations being deployed to address the £11m shortfall. In respect of the £131.6m identified schemes, £41m of this is considered as high risk.
- Independent sector overperformance: after six months there is £7.8m overperformance on independent sector contracts. This is expected to be largely addressed through implementation of activity management plans now that contracts have been agreed.
- All-Aged Continuing Care: £13.4m of costs have been identified during months 1 to 6 that were unbudgeted and will need to be managed as part of the overall financial position. It is expected that this may increase within the financial year

## 8. Recommendations

8.1 The board is asked to note the content of this report for the period ending 30 September 2025.

**Mark Bakewell**
**Interim Chief Finance Officer**