

Integrated Care Board

Date of meeting	17 September 2026
Title of paper	Finance Performance Report – Month 4 26/27
Presented by	Mark Bakewell, Chief Finance Officer
Author	Emma McGrath, Acting Director of Financial Management
Agenda item	11
Confidential	No

Executive summary

The report provides an overview of the month 4 financial position for 26/27 financial year (as at 31st July 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.£214.6m cost mitigations 26/27 to achieve the required financial position (resulting in a £34.9m deficit as per NHSE control total which would attract deficit support funding).

The original mitigation plan comprises three primary components:(WRP c.£127m / Organisational Change (c.£36m) and Other Mitigations (c£52m)) with Operational Plans were developed in accordance with NHS planning guidance, particularly regarding:

- resetting of contract baselines in accordance with national payment & contracting rules for the 26/27 financial year,
- commissioning sufficient activity to deliver constitutional standards
- reflecting national assumptions on price / volume growth in a range of commissioning expenditure areas.

Plans had been fully identified albeit with a level of inherent risk and inevitably have progressed during implementation phase are being monitored through the Transformation and Financial Improvement Group (TFIG) on a weekly basis.

The system has undertaken a quarter 1 risk review to assess progress against the operational plan assumptions, alignment of income and expenditure between partners within the system and an assessment against wider performance measures.

A number of key themes have been identified for follow up and will take place at the end of October following finalisation of quarter 2 / organisational positions.

The ICB has concluded its contract agreements with the majority of healthcare providers during July 2026, resolving a number of local issues for the 26/27 financial year including Rural Sparsity Funding to University Hospitals Morecambe Bay NHS Foundation Trust and an approach to high cost drugs and devices.

Recommendations

The Board is asked:

- To **note** the reporting position as at month 4 (July 2026) in respect of the year to date position
- To **note** the relevant risks and issues as described with the report in respect of the ICB outturn position, including assessment of risk adjusted position and other issues as identified (including finalisation of contract values and local authority discussions regarding Transforming Care and Learning Disability Pooled Fund arrangements).

Which Strategic Objective/s does the report relate to: Tick

SO1	To improve population health and reduce inequalities through effective strategic commissioning.	✓
SO2	Commission high quality, safe and accessible services that deliver better and more equitable outcomes and patient experience.	✓
SO3	To develop and sustain the workforce, leadership and organisational capability required to operate as an effective strategic commissioner.	
SO4	Improved financial sustainability through directing available resources to deliver the greatest possible value.	✓
SO5	To deliver agreed national and local outcomes through a balanced focus on performance, improvement and long-term system resilience.	✓

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
Finance and Contracting Committee	26 th August 2026	As per Committee Chair 'AAA' report

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, Chief Finance Officer
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Integrated Care Board – 17 September 2026

Finance Performance Report – Month 4 (July) 2026

1. Introduction

- 1.1 This paper reports on the month 4 reporting position for Lancashire & South Cumbria ICB, reflecting available information as at the end of July 2026.

2. Month 4 Financial Performance Duties

- 2.1 The table below provides an overview of the ICB performance as at the end of July, reflecting respective financial performance targets and other reporting metrics including relative cash performance and Better Payment Practice Code.
- 2.2 Further commentary on the relative measures are included within the report.

ICB FINANCIAL PERFORMANCE TARGETS	YTD	FORECAST OUTTURN	NOTES
ICB expenditure does not exceed Income (0% deficit)	●	●	The ICB has reported a year-to-date breakeven at month 4.
ICB does not exceed Revenue Resource Limit	●	●	
ICB does not exceed Capital Resource Limit	●	●	
ICB does not exceed Admin Running Costs Allowance	●	●	The ICB is forecasting to remain within its running cost allocation for 2026/27 but work is ongoing to respond to the reorganisation requirements for the future.
OTHER FINANCIAL METRICS	YTD	FORECAST OUTTURN	NOTES
ICB does not exceed Cash Limit	●	●	The data for M4 is currently being validated with the cumulative position to be reported in M5.
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 4, the Integrated Care Board (ICB) is reporting a year-to-date breakeven position as per the table below.

Table 2: Expenditure Variance Analysis

Summary Income and Expenditure	Year-to-Date : Month 01-04		
	Budget	Actual	Variance Favourable / (Adverse)
	£000	£000	£000
Revenue Resource Limit	1,898,103	1,898,103	0
Total Allocations	1,898,103	1,898,103	0
Acute Services (excl Ind Sector)	824,708	824,764	(56)
Acute Services - Independent Sector	45,283	43,373	1,911
Mental Health & LDA Services	201,736	204,664	(2,928)
Community Services	133,123	136,063	(2,940)
Continuing Care Services	122,976	123,185	(209)
Primary Care - Prescribing	120,686	115,197	5,489
Primary Care - Other Services	27,966	23,978	3,988
Other Commissioned Services	11,109	9,878	1,230
Other Programme Services	15,552	13,818	1,734
Reserves/Contingencies	(17,594)	0	(17,594)
Delegated - Primary Care	218,295	217,353	942
Delegated - Specialised Commissioning	184,308	178,568	5,740
Healthcare Sub Total	1,888,148	1,890,841	(2,693)
Running Costs	9,955	7,262	2,693
Total Expenditure	1,898,103	1,898,103	(0)
Surplus / (Deficit)	0	(0)	(0)
Surplus / (Deficit) excluding Deficit Support Funding	(11,635)	(11,635)	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:

Programme	YTD variance	Key drivers
Acute Services	£1.9m favourable	- Prior-year independent sector benefit of £1.9m £3.5m higher YTD WRP benefit, £3.5m demand management planning assumption pressures. NB - Contract monitoring data remains under validation; no contract variance is reported at month 4
Mental Health and LDA	£2.9m adverse	- ADHD pressure of £0.5m, - Autism package pressure of £1.7m - WRP under-delivery of £0.5m.
Community	£2.9m adverse	- Prior-year consumables charges of £0.3m - Weight management pressure of £1.2m and - WRP under-delivery of £1.2m.
Continuing Care	£0.2m adverse	- In-year CHC package and Funded Nursing Care costs of £1.1m, - partly offset by a £0.8m staffing underspend and £0.1m WRP over-delivery.
Prescribing	£5.5m favourable	- Prior-year benefit of £5.0m £6.4m higher YTD WRP savings, £5.9m higher in-year drug costs based on month 2 BSA data.
Primary Care other	£4.0m favourable	YTD WRP delivery £4.2m ahead of plan,

		• £0.3m additional prior-year costs.
Other commissioned, programme and running costs	£5.6m favourable	• Other Commissioned Services £1.2m favourable • Other Programme Services £1.7m favourable • Running Costs £2.7m favourable, *(largely due to staff vacancies)
Reserves and contingencies	£17.6m adverse	• Cost of Commissioning allocation adjustment YTD pressure of £12.0m (NB * Vacancies shown elsewhere until budget refresh) • Specialised Commissioning planning assumption / ledger requirement £5.7m (note offset below)
Delegated Specialised Commissioning	£5.7m favourable	• Specialised Commissioning planning assumption £5.7m

3.3 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. These are being transacted at month 5 & 6 based on available structure / HR information to help support budget management improvements.

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

Table 3: Variance Analysis

Summary Income and Expenditure	M04 - YTD VARIANCE				
	Prior Year Impact Fav / (Adv)	In-Year Impact Fav / (Adv)	WRP Over / (Under) Delivery	Cost of Commissioning	YTD Variance Fav / (Adv)
	£000	£000	£000	£000	£000
Acute Services (excl Ind Sector)	(99)	43	-	-	(56)
Acute Services - Independent Sector	1,913	(3,508)	3,506	-	1,911
Mental Health & LDA Services	198	(2,631)	(495)	-	(2,928)
Community Services	(278)	(1,454)	(1,208)	-	(2,940)
Continuing Care Services	-	(298)	89	-	(209)
Primary Care - Prescribing	5,018	(5,919)	6,390	-	5,489
Primary Care - Other Services	(292)	120	4,160	-	3,988
Other Commissioned Services	15	1,215	-	-	1,230
Other Programme Services	-	2,154	(420)	-	1,734
Reserves/Contingencies	-	(5,641)	-	(11,953)	(17,594)
Delegated - Primary Care	-	942	-	-	942
Delegated - Specialised Commissioning	-	5,740	-	-	5,740
Running Costs	-	2,693	-	-	2,693
Total Expenditure	6,475	(6,544)	12,022	(11,953)	(0)

Year to Date Waste Reduction Plan (WRP) & Non-Recurrent Savings Position

3.5 The month 4 WRP delivery is £27.3m against a YTD plan of £15.3m, resulting in an over delivery of £12.0m at the end of July. The favourable year to date position is largely down to a number of in-year schemes starting earlier in the year than originally planned compared to original profile.

- 3.6 However, the profiling of the WRP plan does increase throughout the financial year and will need to be monitored closely as per the information included within the forecast outturn section of this report.
- 3.7 The table below includes a number of non-recurrent schemes outside of WRP (circa £5.4m)

Table 4: ICB WRP + Non-Recurrent delivery

Summary by Delivery Unit	Year-to-Date : Month 01-04		
	Plan	Actual Delivered	Variance Over/(Under) Delivery
	£000	£000	£000
Acute	46	3,552	3,506
Community	1,621	413	(1,208)
Primary Care	1,643	5,803	4,160
AACC	6,601	6,690	89
Mental Health & LDA	2,744	2,249	(495)
Prescribing	2,178	8,568	6,390
Other Services	420	-	(420)
	15,253	27,275	12,022

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.
- 4.3 Timelines for month 4 reporting means that limited information has been received in some areas (e.g. two months of prescribing and contract information requires validation and is therefore difficult to fully identify trends and forecast outturn position but will be available during Q2 (month 4-6) reporting
- 4.4 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 and will be adjusted for m5/m6 reporting once all required information has been received.

Table 5: Forecast Outturn

Summary Income and Expenditure	Final Outturn : Month 01-12		
	Annual Budget	Final Outturn	Variance Favourable / (Adverse)
	£000	£000	£000
Revenue Resource Limit	5,666,368	5,666,368	(0)
Total Allocations	5,666,368	5,666,368	(0)
Acute Services (excl Ind Sector)	2,427,777	2,427,195	582
Acute Services - Independent Sector	122,856	121,586	1,270
Mental Health & LDA Services	589,961	587,421	2,540
Community Services	398,048	403,645	(5,597)
Continuing Care Services	359,080	352,648	6,432
Primary Care - Prescribing	356,339	354,339	2,000
Primary Care - Other Services	71,031	80,059	(9,028)
Other Commissioned Services	32,102	29,428	2,674
Other Programme Services	48,529	48,057	472
Reserves/Contingencies	(9,410)	14,139	(23,550)
Delegated - Primary Care	666,236	666,242	(6)
Delegated - Specialised Commissioning	575,563	558,342	17,221
Healthcare Sub Total	5,638,111	5,643,101	(4,990)
Running Costs	28,257	23,267	4,990
Total Expenditure	5,666,368	5,666,368	(0)
Surplus / (Deficit)	0	0	(0)
Surplus / (Deficit) excluding Deficit Support Funding	(34,905)	(34,905)	0

4.5 The main areas of variance are as below (further information on elements of the financial improvement plan (WRP etc are included in the below section)

Programme	FOT variance	Key drivers
Mental Health and LDA	£2.5m favourable	- Autism package pressure of £3.0m - Increased WRP assumptions £5.6m NB - Contract monitoring data remains under validation; no forecast contract variance is reported in respect of forecast outturn.
Community	£5.6m adverse	- Weight management Pressures £3.1m, - Terminations of pregnancy £0.7m - WRP under-delivery £1.7m
Continuing Care	£6.4m favourable	- WRP over-delivery £5.0m - Staff vacancies £1.4m
Prescribing	£2.0m favourable	- Prior-year benefit £5.0m - WRP £2.0m, £5.0m higher in-year drug costs.
Primary Care other	£9.0m adverse	Forecast WRP under-delivery of £8.7m
Other commissioned, programme and running costs	£8.2m favourable	- Other Commissioned Services £2.7m* - Other Programme Services £0.5m* - Running Costs £5.0m* *Partly reflecting staff vacancies used to offset Cost of Commissioning.
Reserves and contingencies	£23.6m adverse	£35.9m Cost of Commissioning adjustment, £12.3m favourable in-year impact consisting of £17.2m Specialised Commissioning plan offset to delegated) £29.5m favourable (based on expected impact of pressures, additional funding and other plan mitigations)

Delegated Specialised Commissioning	£17.2m favourable	Specialised Commissioning planning assumption £17.2m
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5. Financial Improvement Programme

5.1 The ICB's plan set out a minimum delivery of c.£214.6m in 26/27 to achieve a balanced financial plan (£34.9m deficit as per NHSE control total), with 3 areas of mitigation being proposed as per the table below

	Original Target £m
Original WRP	127.3
Org Change (Inc Vr1/2)	35.9
Other Mitigations	51.5
Planning Position	214.6

5.2 As at month 4, a number of planning assumptions have now progressed to delivery stage or with original planning assumptions being updated to reflect positions as appropriate.

5.3 The ICB updated forecast now reflects

- an updated value of £188.2m against the original schemes, with the main drivers of the adverse position being
 - Not able to implement WRP plan assumptions regarding Segment 0/1 savings assumptions (linked to UHMB LPM review as per section 7.4 below)
 - Not able to implement WRP plan assumptions regarding Better Care Fund savings assumptions
- Additional non-recurrent measures of circa £8m (but do not meet the definition of WRP) which are not included above.
- Additional WRP+' measures of £21.2m (£10.5m identified in AACC plus £10.7m in other areas)

Month 4 Financial Improvement Summary position

Programme	Original target £m	M4 FOT £m	Variance to Original Plan
Original WRP	127.3	109.8	(17.5)
Organisational Change, including VR1/2	35.9	19.4	(16.5)
Other Mitigations	51.5	59.0	7.5

Planning Position	214.6	188.2	(26.4)
Non-Recurrent Measures	–	8.0	8.0
Additional Identified WRP+ (AACC)	–	10.5	10.5
Further WRP+ stretch, to be confirmed in Q2	–	10.7	10.7
Total	214.6	217.4	2.8

5.4 Of the above, £49m has been delivered as at month 4, including

- £21.8m of WRP
- £14.7m of organisational change (largely associated with VR exits at the end of the 25/26 financial year)
- £5.4m of non-recurrent mitigations
- £7m of other mitigations

	Programme	Sum of FYE	In year savings	Delivered	Delivering	Low	Med	High
Delivery RAG	Waste Reduction	£ 122.859	£ 109.770	£ 21.831		£59.954	£22.377	£ 5.213
	Non recurrent mitigations (DU level)	£ -	£ 8.005	£ 5.443	£ 0.102	£ 2.265		
	Organisational Change	£ 27.965	£ 19.376	£ 14.736	-£ 0.705	£ 1.304	£ 2.681	£ 1.329
	Mitigations	£ 54.500	£ 59.000	£ 7.000	£ 1.500	£16.500	£14.500	£19.500
	Waste Reduction +	£ 10.520	£ 10.520	£ -	£ 5.000		£ 5.520	
	Grand Total	£ 215.844	£ 206.671	£ 49.011	£ 5.897	£80.023	£45.079	£26.042

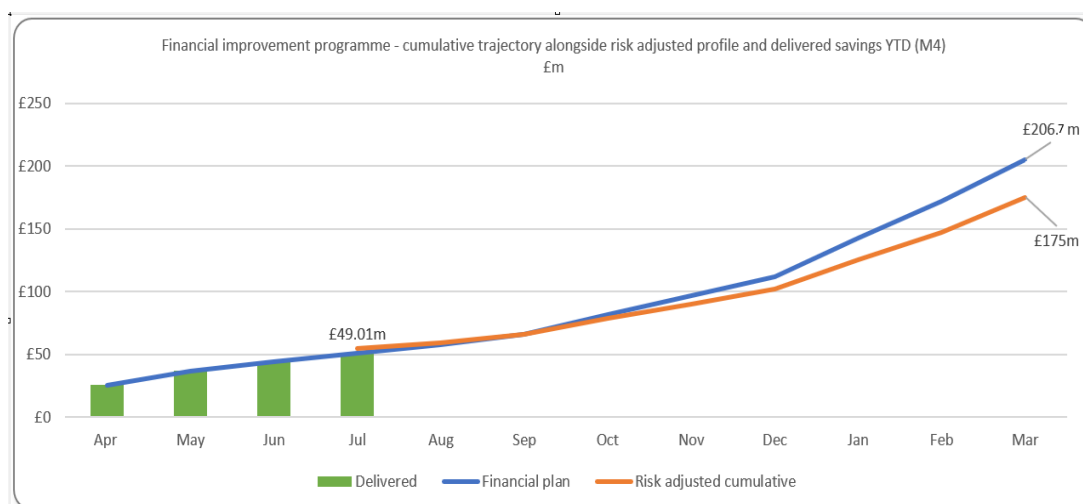
NB - £206.6m above does not include additional WRP + outside of AACC (£10.7m).

5.5 Of the residual areas of the improvement programme, £5.9m are assessed as delivering with categories of risk assessed as per the above table (£80m low risk, £45m medium risk, £26m high risk) with £10.7m not identified as per month 4 reporting timelines.

5.6 Monitoring of these programmes take place through the weekly ICB Transformation & Financial Improvement Group (TFIG) and overall performance remains on in line with expected position at this time of the year (circa £49m) as per chart below

5.7 However, as part of the ongoing assessment of delivery risks, a proportionate reduction has been applied to each area based on current scheme level classification as per the table below (excluding the additional WRP+ outside of AACC) and results in a risk adjusted position of circa £30m- £40m compared to plan should these schemes not deliver.

	Risk adjustment factor	Position at M04	Risk adjusted position
Delivered	100%	£ 49.01	£ 49.01
Delivering	100%	£ 5.90	£ 5.90
Low	100%	£ 80.02	£ 80.02
Med	75%	£ 45.08	£ 33.81
High	25%	£ 26.04	£ 6.51
		£ 206.05	£ 175.25



Waste Reduction Programme Detail

5.8 With regards to the month 4 WRP reporting position - £21.8m has been transacted year to date against the original plan annual target of £15.2m at this stage of the year. The updated forecast position for each scheme is as follows with a forecast of £109m against the original plan of £127.2m

Commissioning function	Exec Lead	SRO	Assigned WRP target	Recurrent (£m)	Delivered (Rec)	Delivering	Low	Med	High
AACC	Jane Scattergood	Rakhee Jethwa	£ 29.58	£ 24.79	£ 6.69	£ -	£ 16.82	£ -	£ -
Acute	Craig Harris	Jayne Mellor	£ 26.14	£ 17.66	£ 3.55	£ -	£ 2.90	£ 6.00	£ 5.21
Mental Health & LDA	Craig Harris	Fleur Carney	£ 21.37	£ 20.83	£ 2.13	£ 0.10	£ 18.60	£ -	£ -
Prescribing	Andy Knox	Andrew White	£ 27.04	£ 29.04	£ 8.57	£ -	£ 18.48	£ 2.00	£ -
Primary & Community Care	Craig Harris	Peter Tinson	£ 21.04	£ 12.45	£ 0.90	£ -	£ 3.16	£ 9.38	£ -
Other Services	Mark Bakewell	n/a	£ 2.07	£ 5.00	£ -	£ -	£ -	£ 5.00	£ -
			£ 127.24	£ 109.77	£ 21.83	£ 0.10	£ 59.95	£ 22.38	£ 5.21

Organisational Change Programme

- 5.9 The ICBs organisational change restructure programme is an important component of the 26/27 financial improvement programme and is targeted to offset a proportion of the 'cost of commissioning' resource allocation adjustment of £36m (the £19.4 p/h target for ICB's) with £19.4m currently identified and £14.7m delivered.
- 5.10 The organisational change profile reflects the in-year phasing of mitigations associated with the cost of commissioning resource adjustment with the

planned areas of mitigation are as per below with relevant phasing as described.

- Voluntary Redundancy (VR) Scheme (1) - From Q1 26/27 (minor movement between PYE and FYE)
- Voluntary Redundancy (VR) Scheme (2) - Expected from Q2 26/27 (FYE 27/28)
- Staffing / Structure Changes - Initial Assumptions maintained until final structure concluded (expected during Q2) with implementation from Q3. *NB - *Final values to be confirmed*
- Commissioning Support Unit - Number of service line changes during 26/27 financial year with the majority of impact from Q2 onwards (due to timing of CSU cessation/ notice period) and with FYE. *NB - *Final values to be confirmed*
- Stranded Costs – Still under negotiation (timing tbd) and the ICB has requested additional funding from NHS England to support these costs.
- Non-Pay – ongoing review, some issues related to staffing structure implementation (e.g. estates) and other releasable costs.

5.11 The table below shows the relative breakdown to the £19.4m savings delivery plan

Scheme	In -year Savings (26/27) £m
Voluntary Redundancy (1)	£12.4m
Voluntary Redundancy (2)	£1.5m
Staffing Structure Implementation	£1.4m*
Commissioning Support Unit	£7.5m*
Other (Stranded Costs)	(£0.22m)
Other (Non-Pay)	£0.2m
Total	£19.4m

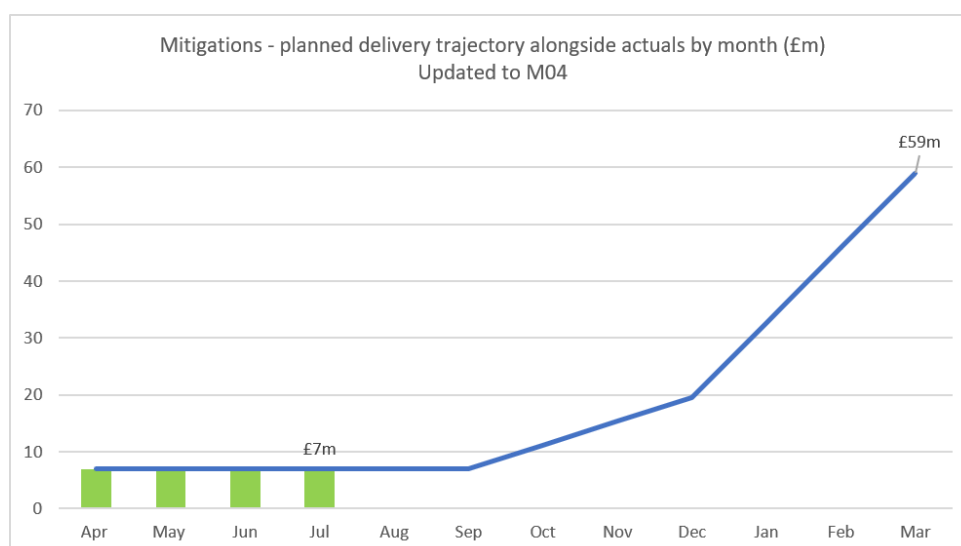
Other Mitigations

5.12 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.

5.13 Savings are applied to delivery RAG based on range of opportunity adopting a potential maximum / minimum delivery by scheme.

Scheme Description	Stage of development*	Recurrence	In year savings £m	Full year savings £m	Delivery RAG				
					Delivered	Delivering	Low	Med	High
Acute Contract Activity Validation (as per plan levels)	Fully developed	(blank)	£ 10.000	£ 10.000	£ -	£ -	£ 3.000	£ 3.000	£ 4.000
Additional Impact on Demographic / Non-Demographic Growth Planning Assumptions	Fully developed	(blank)	£ 10.000	£ 10.000	£ -	£ -	£ 3.000	£ 3.000	£ 4.000
Contract Management Approach (Adherence to Contract / National Rules)	Fully developed	(blank)	£ 5.000	£ 5.000	£ -	£ -	£ 2.000	£ 1.000	£ 2.000
ICB Deep Dive Budget / Expenditure Review (linked to De-Commissioning)	Fully developed	(blank)	£ 18.000	£ 18.000	£ -	£ -	£ 5.000	£ 5.000	£ 8.000
NHSE Additional Resource	Fully developed	(blank)	£ 7.000	£ 7.000	£ 7.000	£ -	£ -	£ -	£ -
Contribution from other new resource allocations	Plans in progress	(blank)	£ 3.000	£ 3.000	£ -	£ -	£ 1.000	£ 1.000	£ 1.000
Primary Care - Dental	Fully developed	Non Recurrent	£ 3.000	£ 3.000	£ -	£ -	£ 2.000	£ 0.500	£ 0.500
Year End Brokerage (ELH1)	Fully developed	(blank)	£ 1.500	£ 1.500	£ -	£ 1.500	£ -	£ -	£ -
Primary Care – GP L1ES forecast outturn	Fully developed	Non Recurrent	£ 1.500	£ 1.500	£ -	£ -	£ 0.500	£ 1.000	£ -
			£ 59.000	£ 59.000	£ 7.000	£ 1.500	£ 16.500	£ 14.500	£ 19.500

5.14 Other Mitigations profile reflects the nature of the assumptions within the agreed plan and stages of relative impact within the financial year.



5.15 With regards to relative profiles against each of the schemes

- Acute Contract & Growth Planning Assumptions

Profiled savings have been assumed for the later parts of the year in order to assess in-year delivery of activity against plan assumptions. Delivery of 26/27 constitutional standards require significant increases in activity alongside productivity and efficiency delivery. This will be reviewed / validated on an ongoing basis but will be supported by the system Q1 review which took place in July and on-going discussions during Q2

- Contract Management Review

Implementation of the review requires completion of indicative activity plans (as part of signed contracts) and then subsequent reviews / contract actions. This will allow for any subsequent actions during Q2 / Q3.

- Deep Dive

Work programme continues to identify opportunities to review ICB expenditure and relative trend over a number of financial years. Actions will be implemented from Q2 onwards, depending upon line of enquiry

Other Financial Performance Metrics

6. Cash

6.1 As at month 4, the ICB's cash drawdown is £21.2m over target having utilised 33.7% compared to 33.3%. This is within expected variances at this stage in the year.

Better Payment Practice Code

- 6.2 The ICB was currently exceeding its cumulative better payment practice code target levels as at month 3 - June 2026 as per the table below.

ICB Better Payment Practice Code		Total invoices paid by ICB	Total invoices paid within target	Target %	Year to Date performance %	Notes
Non NHS	Volume	35,227	35,015	95.00%	99.40%	The ICB is meeting (exceeding) the cumulative BPPC target levels for all areas at month 3.
	Value (£000)	380,029	375,993	95.00%	98.94%	
NHS	Volume	655	655	95.00%	100.00%	
	Value (£000)	941,985	941,985	95.00%	100.00%	

- 6.3 The ICB has experienced a number of late payments in July (month 4) and due to the relative high volume / 'fail' rate, the YTD information is currently being validated with a cumulative position will be reported at month 5.

7. Risks & Issues (including Contract Sign Off Update)

- 7.1 An assessment of a number of other risks / issues are being undertaken by management with updates provided to the executive committee and will be used to inform a further risk-based assessment reporting through the ICB finance and contracting committee to the board at regular intervals over the next 3-4 months.
- 7.2 The system has recently undertaken 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 session took place at the end of July and it has been agreed to follow up with an equivalent session at the end of quarter 2 reporting (in October) following finalisation of month 6 organisational positions. This session will help to inform a number of key outturn assumptions for ICB.
- 7.3 The ICB has recently concluded its contract agreements with the majority of its healthcare providers for the 26/27 financial year. As previously reported the approach to contracting for the year has included a significant amount of work to reset contract and activity baselines in accordance with national expectations and payment rules (e.g. blended payment for urgent and emergency care) and also to reflect the operational plan requirements / purchase of activity to deliver constitutional standards.
- 7.4 The combination of these issues has created additional pressures on the ICB for 26/27 compared to plan assumptions and is currently being assessed with regards to delivery of the overall financial position and level of subsequent risk.
- 7.5 A number of local issues have also needed to be addressed during the approval process and have been a causal factor in the slight delays to contract sign off. A number of key issues are outlined below to ensure the Board are aware of the issues that have delayed sign off

- The ICB has been working with University Hospitals of Morecambe Bay NHS Foundation Trust in respect of historic issues with the combination of Local Price Modification (LPM), Sparsity and related Segment 0/1 funding streams. An agreement reached on the value for 26/27 (circa £40.7m), and a new process will commence in September to assess the methodology and funding value for future years. The 3 historic funding pots have been brought together and will be a single value for 26/27, to be referred to as Rural Sparsity Funding. This has created an additional pressure for the ICB to manage compared to plan assumptions.
- Other areas outside of core contract, for example high-cost drugs and devices have also delayed contract sign off for the four NHS acute LSC providers with a lack of consistency of approach being in place in previous financial years and a need to reflect changes to the tariff drug exclusions in accordance with national guidance. An approach has now been agreed with the 4 main L&SC acute providers, with expenditure to be capped at a maximum level and a risk/gainshare agreement to be varied into the contracts once finalised. Similar to above, there is further work for system partners to do in order to maximise value for total system expenditure in future financial years.

7.6 The Board should also be aware of ongoing reviews with local authority partners in respect of Transforming Care and Learning Disability Pool arrangements which are anticipated to conclude during Quarter 3 which may place additional risk on the ICB.

8. Conclusion & Recommendations

- 8.1 The board is asked to note the reporting position as at the end of July (month 4) within the 26/27 financial year.
- 8.2 Relevant risks and issues as described with the report in respect of the ICB outturn position, including assessment of risk adjusted position and other issues as identified (including finalisation of contract values and local authority discussions regarding Transforming Care and Learning Disability Pooled Fund arrangements)

Mark Bakewell
Chief Finance Officer
3 September 2026