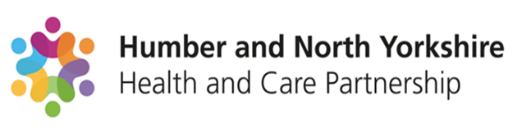
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**Integrated Finance Report for the period ending**

**30 September 2024**

**For presentation at the**

**ICB Board**

**Date: 13/11/2024**

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1. **Executive Financial Summary**

Humber and North Yorkshire NHS system agreed a £50m deficit plan with NHS England (NHSE) for 2024/25. In line with the new NHS financial framework, the system received a non-recurrent deficit support revenue allocation equal to the £50m deficit plan at month 6. This allocation is conditional on the system delivering a breakeven position for 2024/25.

The ICS has reported a £19.9m deficit against a £18.5m year to date plan. This is an overspend of £1.4m against plan that is mainly due to slippage in provider efficiency programme. The level of actual year to date deficit requires the system to urgently progress additional savings plans in the remainder of the financial year to support delivery of the planned financial position.

The system has highlighted the risk to delivery of the overall financial position at circa £34m. The multi-disciplinary summit on 27 September 2024 identified potential opportunity for a material sum of circa £20m. All system partners have been asked, with immediate effect, to ensure actions identified as a checklist from the output of the summit are incorporated into the day-to-day operation of the respective organisations across the Humber and North Yorkshire Integrated Care System. Further work is being progressed by the HRD / DOF community to quantify even more difficult decisions that the system may need to make in the coming weeks.

The table below describes the key financial indicators that have been reported across both the ICB and NHS providers as at the end of September 2024 (Month 6):



1. **System Financial Commentary**

This report presents the financial position, including NHS providers and the ICB, that is available for the system for the period ended 30 September 2024.

* 1. **System Financial Position**

The month 6 position for the system is showing a variance of £1.35m against a year-to-date plan deficit of £18.5m.This overspend relates mainly to slippage against efficiency plans to date.

As the majority of planned efficiencies/mitigating actions for the ICS providers are phased into the last quarter of 2024/25, the month 6 plan and actual expenditure exceeds the full year planned deficit.

The system recognises that there needs to be a clear profile of financial improvement in place to deliver the 2024/25 plan. Work continues to strengthen programme management arrangements, assure effectiveness of control processes, and better align finance and workforce data to identify corrective action.

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* 1. **System Efficiencies**

Delivering the system efficiency programme remains a key focus for 2024/25. All organisations are reviewing the scope and delivery impact of the opportunities identified through the multi-disciplinary summit outputs. The system continues work to maximise on recurrent delivery schemes to support both the in-year position and the recurrent underlying position of the ICS.

* 1. **System Capital**

Capital Expenditure, including all funding streams and IFRS, is underspent to date at month 6 mainly as a result of schemes starting later than planned. The forecast position for the ICS is that expenditure will align with plan following confirmed adjustments for additional income to support provider specific schemes.

* 1. **ICB Establishment Costs**

The ICB's establishment costs plan budget includes a savings/efficiency target requirement of £4.8m in 2024/25 to support the overall ICB financial position and live within running costs allocation for 2024/25. This is being delivered through vacancy control and management of non-pay costs and forecast delivery is in line with plans.

* 1. **Mental Health Investment Standard**

The ICBs MHIS target is 4.1% for 2024/25 that is consistent with the ICB allocation growth % for 2024/25.

1. **ICB Summary Income & Expenditure**

The summary ICB position is at Table 2 and at Month 6 shows a small overspend of £0.06m for the ICB.

The main areas of variance to year-to-date plans are in:

* Continuing Healthcare – overspend of £1.4m mainly due to increase in costs relating to high-cost packages of care.
* Mental Health Services – underspend of £2.7m mainly due to prior year benefits and some slippage on developments.
* Delegated primary care services costs – underspend of £1.3m relating to rates rebates and prior year benefits.
* Other programme services – overspend of £4.6m relating to assumed income that have not yet been identified.

The above variances are based on information available to date and are being reviewed. Mitigating actions including non-recurrent measures are being explored.



1. **ICS Provider Income & Expenditure**

The Month 6 position for the ICS NHS Providers (Table 3) is a deficit of £19.9m against a year-to-date plan deficit of £18.5m. This is an adverse variance to plan of £1.4m at month 6 relates mainly to year-to-date slippage against efficiency target at York & Scarborough Teaching Hospitals.

The month 6 plan and actual expenditure exceeds the full year planned deficit as the majority of planned efficiencies/mitigating actions are phased into the last quarter of 2024/25. This position continues to raise significant concern and system work is ongoing to refine and understand run rate and variances and to clarify the monthly profile of financial improvement to deliver the financial plan for 2024/25, incorporating the multi-disciplinary summit outputs as appropriate.



1. **System Efficiencies**

At month 6, the system showed actual achievement of £80m against a target of £84.2m, a shortfall of £4.1m. This comprises of the providers delivering £50.6m against a £52.8m plan (£2.2m adverse) and the ICB delivering £29.4m against a £31.3m plan (£1.9m adverse). The system forecast is to deliver £218.4m, a shortfall of £16.3m against plan.

Table 4 shows the position at ICB and provider level and highlights the recurrent and non-recurrent assessment of schemes. For 2024/25, 53.7% of the overall efficiency is forecast to be delivered on a recurrent basis.

More detailed scheme information is available at Appendix 1.



Table 5 shows the status of scheme development for the ICB and across ICS providers.



1. **System Capital Summary**

**Our capital programme** comprises:-

* £90.3m ICS core capital, used mainly for replacement of existing assets based on depreciation
* £17.9m IFRS16, for the accounting of new or renegotiated leases
* £63.2m additional national capital for specific schemes, such as CDC, digital, Vascular Intervention Unit in York and elective recovery across all our acute providers.
* £3.9m for primary care.
* £7.5m for Catterick, £2.5m from our system capital and £5m from NHS England.

Table 6 sets out the overall Capital summary for the system. There is some year-to-date slippage with schemes starting later than planned and slippage linked to NLaG community diagnostic centres and the Humber service reconfiguration. The Trust is actively looking to managing this slippage across the wider Humber group. The system is currently projecting it will spend all the capital within this financial year.

A mid-year review has been undertaken with providers and this has identified a few risks which will need to be carefully managed through the remainder of the year. These include potential slippage on some of the diagnostic and elective capital, a requirement to reduce our lease accounting (IFRS16) impact down by £1m and delivery of our digital programme.

Further scheme level information is available at Appendix 2.



1. **Summary Provider Agency Expenditure**

The ICS providers agency costs target for 2024/25 is £51.9m, a £7.5m reduction from the 2023/24 target of £59.4m. At month 6, the agency costs are forecast to exceed target by £2.8m but are £11.5m lower than 2023/24 expenditure for the same period. The current forecast for 2024/25 is £25.3m below 2023/24 actual expenditure level.

Nursing agency costs have continued to reduce and is £9m below 2023/24 expenditure to date and forecast is £16.2m below 2023/24 full year actual expenditure.

Consultants' agency expenditure remains higher than plans and is £0.4m higher than 2023/24 for the same period. The forecast, however, is £5.5m below 2023/24 full year actual expenditure.

Summary level financial position is shown at Table 7.



1. **ICB Cash Position**

The ICB currently has a cash resource allocation of £3,984.7m for the 12 months to 31st March 2025. For the 6 months to the end of September the ICB has used £2,025.7m (50.8%). Working on a straight-line basis for cash use, the ICB would be expected to have used no more than £1,992.4m (50.0%), so usage is above this by £33.3m (or 0.8% of the full cash resource allocation).



1. **System BPPC Performance**

Table 9 shows the Better Payment Practice Code (BPPC) performance at provider and ICB level at month 6. Under the BPPC, NHS providers paid 91% of total bills by value and 92% by volume against the target of 95%. The ICB achieved above the 95% NHSE national target across both metrics.



1. **Recommendations**

The Board is asked to:

* Note the month 6 system financial position for 2024/25.
* Note the mitigating actions being pursued in year to deliver 2024/25 financial plan.

**Appendix 1 - Efficiency**





**Appendix 2 – Capital**

