

Integrated Care Board

Date of meeting	19 March 2026
Title of paper	Finance Performance Report – Month 10
Presented by	Mark Bakewell, Chief Finance Officer
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Agenda item	12
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 31 January 2026), 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 10 year-to-date, the system is £67.7m behind plan with a reported £81.9m deficit against a year-to-date planned deficit of £14.2m. The ICB is reporting a year-to-date breakeven to plan with the remaining £67.7m variance associated with the provider trusts. The system is forecasting breakeven to plan for the full year, with a £10.1m surplus in the ICB to offset a £10.1m deficit in provider trusts.

Delivery of the agreed plan remains 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 31 January 2026, provider trusts have a shortfall of £53.8m on the year-to-date delivery of efficiency savings and the ICB has a shortfall of £32.7m 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	
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			✓	

Report authorised by:	Mark Bakewell, Chief Finance Officer
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Integrated Care Board – 19th March 2026

Finance Performance Report – Month 10 (January) 2026

1. Introduction

- 1.1 This paper reports on the financial position at the end of January 2026 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 31st January 2026 (month 10) the system is £67.7m behind plan. This represents a year-to-date deficit of £81.9m for the provider trusts against a year-to-date deficit plan of £14.2m. The ICB year-to-date is breakeven.
- 2.2 The system is forecasting breakeven to plan for the full year with the ICB forecasting a £10.1m surplus to offset £10.1m provider deficits. The relative movement between year to date and forecast outturn position is based on a number of identified actions, financial assumptions and continues to be subject to the management of risks across all organisations.
- 2.3 The financial position continues to be monitored through the system Improvement & Assurance Group (IAG) meetings on a monthly basis as part of turnaround measures.
- 2.4 The year-to-date variance of £67.7m relates largely to a shortfall on the delivery of efficiency savings (£86.5m) offset by some additional mitigations that have been identified / implemented.
- 2.5 The month 10 position for the system is provided at **Table 1**.

Table 1: Summary financial position

ICS System Summary Income and Expenditure	Year to Date : Month 1-10			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	(5,444)	(15,683)	(10,239)	0	0	0
East Lancashire Hospitals NHS Trust	(2,634)	(28,063)	(25,429)	0	(9,995)	(9,995)
Lancashire & South Cumbria NHS FT	(2,680)	(4,317)	(1,637)	0	0	0
Lancashire Teaching Hospitals NHS FT	(2,184)	(26,124)	(23,940)	0	(9,200)	(9,200)
North West Ambulance Service NHSE Trust	700	4,339	3,639	0	5,275	5,275
University Hospitals of Morecambe Bay NHS	(1,942)	(12,013)	(10,071)	0	3,819	3,819
Providers	(14,184)	(81,861)	(67,677)	0	(10,101)	(10,101)
Lancashire & South Cumbria ICB	(0)	(0)	0	0	10,102	10,102
ICS System Surplus / (Deficit)	(14,184)	(81,861)	(67,677)	0	1	1

3. ICB Financial Performance

- 3.1 At the end of month 10, the Integrated Care Board (ICB) is reporting a year-to-date breakeven position as per the below table.

The Gross YTD position is £45.7m before deploying the original plan mitigations.

The main areas of challenge are as reported in previous months:

Acute (IS) Contracts -	£14.1m
Mental Health & LDA -	£11.4m
Continuing Care -	£39.6m
(consisting of £15.8m prior year costs as per next slide)	
Prescribing -	£9.9m

Summary Income and Expenditure	Year-to-Date : Month 01-10		
	Budget	Actual	Variance Favourable / (Adverse)
	£000	£000	£000
Revenue Resource Limit	4,670,648	4,670,648	0
Total Allocations	4,670,648	4,670,648	0
Acute Services (excl Ind Sector)	2,036,597	2,037,764	(1,167)
Acute Services - Independent Sector	116,098	130,152	(14,054)
Mental Health & LDA Services	479,943	491,347	(11,404)
Community Services	305,436	312,441	(7,005)
Continuing Care Services	263,955	303,525	(39,570)
Primary Care - Prescribing	282,835	292,737	(9,903)
Primary Care - Other Services	73,193	64,241	8,952
Other Commissioned Services	26,784	24,317	2,466
Other Programme Services	46,316	51,671	(5,355)
Reserves/Contingencies	10,593	0	10,593
Delegated - Primary Care	522,558	517,401	5,157
Delegated - Specialised Commissioning	426,545	412,194	14,351
Healthcare Sub Total	4,590,852	4,637,790	(46,938)
Running Costs	34,097	32,859	1,238
Total Expenditure	4,624,948	4,670,648	(45,700)
Ledger Surplus / (Deficit)	45,700	(0)	(45,700)
Mitigations (Reserves/Contingencies)	45,700	0	45,700
Reported Surplus / (Deficit)			(0)

* Part AACC

* Part AACC

* All AACC

* Memorandum : AACC is made up of numerous cost centres			
AACC Summary	427,224	473,447	(46,223)

- 3.2 The ICB is forecasting a surplus of £10.1m to offset the provider deficits and ensure the overall system is breakeven to plan for the full year.

- 3.3 Additional revenue resources have been received by the system in M10 to support delivery of the required position and in recognition of known pressures (including potential Voluntary Redundancy Costs above initial allocations). This resource has been released with conditions of system delivery of the planned deficit position at the start of the financial year.
- 3.4 Delivery of this revised forecast surplus position requires continued focus on delivering the forecast run rate, delivery of remaining WRP and ongoing management of existing in-year operational pressures. It is vital that the ICB reduces expenditure on an ongoing basis to help support the 26/27 underlying financial plan position.

Summary Income and Expenditure	Forecast : Month 01-12		
	Annual Budget	Forecast Outturn	Variance Favourable / (Adverse)
	£000	£000	£000
Revenue Resource Limit	5,597,084	5,597,084	0
Total Allocations	5,597,084	5,597,084	0
Acute Services (excl Ind Sector)	2,443,152	2,437,881	5,271
Acute Services - Independent Sector	138,420	144,679	(6,259)
Mental Health & LDA Services	577,355	585,955	(8,600)
Community Services	370,008	380,713	(10,705)
Continuing Care Services	312,778	355,569	(42,791)
Primary Care - Prescribing	334,545	346,389	(11,844)
Primary Care - Other Services	87,744	77,499	10,246
Other Commissioned Services	32,181	28,967	3,213
Other Programme Services	55,883	61,070	(5,187)
Reserves/Contingencies	62,184	56,357	5,827
Delegated - Primary Care	632,884	626,212	6,672
Delegated - Specialised Commissioning	511,129	493,908	17,221
Healthcare Sub Total	5,558,263	5,595,198	(36,935)
Running Costs	38,821	37,484	1,337
Total Expenditure	5,597,084	5,632,682	(35,598)
Ledger Surplus / (Deficit)	0	(35,598)	(35,598)
Mitigations (Reserves/Contingencies)	0	45,700	45,700
Reported Surplus / (Deficit)	0	10,102	10,102
* Memorandum : AACC is made up of numerous cost centres			
AACC Summary	509,914	556,304	(46,391)

* Part AACC
* Part AACC
* All AACC

within

- 3.5 In order to deliver the full year plan, the ICB was 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.

- 3.6 The M10 WRP delivery is £84m against a YTD plan of £116.7m, thus a shortfall of £32.7m. The ICB is now forecasting an expectation of non-delivery of WRP in a range of programme areas within its adjusted forecast outturn position.

Summary of Delivery Unit Targets	Year-to-Date : Month 01-10			Forecast : Month 01-12		
	Plan	Actual Delivered	Variance Over/(Under) Delivery	Plan	Forecast	Variance Over/(Under) Delivery
	£000	£000	£000	£000	£000	£000
Acute	825	290	(535)	1,070	1,070	-
Community	5,327	-	(5,327)	7,300	1,000	(6,300)
Primary Care	-	-	-	-	-	-
AACC	48,188	32,148	(16,040)	60,200	43,800	(16,400)
Mental Health	-	-	-	-	-	-
Prescribing	32,950	32,139	(811)	42,000	40,000	(2,000)
Estates	1,670	300	(1,370)	2,000	300	(1,700)
Finance	15,823	19,098	3,275	19,098	19,098	-
Reserves	11,930	-	(11,930)	10,992	-	(10,992)
	116,713	83,975	(32,738)	142,660	105,268	(37,392)

- 3.7 Further detail on this is provided in **Section 5** of this report.

4. Provider Financial Performance

- 4.1 At the end of month 10, the Provider Trusts are reporting a year-to-date position which is £67.7m behind plan. The main driver of the year-to-date adverse variance is the £53.8m shortfall in the delivery of efficiency savings. Providers are forecasting a £10.1m deficit to plan for the full year.

ICS System Summary Income and Expenditure	Year to Date : Month 1-10			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	(5,444)	(15,683)	(10,239)	0	0	0
East Lancashire Hospitals NHS Trust	(2,634)	(28,063)	(25,429)	0	(9,995)	(9,995)
Lancashire & South Cumbria NHS FT	(2,680)	(4,317)	(1,637)	0	0	0
Lancashire Teaching Hospitals NHS FT	(2,184)	(26,124)	(23,940)	0	(9,200)	(9,200)
North West Ambulance Service NHSE Trust	700	4,339	3,639	0	5,275	5,275
University Hospitals of Morecambe Bay NHS	(1,942)	(12,013)	(10,071)	0	3,819	3,819
Providers	(14,184)	(81,861)	(67,677)	0	(10,101)	(10,101)

- 4.2 In order to deliver the full year forecast, the Provider Trusts were 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 10 efficiency performance is shown in **Table 2**. As at 31 January 2026, savings of £226.8m have been delivered across the system which is £86.5m behind plan. The full year forecast for the system is showing delivery of £317.0m against a plan of £394.2m, a shortfall of £77.2m.
- 5.2 The Provider Trusts have delivered savings of £142.8m against a year-to-date plan of £196.6m, a shortfall of £53.8m. This is the main driver of the current provider deficit. The latest reporting shows that providers are forecasting an under delivery of £39.8m for the full year.

- 5.3 The ICB has delivered savings of £84.0m against a year-to-date plan of £116.7m, a shortfall of £32.7m. The latest reporting shows that the ICB is forecasting an under delivery of £37.4m for the full year. The risk associated with the efficiency plan has been monitored throughout the year and a series of mitigation measures has been developed to ensure the plan is still deliverable.

Table 2: Efficiency performance

ICS System Efficiency Savings	Year to Date : Month 1-10			Forecast : Month 1-12		
	Plan	Actual	Variance Favourable / (Adverse)	Plan	Forecast Outturn	Variance Favourable / (Adverse)
	£000	£000	£000	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	32,164	21,246	(10,918)	44,700	44,700	0
East Lancashire Hospitals NHS Trust	48,395	33,887	(14,508)	60,791	42,900	(17,891)
Lancashire & South Cumbria NHS FT	29,842	25,155	(4,687)	38,600	34,956	(3,644)
Lancashire Teaching Hospitals NHS FT	48,067	35,703	(12,364)	60,000	53,130	(6,870)
North West Ambulance Service NHSE Trust	12,352	12,505	153	14,878	15,026	148
University Hospitals of Morecambe Bay NHS	25,816	14,339	(11,477)	32,540	21,021	(11,519)
Providers	196,636	142,835	(53,801)	251,508	211,733	(39,775)
Lancashire & South Cumbria ICB	116,713	83,975	(32,738)	142,660	105,268	(37,392)
ICS System Surplus / (Deficit)	313,349	226,810	(86,539)	394,168	317,001	(77,167)

6. Capital

- 6.1 The provider operational capital envelope for 2025-26 is £119.8m as shown in **Table 3**. At month 10, provider Trusts have spent £55.0m, which is £16.2m behind plan. Since the plan was submitted further allocations have been received from NHSE. The current forecast spend is £117.5m, which is an underspend of £2.3m against the total system allocation of £119.8m. The ICB is working with capital leads to manage any in-year slippage and maximise the use of available capital and expects the £2.3m underspend to be utilised in M11.

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

Provider Charge against Capital Allocation (including impact of IFRS16)	Year to Date : Month 1-10		
	Plan	Actual	Variance Favourable / (Adverse)
	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	10,470	8,108	2,362
East Lancashire Hospitals NHS Trust	10,388	11,169	(781)
Lancashire & South Cumbria NHS FT	10,249	16,455	(6,206)
Lancashire Teaching Hospitals NHS FT	11,128	5,695	5,433
North West Ambulance Service NHSE Trust	17,751	7,184	10,567
University Hospitals of Morecambe Bay NHS	11,264	6,424	4,840
Provider Total	71,250	55,035	16,215

Provider Charge against Capital Allocation (including impact of IFRS16)	Final Outturn : Month 1-12		
	Plan	Actual	Variance Favourable / (Adverse)
	£000	£000	£000
Blackpool Teaching Hospitals NHS FT	15,527	15,727	(200)
East Lancashire Hospitals NHS Trust	17,889	20,153	(2,264)
Lancashire & South Cumbria NHS FT	11,545	20,167	(8,622)
Lancashire Teaching Hospitals NHS FT	17,075	19,300	(2,225)
North West Ambulance Service NHSE Trust	29,084	25,184	3,900
University Hospitals of Morecambe Bay NHS	14,967	16,967	(2,000)
Provider Total	106,087	117,498	(11,411)
Total Provider Allocation		119,801	
Forecast Variance to Allocation		2,303	

7. Risk

7.1 At month 10, the system is required to deliver the required actions in the remaining months of the year including management of identified risk and delivery of the remaining elements of the efficiency savings programme and other mitigations as identified.

7.2 The main risks to the ICB are

- Delivery of the required forecast outturn as per M10 assumptions including delivery of WRP and additional mitigations for months 11&12,
- Ongoing management of ongoing risks in key areas including
 - NHS Acute Contracts, management of contract performance position including the funding arrangements for additional 'sprint' funding during Quarter 4.
 - Independent sector performance, including as above the funding arrangements for additional 'sprint' funding during Quarter 4.
 - Continuing Care, delivery of Q4 mitigation as per identified improvement plan actions and in line with turnaround plan.
 - Continued progression of issues in relation to joint funded care arrangements and local authority related expenditure.

7.3 L&SC providers have confirmed that their YTD figures and expected WRP delivery is in line with the positions being overseen and assured by PwC in IAG meetings.

8. Recommendations

8.1 The board is asked to note the content of this report and reported financial position for the period ending 31st January 2026.

Mark Bakewell
Chief Finance Officer