

Integrated Care Board

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| Date of meeting | 22 January 2026 |
| Title of paper | Finance Performance Report – Month 8 |
| Presented by | Mark Bakewell, Interim Chief Finance Officer |
| Author | Elaine Collier, Deputy Director of Operational Finance |
| Agenda item | 14 |
| 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 November 2025), focusing on the year to-date deficit position and delivery against the efficiency programme, but also with assessed levels of risk compared to control total / full year plan position.

As at month 8 year-to-date, the system is £54.2m behind plan with a reported £78.7m deficit against a year-to-date planned deficit of £24.5m. The ICB is reporting a year-to-date breakeven to plan with the remaining £54.2m variance associated with the provider trusts.

As above, delivery of the agreed plan is dependent on delivery of efficiency savings and additional mitigations (efficiency savings for the full year being £251.5m for provider trusts and £142.7m for the ICB).

As at the 30 November 2025, provider trusts have a shortfall of £46.1m on the year-to-date delivery of efficiency savings and the ICB has a shortfall of £21.8m year-to-date but with additional mitigations identified.

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 | |
| N/A | | | | |
| 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 |
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Integrated Care Board – 22 January 2026

Finance Performance Report – Month 8

1. Introduction

- 1.1 This paper reports on the financial position at the end of November 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 System Financial Performance

- 2.1 As at the 30 November 2025 (month 8) the system is £54.2m behind plan. This represents a year-to-date deficit of £78.7m for the provider trusts against a year-to-date deficit plan of £24.5m. 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 year-to-date variance of £54.2m relates largely to a shortfall on the delivery of efficiency savings (£46.1m). 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 8 position for the system is provided at **Table 1**.

Table 1: Summary financial position

| ICS System Summary Income and Expenditure | Year to Date : Month 1-8 | | | 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 | (8,980) | (15,878) | (6,898) | 0 | 0 | 0 |
| East Lancashire Hospitals NHS Trust | (4,586) | (21,638) | (17,052) | 0 | 0 | 0 |
| Lancashire & South Cumbria NHS FT | (5,492) | (9,768) | (4,276) | 0 | 0 | 0 |
| Lancashire Teaching Hospitals NHS FT | (2,546) | (22,779) | (20,233) | 0 | 0 | 0 |
| North West Ambulance Service NHSE Trust | 377 | 2,848 | 2,471 | 0 | 0 | 0 |
| University Hospitals of Morecambe Bay NHS | (3,270) | (11,464) | (8,194) | 0 | 0 | 0 |
| Providers - Excluding DSF | (24,497) | (78,679) | (54,182) | 0 | 0 | 0 |
| Lancashire & South Cumbria ICB | (0) | (0) | 0 | 0 | 0 | 0 |
| ICS System Surplus / (Deficit) | (24,497) | (78,679) | (54,182) | 0 | 0 | 0 |

3. ICB Financial Performance

- 3.1 The ICB is reporting on plan for both YTD and Forecast Outturn, however is based in full utilisation of plan mitigation in its year to date position and delivery of a number of further mitigations between M9-12.
- 3.2 The Gross YTD position is £45.7m over plan before deploying available plan mitigations (which compares to £38.2m at Month 7) reflecting a £7.5m deterioration in month, mainly due further operational pressures and also WRP under-delivery compared to profile phasing. As described above, the ICB has deployed the full value of plan mitigations, with a number of other favourable / adverse movements within the year to date reporting position.
- 3.3 The breakdown of the year to date performance by programme category is as per the below table with continuation of pressures on acute services (mainly independent sector contracts but some risks with NHS providers, continuing care, prescribing and mental health and LD expenditure.

Table 2: Year To Date Performance

| Summary Income and Expenditure | Year-to-Date : Month 01-08 | | |
|--|----------------------------|------------------|---------------------------------------|
| | Budget | Actual | Variance Favourable / (Adverse) |
| | £000 | £000 | £000 |
| Revenue Resource Limit | 3,730,210 | 3,730,210 | 0 |
| CCG Historic Surplus | | | 0 |
| Total Allocations | 3,730,210 | 3,730,210 | 0 |
| Acute Services (excl Ind Sector) | 1,630,220 | 1,629,350 | 870 |
| Acute Services - Independent Sector | 93,999 | 107,036 | (13,037) |
| Mental Health & LDA Services | 382,102 | 390,733 | (8,631) |
| Community Services | 261,166 | 266,139 | (4,974) |
| Continuing Care Services | 213,786 | 243,183 | (29,397) |
| Primary Care - Prescribing | 225,330 | 230,706 | (5,377) |
| Primary Care - Other Services | 58,118 | 50,007 | 8,111 |
| Other Commissioned Services | 21,313 | 19,853 | 1,460 |
| Other Programme Services | 37,420 | 35,974 | 1,446 |
| Reserves/Contingencies | (13,046) | (78) | (12,968) |
| Delegated - Primary Care | 413,531 | 409,310 | 4,220 |
| Delegated - Specialised Commissioning | 342,433 | 330,952 | 11,481 |
| Healthcare Sub Total | 3,666,371 | 3,713,166 | (46,795) |
| Running Costs | 18,139 | 17,045 | 1,095 |
| Total Expenditure | 3,684,510 | 3,730,210 | (45,700) |
| Ledger Surplus / (Deficit) | 45,700 | (0) | (45,700) |
| Mitigations (Reserves/Contingencies) | 45,700 | 0 | 45,700 |
| Reported Surplus / (Deficit) | | | (0) |
| * Memorandum : AACC is made up of numerous cost centres | | | |
| AACC Summary | 342,658 | 377,402 | (34,744) |

- 3.4 This information continues to be used to develop a risk based forecast for each reporting period and to assess potential scenarios based on the gross risk / available mitigations in each area of expenditure.
- 3.5 At month 8, the most likely forecast suggests a potential deficit of circa £14.5m, with gross risk at £70.6m and mitigations of around £56.1m as per **Table 3 below**. This is broadly consistent with the month 7 assessment and is before any further mitigations identified between M9-12 to take to the required 'break even' plan position.

Table 3: Efficiency performance

| | Best Case Forecast Fav / (Adv) £m | Most Likely Forecast Fav / (Adv) £m | Worst Case Forecast Fav / (Adv) £m |
|--|---|---|--|
| Gross Risk Based Forecast | (61.0) | (70.6) | (91.7) |
| Additional Mitigations (Inc WRP Delivery) | 61.0 | 56.1 | 32.6 |
| Net Position | 0 | (14.5) | (59.1) |

Notes

The above position excludes any additional costs related to the ICB Voluntary Redundancy Scheme or any resulting impact from wider system issues including deficit support funding implications.

- 3.6 The key areas of focus for the ICB remain
- Delivery of ICB WRP programme (as per values identified in section 5, and which continues to be monitored through the ICB IMT weekly meeting)
 - Implementation of the activity management plans across NHS providers and Independent Sector contracts.
 - Delivery of AACC Improvement / Turnaround plan including the 4-5 Key actions areas which include
 - Pricing Strategies
 - Pathways
 - High Impact Reviews
 - Local Authority Agreements
 - Commissioning and Brokerage Levers

- Work with the relevant local authorities to resolve any outstanding issues and implementation of recent agreements (e.g. Mou)
- Continued operational grip in areas such as ADHD / weight management to managed & contain expenditure.
- Deliver Medicines management action plans regarding primary / secondary care pass through prescribing expenditure

3.7 Deficit Support Funding has been issued during 2025/26 on the assurance that key system delivery criteria is met. Funding for April to October 2025 (£95.6m) has been received by the ICB as at 30 November 2025 with the remainder included in the forecast outturn to enable the system to report against a breakeven plan.

3.8 The local system was notified during December that November / December funding was being withheld, NHSE are continuing to collate data to help determine if the system can satisfy the necessary criteria to earn this back for the remaining months of the year.

4. Provider Financial Performance

4.1 At the end of month 8, the Provider Trusts are reporting a year-to-date position which is £54.2m behind plan. The main driver of the year-to-date adverse variance is the £46.1m 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 8 efficiency performance is shown in **Table 4**. As at 30 November 2025, savings of £166.3m have been delivered across the system which is £67.9m behind plan. The full year forecast for the system is showing delivery of £367.2m against a plan of £394.2m, a shortfall of £26.9m which relates to provider trusts.

5.2 The Provider Trusts have delivered savings of £97.5m against a year-to-date plan of £143.6m, a shortfall of £46.1m. This is the main driver of the current provider deficit. The latest reporting shows that providers are forecasting an under delivery of £26.9m for the full year.

5.3 The ICB has delivered savings of £68.8m against a year-to-date plan of £90.6m, a shortfall of £21.8m. 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.

Table 4: Efficiency performance

| ICS System Efficiency Savings | Year to Date : Month 1-8 | | | 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 | 21,085 | 14,928 | (6,157) | 44,700 | 44,700 | 0 | 67% |
| East Lancashire Hospitals NHS Trust | 36,235 | 25,457 | (10,778) | 60,791 | 45,700 | (15,091) | 58% |
| Lancashire & South Cumbria NHS FT | 21,150 | 16,467 | (4,683) | 38,600 | 35,952 | (2,649) | 57% |
| Lancashire Teaching Hospitals NHS FT | 36,191 | 20,402 | (15,789) | 60,000 | 60,000 | 0 | 66% |
| North West Ambulance Service NHSE Trust | 9,806 | 10,090 | 284 | 14,878 | 14,891 | 13 | 32% |
| University Hospitals of Morecambe Bay NHS | 19,149 | 10,142 | (9,007) | 32,540 | 23,326 | (9,214) | 69% |
| Providers | 143,615 | 97,486 | (46,129) | 251,508 | 224,569 | (26,940) | 61% |
| Lancashire & South Cumbria ICB | 90,643 | 68,828 | (21,815) | 142,660 | 142,660 | 0 | 52% |
| ICS System Surplus / (Deficit) | 234,258 | 166,314 | (67,944) | 394,168 | 367,229 | (26,940) | 58% |

6. Capital

- 6.1 The provider operational capital envelope for 2025-26 is £124.7m as shown in **Table 5**. At month 8, provider Trusts have spent £37.8m, which is £19.3m behind plan. Since the plan was submitted further allocations have been received from NHSE. The current forecast spend is £113.3m, which is an underspend of £11.4m against the total system allocation of £124.7m. The ICB is working with capital leads to manage any in-year slippage and maximise the use of available capital.

Table 5: Charge against Operational Capital Allocation (including IFRS16)

| Provider Charge against Capital Allocation (including impact of IFRS16) | Year to Date : Month 1-8 | | | 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 | 8,655 | 4,828 | 3,827 | 15,527 | 15,527 | 0 |
| East Lancashire Hospitals NHS Trust | 9,244 | 9,770 | (526) | 17,889 | 20,114 | (2,225) |
| Lancashire & South Cumbria NHS FT | 8,949 | 13,394 | (4,445) | 11,545 | 16,245 | (4,700) |
| Lancashire Teaching Hospitals NHS FT | 6,312 | 2,642 | 3,670 | 17,075 | 19,300 | (2,225) |
| North West Ambulance Service NHSE Trust | 16,151 | 4,731 | 11,420 | 29,084 | 25,184 | 3,900 |
| University Hospitals of Morecambe Bay NHS | 7,773 | 2,438 | 5,335 | 14,967 | 16,967 | (2,000) |
| Provider Total | 57,084 | 37,804 | 19,280 | 106,087 | 113,337 | (7,250) |
| Total Provider Allocation | | | | | 124,717 | |
| Forecast Variance to Allocation | | | | | 11,380 | |

7. Risk

- 7.1 At month 8, the main risk to delivery of the system plan is in relation to the efficiency savings programme and successful delivery of additional mitigations.
- 7.2 Local NHS providers forecast risk models suggest a potential variance in the region of £50m- £60m which primarily relates to risk around 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 8 will be challenging given the further improvement built into plans for the latter months of the year.

7.3 The main risks to the ICB break position are described above with management of gross risk / operational pressures and successful implementation of mitigations required in order to deliver the control total position. As noted above, there are further potential pressures as a result of voluntary redundancy which are not included in current figures.

8. Recommendations

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

Mark Bakewell
Interim Chief Finance Officer