

Integrated Care Board

Date of meeting	19th March 2026
Title of paper	Operational Plan Update
Presented by	Mark Bakewell, Chief Finance Officer
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Agenda item	13
Confidential	No

Executive summary

The ICB submitted its full medium-term plan to NHS England on 11 February in line with the national planning framework and timetable, following an extraordinary Board session on 9 February to review and approve the submission.

The February plan submissions was compliant with the NHSE financial control total requirement of a £34.9m deficit; however, delivery of this position remains dependent on managing significant system-wide financial risks and implementing substantial mitigations across 2026/27.

NHS England permitted a further resubmission of plans on 18 March to address areas requiring amendment to strengthen and improve compliance following further review. Some of these updates include

1. Updates to the ICBs financial plan have also been made to reflect updated Waste Reduction Programme (WRP) and contracting movements since the February submission.
2. Each of the four Acute Trusts has submitted an element of update to finance and operational plans, therefore requiring the ICB to refresh its overall activity and performance plan to align with provider resubmissions.
3. Each of the provider trusts remain compliant with financial planning requirements / control total and are largely compliant with performance but with a couple of areas that are not, as reflected within the report. These are
 - University Hospitals Morecambe Bay Trust for 18 weeks and 4-hour performance in 26/27 and 27/28 financial years

The ICB has also developed its operational capital resource plan and a number of associated considered by the finance committee at its next meeting on the 26th March with some of the key values referenced in this report for strategic coherence.

Strategic elements of the plan, including the Board Assurance Statement, are presented separately under the medium-term plan and strategic commissioning plan agenda item.

The Board held an extraordinary session on 16 March to sign off the final iteration of the ICBs plan.

In summary, the March submission reflects:

1. A compliant financial plan for both the ICB and providers, but with material risks totalling approximately £214m requiring mitigation through WRP schemes, commissioning adjustments, and other system actions.
2. Largely compliant activity and performance plans at system / ICB level based on provider submission with the exception of performance measures above

There are no changes to the workforce plan submitted on 11 February.

Public and Stakeholder Engagement

Not applicable

Recommendations

The Board is asked to:

- i. Approve the final version of the operational plan
- ii. Note the updates regarding the ICB Capital plan and approve the use of the ICB operational capital

Which Strategic Objective/s does the report relate to:

Tick

SO	Description	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	✓			Achieving breakeven position is contingent on full delivery of mitigation initiatives from 1 April to ensure FYE benefits are delivered
Are associated risks detailed on the ICB Risk Register?			✓	
Financial Implications	✓			

Where paper has been discussed (list other committees/forums that have discussed this paper)

Meeting Date Outcomes

Not applicable

Conflicts of interest associated with this report

Not applicable

Impact assessments

	Yes	No	N/A	Comments

Quality impact assessment completed			✓	Yes in respect of WRP plans
Equality impact assessment completed			✓	Yes in respect of WRP plans
Data privacy impact assessment completed			✓	Yes in respect of WRP plans

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

Operational Plan Update

1. Introduction & Background

- 1.1 In line with the national planning framework and timetable, the ICB submitted its medium-term (3 year) plan on 11th February 2026.
- 1.2 The plan was compliant with the required £34.9m deficit control total in respect of finance but due to some submission issues with one of the local provider activity / performance returns the ICB combined position was not compliant in these areas.
- 1.3 Other planning updates including workforce and capital are included within this report
- 1.4 NHS England has permitted a further resubmission of plans on 18th March to address areas requiring amendment and to strengthen and improve compliance following further review and will correct the above issue as per February submission.

2. ICB 26/27 Financial Plan

- 2.1 The ICB's financial plan is based on the required delivery of the control total deficit position £34.9m but is subject to management of significant financial risks / delivery of mitigations in the 26/27 financial year as set out below
- 2.2 Total anticipated resources are expected to be £5.567bn, with a control total deficit of £34.9m therefore requiring expenditure of £5.602bn in the financial year.
- 2.3 Current expenditure assumptions suggest a forecast of £5.816bn using national / local planning assumptions and would create a potential planning gap of around £214m, with some additional risks still being validated through finalisation of contract agreements.
- 2.4 Details of required mitigations to deliver this position (the risk of £214m) with an approach across 3 categories are as per below
 - Waste Reduction Plan (WRP) requirement is assessed as £127.2m
 - Cost of Commissioning adjustment (£19 per head) - £35.9m

- Further mitigations of £51m (Relating to demand management assumptions, acute contract validation, zero-based budget reviews, de-commissioning activity, and wider benchmarking to secure both further recurrent and non-recurrent opportunities.

2.5 Details of expenditure values / required mitigations are as per table below

Draft ICB Expenditure Based on Planning Assumptions (following application of WRP / Mitigations)	Plan Model	WRP	£19 p/h	Other Mitigations	£
Acute Service Expenditure	2,614,232	(26,143)	(86)	(40,000)	2,542,679
Mental Health & Learning Disability / Autism Expenditure	625,145	(21,366)	(262)	-	603,517
Community Health Service Expenditure	409,424	(4,094)	(2,200)	-	403,130
All-age Continuing Care Service Expenditure	394,456	(29,584)	(4,988)	-	359,884
Primary Care Service Expenditure	444,517	(31,240)	(4,478)	-	400,623
Other Programme Services	61,551	(1,539)	(3,824)	-	42,270
Other Commissioned Services	21,132	(528)	(5,347)	-	15,258
Primary Medical Services Expenditure	408,747	(8,175)	-	-	408,747
Delegated Primary Care Expenditure	228,904	(4,578)	(757)	-	228,893
Reserves / Contingencies (Excl. Delegated Spec Comm)	12,131	-	-	(11,492)	641
Delegated Specialised Commissioning	568,690	-	-	-	568,689
Running Costs	27,972	-	(13,917)	-	27,972
Total ICB Expenditure	5,816,901	(127,247)	(35,859)	(51,492)	5,602,303

2.6 With regards to the current position against these mitigations

- Further progress has been made during February / March on WRP scheme development and as at 16th March 2026 £124.8m of the £127m identified, a small residual gap (£2.4m) remains that must be closed ahead of 1st April 2026.

Commissioning function	Exec Lead	SRO	Assigned WRP target	Fully developed	Plans in progress	Opportunity	Overall identified	Gap against planned target
AACC	Jane Scattergood	Jane Brennan	£ 29.58	£ 21.91	£ -	£ -	£ 21.91	£ 7.68
Acute	Craig Harris	Jayne Mellor	£ 26.14	£ 2.32	£ 10.00	£ 6.00	£ 18.32	£ 7.82
LDA	Craig Harris	Fleur Carney	£ 8.61	£ 4.75	£ -	£ -	£ 4.75	£ 3.86
Mental Health	Craig Harris	Fleur Carney	£ 12.76	£ 15.57	£ -	£ -	£ 15.57	-£ 2.81
Prescribing	Andy Knox	Andrew White	£ 27.04	£ 23.60	£ 3.44	£ -	£ 27.04	£ 0.00
Primary & Community	Craig Harris	Peter Tinson	£ 21.04	£ 5.06	£ 9.38	£ -	£ 14.45	£ 6.60
Other Services	Mark Bakewell	tbc	£ 2.07	£ -	£ -	£ 22.80	£ 22.80	-£ 20.73
			£ 127.24	£ 73.21	£ 22.82	£ 28.80	£ 124.83	£ 2.41

As at 16/03, the respective schemes are at the relative different levels of maturity and as per the established WRP process.

- £73.2m recognised as 'Fully Developed'
- £22.8m Plans in Progress
- £28.8m regarded as opportunity
- £2.41m remains unidentified

2.7 Management Actions before the start of the year are to ensure plans progress towards 'fully developed' and also full identification prior to the start of the year

2.8 With regards to cost of commissioning adjustment, there are a number of actions underway in order to mitigate the £35.9m resource allocation adjustment in 26/27

financial year (in line with ICB requirement to reduce its costs to £19.40 per head of population).

2.9 Measures including are all progressing, with regular updates to be provided to the Board on relative position against required mitigation measures.

- 25/26 Voluntary Redundancy Scheme
- Design of new staffing model and associated HR / Structural approaches,
- Reduction in external costs (e.g. Commissioning Support Unit & other non-pay costs)
- Review of OPIC and 'Do-Once' approach for further benefits

2.10 With regards to other mitigation areas, again there are a number of actions in motion including.

- Validation of Demand Management and De-commissioning Plans
- Validation of Acute Contract Assumptions, include demographic and non-demographic assumptions and application of robust contract management arrangements in accordance with national contract.
- Zero Based Budget Reviews to ensure alignment / impact of expenditure on organisation goals.
- Wider Benchmarking / Opportunity Analysis using comparative national / regional / peer analysis
- Identification of Other Non-Recurrent Savings Opportunities

Activity / Performance

3. The ICB's activity and performance plan is built from the combined submissions of all local acute providers, alongside out-of-area and Independent Sector activity.

3.1 The table below sets out the current 'Key Headline' Performance measures as per NHSE guidance current provider / combined system performance position.

3.2 It should be recognised that the delivery of this plan is ambitious and supports the NHS improvement aspirations but is not without risk and in particular requires the implementation of demand management schemes, commissioning intentions. Provider pathway re-design and productivity measures will also be crucial in supporting our ambition.

3.3 The ICB has submitted a compliant plan across the 3 years on RTT 18weeks performance and Cancer metrics but there is a trust level non-compliance issue at University Hospitals Morecambe Bay as detailed below

The trusts' plan is not compliant with the nationally calculated 'target' for years 1 and 2. The trust has phased their plan equally across the three years to get to the 92% by March 2029. The trajectory in their plan is compliant with the 7% annual improvement ask.

3.4 For Diagnostics, the ICB plan is to achieve a much-improved position inline with the national ambition of no more than 14% of patients waiting over six weeks for a test in 2026/27, and no more than 1% by 2029.

3.5 For UEC, there is no overall ICB performance position – as performance will be judged at an individual provider level with oversight by NHS England. Again at trust level, there is a non-compliance issue at University Hospitals Morecambe Bay as detailed below

Again at trust level, there is a non-compliance issue at University Hospitals Morecambe Bay. The trust is planning to have a trajectory to achieve the 85% in year 3 which represents approximately 5% improvement year on year.

3.6 The ICB is compliant across all community areas except for: Yr1 in 18ww on a community waiting list / mental health reliable recovery but is compliant for Yr 2 and Yr 3

	Success Measure	Target		Latest	2026-2027	2027-2028	2028-2029
				Performance	Mar 27	Q4	Q4
Electice, Cancer and Diagnostics	RTT 18ww	2026-28: 7% Improvement or 65% 2028-29: 92%	BTH	56.3%	67.7%	79.9%	92.1%
			ELHT	62.4%	69.2%	81.0%	92.0%
			LTHT	53.1%	70.0%	81.0%	92.0%
			UHMB	68.3%	78.5%	85.5%	92.0%
			ICB	61.7%	73.1%	83.4%	93.7%
	Cancer - Faster Diagnosis Standard (FDS)	2026-29: 80%	BTH	68.9%	82.0%	80.0%	82.1%
			ELHT	79.0%	80.0%	80.0%	80.0%
			LTHT	81.6%	80.0%	80.0%	80.0%
			UHMB	76.0%	81.2%	80.8%	80.8%
			ICB	76.5%	82.3%	81.1%	80.9%
	Cancer - 62 day standard	2026-28: 80% 2028-29: 85%	BTH	68.7%	80.1%	82.7%	85.4%
			ELHT	75.1%	80.0%	82.5%	85.1%
			LTHT	64.1%	80.3%	82.5%	85.1%
			UHMB	76.5%	80.1%	82.7%	85.7%
			ICB	70.8%	80.0%	82.4%	85.3%
	Cancer - 31 day standard	2026-28: 94% 2028-29: 96%	BTH	97.4%	95.9%	96.1%	96.2%
ELHT			94.6%	95.6%	96.1%	96.0%	
LTHT			90.5%	94.0%	96.0%	96.0%	
UHMB			98.1%	94.2%	96.0%	96.0%	
ICB			93.5%	94.9%	95.8%	96.1%	
Improve performance against the DM01 diagnostics 6-week	2026-28: 3% Improvement or minimum 20% 2028-29: 1%	BTH	31.4%	20.0%	10.5%	1.0%	
		ELHT	1.0%	2.0%	1.5%	1.0%	
		LTHT	43.2%	20.0%	10.0%	1.0%	
		UHMB	10.0%	3.0%	3.0%	1.0%	
		ICB	22.6%	12.3%	6.7%	1.0%	
Urgent and Emergency Care	4-hour A&E performance	2026-28: 82% 2028-29: 85%	BTH	75.1%	82.1%	82.7%	84.6%
			ELHT	77.4%	82.0%	83.5%	85.5%
			LTHT	67.7%	82.0%	86.6%	88.3%
			UHMB	71.0%	76.0%	80.0%	85.0%
			ICB	74.4%			
	12-hour A&E performance	Higher number of patients admitted, discharged and transferred from ED within 12 hours across 2026/27 compared to 2025/26 and year on year increases.	BTH	65.4%	83.1%	82.7%	83.6%
			ELHT	83.0%	86.3%	86.9%	88.1%
			LTHT	82.3%	86.8%	87.5%	87.9%
			UHMB	86.4%	92.5%	92.8%	93.0%
			ICB	80.7%			
Average Handover Time (hh:mm:ss)	2026-28: Year on year improvement 2028-29: 00:15:00	BTH	00:28:43	00:27:23	00:27:36	00:21:56	
		ELHT	00:21:49	00:19:34	00:15:23	00:15:00	
		LTHT	00:25:12	00:25:00	00:23:34	00:18:09	
		UHMB	00:24:31	00:22:00	00:15:00	00:15:00	
		ICB	n/a				

4. Workforce

- 4.1 Workforce plans have not been amended since original submission and continue to be reviewed to ensure improved performance and reduction in costs as guided by national and local assumptions.
- 4.2 Workforce plans were reviewed by each provider to ensure delivery of credible, safe services but also sustainable reductions in workforce where required to meet the efficiency and productivity ask.
- 4.3 Aggregate provider plans flag an ambition to reduce total workforce by 3% in year 1 (26/27), 1.6% in year 2 (27/28) and 1.4% in year 3 (28/29), however all plans carry significant delivery risk.
- 4.4 Mental health (MH) workforce plans set an ambition to increase workforce by 0.9% in year 1; 4.2% in year 2; and 4.5% in year 3, with a particular focus on individual placement; MHSTs and Talking Therapies.
- 4.5 ICB General Practice held firm with its ambition to increase workforce by 2.3% in year 1; 0.8% in year 2 and 0.4% in year 3, supporting the implementation of enhanced services and demand management mitigations.

Capital

5. Nationally the funding arrangements for future capital investment change from 1st April 2026. Previously capital allocations were made to the ICB for the System, with the ICB responsible for allocation and oversight of all System capital expenditure. However from April 2026, NHSE North West Region will allocate the resources directly to the organisation expected to incur the capital expenditure and will oversee expenditure in year.
 - 5.1 Relevant capital expenditure now occurs through five channels (only one of which directly flows through the ICB) as follows:
 - ICB operational capital and strategic reserve
 - NHS capital investment into primary and community care estates
 - Providers' operational capital
 - NHSE Public Dividend Capital (PDC) schemes
 - Wider health & care sector capital investment via third parties - LCC, independent sector etc

ICB Operational Capital

- 5.2 The breakdown of the ICB's allocation for the next four years is set out below.

ICB Capital Allocation				
	2026/27	2027/28	2028/29	2029/30
	£million	£million	£million	£million
Business As Usual (Primary Care Focus)	3.8	3.8	3.8	3.8
Strategic Capital	6.0	6.3	6.4	6.5
Total Operational Capital	9.8	10.1	10.2	10.3

- 5.3 The ICB has restricted discretion for the Business as Usual (Primary Care Funds) and this funding must be used only in Primary Care settings. Proposals are being developed in the ICB for Primary Care infrastructure projects to support a wider range of clinical services on some sites.
- 5.4 Information technology support to Primary Care is the other proposed investment focus and Full business cases are the required next step. Should there be any further national funds available, this would be prioritise to support the Neighbourhood Health programme, in order to improve local patient services.
- 5.5 The strategic capital reserve is being used in 2025/6 to cover a number of legacy schemes / contingencies in the system level plans. There is an option to use this in a more strategic planned way for future years.
- 5.6 Further detail on above is due to be provided to the Finance and Contracting Committee in March and during Quarter 1 as part of revised terms of reference and in line with related 'green plan' / 'infrastructure strategy' documents.

Provider Operational Capital

- 5.7 Over the new four-year capital planning period Operational Capital funding will increase incrementally reaching £127.9million in the 2029/30 financial year as per the below table

ICB System Operational Capital Allocation				
	2026/27	2027/28	2028/29	2029/30
	£million	£million	£million	£million
ICB	9.8	10.1	10.2	10.3
NHS Providers	108.0	113.0	115.3	117.6
Total Operational Capital	117.8	123.1	125.5	127.9

- 5.8 The Operational Capital envelope includes funding for regular capital spend and International Financial Reporting Standard 16 (IFRS16) lease expenditure. These budgets are under pressure – for the four-year planning period to 31st March 2030 NHS provider plans indicate total planned capital expenditure for significant and high-risk backlog maintenance of £141.9 million. Moderate and low risk backlog maintenance for the same period is £30.3million.

Joint Capital Resource Use Plans (JCRUP) Guidance

- 5.9 ICBs and their partner trusts must:
- prepare a plan setting out their planned capital resource use before the start of each financial year (by 1 April)
 - publish the plan and give a copy to the integrated care partnership for the relevant ICB's area, any relevant health and wellbeing boards and NHS England

5.10 Boards of the ICB and its partner trusts will approve their JCRUP and will expect to see clear alignment with the Capital Plan and the 5 Year Strategic Commissioning Plan (which incorporates the legal requirements of the joint forward plan (JFP) and the integrated care system's infrastructure strategies

Other Issues

Contracts Position

6. The ICB is working through several outstanding contract issues, including the
- UHMB Local Price Modifications (LPM) and Segment 0/1 position,
 - Clinically Ready for Discharge (CRFD) and Out of Area Placements (OAP) arrangements with LSCFT
 - Resolving historic baseline discrepancies with inter-provider partners such as Mersey and West Lancashire (MWL) and Alder Hey.
- 6.1 Segment 0/1 letters have now been issued for financial implementation from Q2 2026/27 with all other L&SC acute providers.
- 6.2 Next steps focus on strengthening the ICBs contract management approach, including issuing IAPS to NHS and Independent Sector providers once contract agreements are finalised, and progressing the “deconstructing the block” workstream in Q1.

Risk

- 7.1 The ICBs operational plan is deliverable but does include a significant amount of risk and requires delivery from the start of the year with savings required on recurrent basis in order to support years 2&3 of the plan.
- 7.2 There are a number of ‘planning risks’ associated with prescribing (primary and secondary care) alongside Continuing Healthcare & Joint Funded Packages of Care.
- 7.3 Further risks relate to the LD pooled budget arrangements, the system's ability to deliver the shift-left and prevention agenda at scale, and the challenge of balancing recurrent and non-recurrent savings to secure a sustainable financial position.

Conclusion and Next Steps

- 8.1 Delivery of the plan remains dependent on closing outstanding contract issues, implementing WRP and mitigation schemes at pace, and strengthening demand-management and commissioning approaches as the system moves into the new financial year.

- 8.2 Next steps focus on securing agreement of all contracts by 31 March and implementing revised internal governance arrangements through the new IMT structure which will drive delivery of WRP and mitigation initiatives.
- 8.3 During Q1, the system will accelerate enhanced contract management, progress demand-management and commissioning priorities, and initiate the de-constructing the block programme to support sustainable delivery.

Recommendations

9.1 The Board is asked to:

- i. Approve the operational plan including finance / performance / workforce components noting financial control total and relative compliance with key performance standards.
- ii. Note the updates regarding the ICB Capital plan and approve the use of the ICB operational capital

Mark Bakewell

Chief Finance Officer

18th March 2026