



Agenda Item No:

16

<b>Report to:</b>	Humber and North Yorkshire Integrated Care Board
<b>Date of Meeting:</b>	13 March 2024
<b>Subject:</b>	<b>Month 10 Finance Report</b>
<b>Director Sponsor:</b>	Jane Hazelgrave, Executive Director of Finance & Investment
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**STATUS OF THE REPORT:**

Approve  Discuss  Assurance  Information  A Regulatory Requirement

**SUMMARY OF REPORT:**

This report presents the financial position for the HNY system, including NHS providers and the ICB for the period ended 31 January 2024 (Month 10).

The forecast at month 10 remains in line with planned £30m deficit plus £5.8m of Industrial Action costs incurred in December 2023 and January 2024. Following a full review of risks and mitigations at the end of January 2024, the system has a residual risk of £4.2m that will require management and mitigation to deliver this forecast for the year.

**Key messages are as follows:**

**System Financial Position - Revenue**

- The month 10 position for the system is a deficit of £62.9m against a planned deficit of £34.8m, representing a year to date overspend of £28.1m.
- The main reason for the adverse variance continues to be slippage against efficiency targets, with delivery being £15.9m below plan as at month 10, impact of industrial action, provider underperformance against ERF targets and pay and inflationary pressures. These pressures have been offset in part through budgeted expenditure starting later in the year than initially planned.
- At month 10, the system is forecasting to deliver the planned £30m deficit but have highlighted a further deficit of £5.8m (as per guidance) to reflect the cost impact of industrial action in December 2023 and January 2024. There is a £4.2m residual risk to delivery of this planned forecast that will require management/mitigation.

**System Financial Position - Capital**

- Capital expenditure, including all funding streams and IFRS, is £38.5m underspent as at month 10. The main areas of slippage is in ICB CDEL (£9.2m), TIF schemes (£8.8m) and Frontline Digitisation (£2.2m) and CDC & Diagnostics (£10.2m).
- The forecast is an overspend by £6.7m across all funding streams. There is an overspend of £9.8m on IFRS16 due to forecast overspend at Humber Teaching of £4.7m attributable to a 37-year lease at Whitby Hospital that is expected to qualify as an intra DOH/NHS lease and will therefore be an allowable expenditure. The balance of FOT overspend of £5m is due to IFRS16 capital funding allocated being lower than planned value. This overspend

is offset by ICS CDEL underspend of £3.1m at Harrogate following receipt of £2.0m of RAAC funding not expected at planning stage.

### System Financial Risk

- At Month 10, £25.9m of gross risk has been highlighted with £21.6m of risk with providers and £4.4m with the ICB. This has decreased further by £21.8m from previous month following a full review of risks. Following initial mitigating actions and management, the residual risk reported at M10 is £4.2m with providers. Provider gross risk is mainly on delivery against challenging efficiency targets, projected underperformance against current ERF target and pay pressures and the ICB gross risks relate to, continuing healthcare, high-cost mental health patients and prescribing.
- Work is ongoing across the system to identify mitigating actions to address the residual risk of £4.2m.

### RECOMMENDATIONS:

Members are asked to:

- Note the system financial position for both year to date and forecast outturn.
- Note the residual level of risk identified at M10 that will need be managed to deliver planned/forecast position.

### ICB STRATEGIC OBJECTIVE

Managing Today	☒
Managing Tomorrow	☒
Enabling the Effective Operation of the Organisation	☒

### IMPLICATIONS

Finance	Forecast spend within budgets demonstrates effective use of resources for our population.
Quality	Deploying our resources in a way that manages quality and safety risks and supports improvement
HR	Resources are deployed to facilitate effective deployment of workforce to deliver our agreed priorities.
Legal / Regulatory	NHS ICBs expected to operate within financial envelope and in line with formally approved financial plan.
Data Protection / IG	N/A
Health inequality / equality	Allocation methodologies to support delivery of the ICS four aims and resource utilisation in a way that addresses equality, diversity and inclusion issues.
Conflict of Interest Aspects	N/A

Sustainability	Ensure that resources deployed in a way that promotes environmental sustainability. Capital spend subject to strict carbon footprint regulations.
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**ASSESSED RISK:**

Revenue overspends – each organisation is managing this risk in line with their internal financial governance systems and processes. Monthly reports are collated and reviewed by the ICB and reported through to NHS England. Financial forecasts continue to be reviewed monthly.

**MONITORING AND ASSURANCE:**

The positions are monitored on a monthly basis with a detailed report taken through the Finance Performance and Delivery committee.

**ENGAGEMENT:**

N/A

**REPORT EXEMPT FROM PUBLIC DISCLOSURE**

No  Yes

If yes, please detail the specific grounds for exemption.