Lancashire and South Cumbria Integrated Care Board

Integrated Care Board

Date of meeting	9 July 2026
Title of paper	Finance Performance Report – Month 2 2026/27
Presented by	Mark Bakewell, Chief Finance Officer
Author	Emma McGrath, Acting Director of Financial Management
Agenda item	12
Confidential	No

Executive summary
The report provides an overview of the M2 financial position for 2026/27 financial year (as at 31st May 2026). The ICB is reporting on plan for both YTD and Forecast Outturn, based on the utilisation of WRP and other mitigations. The ICB's 26/27 plan requires a minimum delivery of c.£215m cost mitigations 2026/27 to achieve the required financial position (resulting in a £34.9m deficit as per NHSE control total which would attract deficit support funding) The mitigation plan comprises three primary components:(WRP c.£127m / Organisational Change (c.£36m) and Other Mitigations (c£52m) Plans have been fully identified but do carry a level of inherent risk and are being monitored through the Transformation and Financial Improvement Group (TFIG) on a weekly basis 26-27 Operational Financial Plans have been developed in accordance with NHS planning guidance, particularly regarding o resetting of contract baselines in accordance with national payment & contracting rules for the 26-27 financial year, o commissioning sufficient activity to deliver constitutional standards o reflecting national assumptions on price / volume growth in a range of commissioning expenditure areas An assessment of a number of other risks / issues are still being finalised in respect of contract adjustments and updates to planning assumptions The system has agreed to undertake a quarter 1 risk review to assess progress against the operational plan assumptions, alignment of income and expenditure between partners within the system and to include an assessment against wider performance measures. This will take place at the end of July following finalisation of month 3 organisational positions.

Recommendations	
The ICB Board is asked to note • The reporting position as at M2 (May 2026) in respect of the year to date position	

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?	✓			
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:	Mark Bakewell, Chief Finance Officer

Integrated Care Board – 9 July 2026

Finance Performance Report – Month 2 (May) 2026

1. Introduction

1.1 This paper reports on the Month 2 reporting position for Lancashire & South Cumbria ICB, reflecting available information as at the end of May 2026

2. M02 Financial Performance Duties

2.1 The below table provides an overview of the ICB performance as at the end of may, reflecting respective financial performance targets and other reporting metrics (including relative cash performance and Better Payment Practice Code)

ICB FINANCIAL PERFORMANCE TARGETS		YTD	FORECAST OUTTURN
ICB expenditure does not exceed Income (0% deficit)		🟢	🟡
ICB does not exceed Revenue Resource Limit		🟢	🟡
ICB does not exceed Capital Resource Limit		🟢	🟢
ICB does not exceed Admin Running Costs Allowance		🟡	🟢
OTHER FINANCIAL METRICS		**YTD**	**FORECAST OUTTURN**
ICB does not exceed Cash Limit		🟢	🟢
ICB meets Better Payment Practice Code	NHS	🟢	🟢
	Non NHS	🟢	🟢

Key	
On plan	🟢
Actions in place to achieve plan	🟡
Miss to plan	🔴
Information not available	⚪

3. Current Financial Performance

3.1 At the end of month 2, the Integrated Care Board (ICB) is reporting a year-to-date breakeven position as per the below table.

Table 2: Expenditure Variance Analysis

Summary Income and Expenditure	Year-to-Date : Month 01-02		
	Budget £000	Actual £000	Variance Favourable / (Adverse) £000
Revenue Resource Limit	940,564	940,564	0
Total Allocations	**940,564**	**940,564**	**0**
Acute Services (excl Ind Sector)	412,573	412,647	(75)
Acute Services - Independent Sector	30,862	28,066	2,796
Mental Health & LDA Services	98,592	100,687	(2,095)
Community Services	66,527	67,999	(1,472)
Continuing Care Services	59,923	59,308	614
Primary Care - Prescribing	60,070	53,795	6,274
Primary Care - Other Services	13,484	9,642	3,843
Other Services	(43)	11,900	(11,943)
Delegated - Primary Care	104,153	104,191	(38)
Delegated - Specialised Commissioning	91,672	88,802	2,870
Healthcare Sub Total	**937,811**	**937,037**	**774**
Running Costs	2,752	3,526	(774)
Total Expenditure	**940,564**	**940,564**	**0**
Surplus / (Deficit)	**0**	**0**	**0**

3.2 The ICB is reporting on plan for both YTD and Forecast Outturn, based on the utilisation of WRP and other mitigations. The main areas of note are:

a) Acute Services +£2.7m (favourable)

Prior Year IS benefit (£1.8m favourable), demand management planning assumption pressures (£2.6m adverse) offset by higher YTD WRP savings (£3.5m favourable)

b) Mental Health & LDA -£2.1m (adverse)

Additional ADHD and Autism package pressures (£1.2m adverse) and under-delivery of WRP savings (£0.8m adverse)

c) Community -£1.5m (adverse)

Prior Year Charges relating to consumables (£0.3m adverse) Weight Management (£0.4m adverse) and Intermediate Care Cost Pressures (£0.5m adverse)

d) Prescribing +£6.3m (favourable)

Impact of prior year (still (being validated) £2.7m (favourable) and higher YTD WRP savings - NB – M1 prescribing (April) not yet received

e) **Primary Care other** **+£3.8m (favourable)**

Prior Year Benefit £0.5m (favourable) Delivery of WRP savings ahead of plan £3.3m (favourable)

f) **Other Services** **-£11.9m (adverse)**

Combination of Cost of Commissioning allocation adjustment pressures (c £3.6m) (NB – as per below), Other contract / planning adjustments (Inter Contract Agreements Circa £3m, Other required Mitigations £2m, Spec Comm plan £2.9m (offset to delegated) and Other Service Pressures (estates) £0.5m

NB At plan submission - Other Services and Running Costs include an indicative distribution of the 'Cost of Commissioning' allocation adjustment prior to the agreement of the final staffing structure response to the operating model. The allocation adjustments will require a budget virement to reflect the final staffing structures including the CSU changes and the other operating model decisions once finalised.

3.3 The below table provides an overview of the breakdown of the year to date position reflecting the various factors driving the variances as per the reporting position.

Table 3: Variance Analysis

Summary Income and Expenditure	M02 - YTD VARIANCE				
	Prior Year Impact Fav / (Adv) £000	In-Year Impact Fav / (Adv) £000	WRP Over / (Under) Delivery £000	Cost of Commissioning £000	YTD Variance Fav / (Adv) £000
Acute Services (excl Ind Sector)	(11)	(64)	-	TBC	(75)
Acute Services - Independent Sector	1,808	(2,564)	3,552	TBC	2,796
Mental Health & LDA Services	-	(1,269)	(826)	TBC	(2,095)
Community Services	(272)	(1,071)	(129)	TBC	(1,472)
Continuing Care Services	-	(185)	799	TBC	614
Primary Care - Prescribing	2,724	0	3,550	TBC	6,274
Primary Care - Other Services	496	(0)	3,347	TBC	3,843
Other Services	(8)	(11,795)	(140)	-	(11,943)
Delegated - Primary Care	78	(116)	-	TBC	(38)
Delegated - Specialised Commissioning	-	2,870	-	TBC	2,870
Running Costs	-	(774)	-	TBC	(774)
Total Expenditure	**4,815**	**(14,968)**	**10,153**	**-**	**0**

3.4 The M02 WRP delivery is £15.7m against a YTD plan of £5.5m, resulting in an over delivery of £10.2m. The profiling of the WRP plan does increase throughout the financial year and is regularly monitored through the month end reporting process with the ambition to pull forwards savings options at every opportunity as per the delivery plan.

Table 3: ICB WRP delivery

Summary of Delivery Unit Targets	Year-to-Date : Month 01-02 Plan £000	Actual Delivered £000	Variance Over/(Under) Delivery £000
Acute	-	3,552	3,552
Community	542	413	(129)
Primary Care	891	4,238	3,347
AACC	3,134	3,933	799
Mental Health & LDA	826	-	(826)
Prescribing	-	3,550	3,550
Other Services	140	-	(140)
	5,533	**15,686**	**10,153**

4. Forecast Outturn

4.1 The ICB is reporting to deliver a forecast breakeven outturn in accordance with the opening plan, but with some variance at programme level as per table below and known information at this early part of the year

4.2 Delivery of this position requires continued focus on delivering the forecast run rate, delivery of WRP and ongoing management of operational pressures. It is vital that the ICB reduces expenditure on an ongoing basis to help support the 26/27 underlying financial plan position. As reported within the YTD position, the Cost of Commissioning allocation adjustment has been included within budgets prior to the agreement of the final staffing structure response to the operating model. The allocation adjustment will require a budget virement to reflect the final structures once approved.

Table 4: Forecast Outturn

Summary Income and Expenditure	Final Outturn : Month 01-12		
	Annual Budget £000	Final Outturn £000	Variance Favourable / (Adverse) £000
Revenue Resource Limit	5,596,310	5,596,310	0
Total Allocations	**5,596,310**	**5,596,310**	**0**
Acute Services (excl Ind Sector)	2,425,630	2,425,884	(254)
Acute Services - Independent Sector	122,856	121,769	1,087
Mental Health & LDA Services	575,907	578,930	(3,024)
Community Services	394,215	396,196	(1,981)
Continuing Care Services	343,716	347,082	(3,366)
Primary Care - Prescribing	345,617	345,617	0
Primary Care - Other Services	66,133	71,368	(5,235)
Other Services	80,675	78,447	2,228
Delegated - Primary Care	638,020	638,020	0
Delegated - Specialised Commissioning	575,284	558,063	17,221
Healthcare Sub Total	**5,568,053**	**5,561,376**	**6,677**
Running Costs	28,257	34,934	(6,677)
Total Expenditure	**5,596,310**	**5,596,310**	**0**
Surplus / (Deficit)	**(0)**	**(0)**	**0**
Surplus / (Deficit) excluding Deficit Support Funding	**(34,905)**	**(34,905)**	**0**

5. Financial Improvement Programme

5.1 The ICB's plan requires a minimum delivery of c.£214.6m in 2026/27 to achieve a balanced financial plan (£39m deficit as per NHSE control total).

5.2 As at month 2, the ICB currently has identified £213.1m of schemes attributed to these 3 areas plus additional non-recurrent measures of circa £7m (but do not meet the definition of WRP) which are not included above. Of these £31m have been delivered as at Month 2, including £15.7m of WRP and £15.8m of organisational change (largely associated with VR exits at the end of the 25/26 financial year)

Financial Improvement Programme area	Delivered	Delivering	Low	Med	High	Overall identified	Target per Plan
WRP Financial Savings programme	£15.69	£2.33	£59.75	£46.60	£4.00	£128.37	£127.25
Organisational change restructure efficiencies	£15.80	£0.00	£1.63	£6.81	£0.00	£24.24	£35.86
Financial mitigations programme	£0.00	£8.50	£17.00	£14.50	£20.50	£60.50	£51.49
Total	**£31.48**	**£10.83**	**£78.38**	**£67.91**	**£24.50**	**£213.10**	**£214.60**

5.3 Of the residual areas of the improvement programme, £10.8m are assessed as delivering with categories of risk assessed as per the above table (£78m low risk, £68m medium risk, £25m high risk)

5.4 Monitoring of these programmes take place through the ICB Transformation & Financial Improvement Group (TFIG). Programme Leads have been asked to pursue additional savings opportunities (up to 20%) in order to mitigate in-year risks and slippage on identified schemes

Waste Reduction Programme Detail

5.5 With regards to the Month 2 WRP reporting position - £15.69m has been transacted year to date against the plan annual target of £127.25m of which the £15.69m is reported within the M2 year to date financial reporting.

Commissioning function	Exec Lead	SRO	Delivered	Delivering	Low	Med	High	Overall identified	Target per Plan
AACC	Jane Scattergood	Rakhee Jethwa	£3.93	£0.02	£19.96	£0.00	£0.00	£23.91	£29.58
Acute	Craig Harris	Jayne Mellor	£3.55	£0.00	£8.11	£16.00	£0.00	£27.66	£26.14
Mental Health & LDA	Craig Harris	Fleur Carney	£0.00	£1.48	£19.89	£0.00	£0.00	£21.37	£21.37
Prescribing	Andy Knox	Andrew White	£3.55	£0.00	£10.55	£12.94	£0.00	£27.04	£27.04
Primary & Community Care	Craig Harris	Peter Tinson	£4.65	£0.83	£1.24	£12.66	£4.00	£23.38	£21.04
Other Services	Mark Bakewell	Mark Bakewell	£0.00	£0.00	£0.00	£5.00	£0.00	£5.00	£2.07
WRP scheme total			**£15.69**	**£2.33**	**£59.75**	**£46.60**	**£4.00**	**£128.37**	**£127.25**

Organisational Change Programme

5.6 The ICBs organisational change restructure programme is an important component of the 26-27 financial improvement programme and is targeted to deliver the resource allocation adjustment of £36m with £24.24m currently identified.

5.7 Savings are profiled to deliver against quarters with voluntary redundancy savings realized in M1 (£15.80m). Further savings profiled for delivery in September in accordance with programme of work.

5.8 The below table shows the relative breakdown to the £24m delivery plan

	Fully developed	
Delivered	£ 15,796	£ 15,796
Delivering		£ -
Low	£ 1,629	£ 1,629
Med	£ 6,811	£ 6,811
High		£ -
	£ 24,235	**£ 24,235**

Other Mitigations

5.9 Mitigations programme working towards achievement of current identified initiatives that form this programme is outlined alongside the range of potential savings which are risk rated accordingly.

5.10 Savings are applied to delivery RAG based on range of opportunity adopting a potential maximum / minimum delivery by scheme. Assumption that delivery of savings from these initiatives will start to materialise from Q2 (month 4).

	Stage of development		
	Fully developed	Plans in progress	
Delivered			£ -
Delivering	£ 8,500		£ 8,500
Low	£ 16,000	£ 1,000	£ 17,000
Med	£ 13,500	£ 1,000	£ 14,500
High	£ 19,500	£ 1,000	£ 20,500
	£ 57,500	£ 3,000	£ 60,500

Other Financial Performance Metrics

Cash

6.1 As at month 2, the ICB's cash drawdown is £68.1m over target having utilised 18% compared to 16.7%. This is due to paying a number of phased payments during quarter one including (Hospice grants / QOF achievement)

Better Payment Practice Code

6.2 The ICB is currently exceeding its cumulative better payment practice code target levels as at May 2026 as per the below table

ICB Better Payment Practice Code		Total invoices paid by ICB	Total invoices paid within	Target %	Year to Date performance %
Non NHS	Volume	22,075	22,036	95.00%	99.82%
	Value (£000)	258,516	257,942	95.00%	99.78%
NHS	Volume	497	490	95.00%	98.59%
	Value (£000)	638,114	638,070	95.00%	99.99%

7. Risks & Issues

7.1 An assessment of a number of other risks / issues are still being finalised in respect of contract adjustments and updates to planning assumptions with an update to be provided to the ICB finance and contracting committee in July and at further regular intervals.

7.2 The system has agreed to undertake a quarter 1 risk review to assess progress against the operational plan assumptions, alignment of income and expenditure between partners within the system and to include an assessment against wider performance measures. This will take place at the end of July following finalisation of month 3 organisational positions.

8. Conclusion & Recommendations

8.1 The board is asked to note the reporting position as at the end of May (Month 2) within the 26/27 financial year.

Mark Bakewell
Chief Finance Officer