

 **Integrated Finance Report for the period ending**

 **30 November 2024**

**For presentation at the**

**ICB Board**

**Date: 08/01/2025**

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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 NHS financial framework, the system received a non-recurrent deficit support revenue allocation equal to the £50m deficit plan. This allocation is conditional on the system delivering a breakeven position for 2024/25.

The ICS has reported a £38.0m deficit against a £25m year to date plan. This is an overspend of £13m against plan that reflects the impact of all year-to-date cost pressures. The system recognises that the level of actual year to date deficit requires the system to urgently progress opportunities/additional savings plans in the remainder of the financial year to support delivery of the planned financial position.

At month 8, the overall system risk/challenge of delivery of the planned financial position is circa £64m. Organisational and system financial recovery plans are in development, and these are being further updated for risks, mitigations and opportunities. A pre-month 9 stock take will be undertaken with each organisation to agree and finalise opportunities to be taken forward in 2024/25 to manage the overall system financial position. The system continues to ensure that grip and cost control measures remain in place and that efficiencies are being maximised.

The table below describes the key financial indicators that have been reported across both the ICB and NHS providers as at the end of November 2024 (Month 8):



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 November 2024.

* 1. **System Financial Position**

The month 8 position for the system is showing a variance of £13m against a year-to-date plan deficit of £25m.This overspend reflects the impact of all costs pressures to date.

As most planned efficiencies/mitigating actions for the ICS providers are phased into the last quarter of 2024/25, the month 8 plan and actual expenditure exceeds the full year planned deficit.

System CEOs and finance leaders have continued discussions on the delivery of the 2024/25 financial position and have agreed the approach to assessing the overall system position and the need for collective action. Following month 8 closedown and ahead of month 9, the system is moving into the next more detailed phase of 'planning into action'.

The overall system recovery plan is under development building on organisational recovery plans and will include:

* The external review already undertaken and how the possible opportunities identified from this are being taken forward.
* A detailed forecast (per organisation and overall, for the system) with key assumptions and a detailed review of risks, mitigations and opportunities.
* The grip & control measures that have been implemented and evidence of ongoing monitoring and compliance (including those from the planning closedown appendix).
* Balance sheet review (which is currently underway).
* How the financial plan could be achieved including any further opportunities for savings that need to be agreed and progressed.

Following initial discussions, an audit brief is being developed with internal audit regarding continued and routine assurance of application of grip & control measures building on the work undertaken by external support.

* 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 8 mainly because 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 8 shows a small overall overspend of £0.2m for the ICB. The forecast is a breakeven position.

The main areas of variance to year-to-date plans within the overall position are in:

* Acute Services – overspend of £2.2m mainly due to ERF and non-ERF costs exceeding income/budget.
* Mental Health Services – underspend of £4.4m mainly due to prior year benefits and some slippage on developments.
* Community Health Services – underspend of £4.6m mainly due to prior year benefits and some contractual underspends in 2024/25.
* Continuing Healthcare – overspend of £1.3m mainly due to increase in costs relating to high-cost packages of care.
* Delegated primary care services costs – underspend of £0.9m relating to rates rebates and prior year benefits.
* Other programme services – overspend of £6.3m relating to assumed income that has 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 8 position for the ICS NHS Providers (Table 3) is a deficit of £37.8m against a year-to-date plan deficit of £25m. This is an adverse variance to plan of £12.8m at month 8 and reflects the impact of all cost pressures year to date. The forecast remains a breakeven position.

The month 8 plan and actual expenditure exceeds the full year planned deficit as most planned efficiencies/mitigating actions are phased into the last quarter of 2024/25. The risk/challenge of delivering the financial plan has been quantified at circa £64m.

Organisations are developing financial recovery plans where there is still a risk/challenge to delivery that will input into an overall system recovery plan and will include:

* The external review already undertaken and how the possible opportunities identified from this are being taken forward.
* A detailed forecast with key assumptions and a detailed review of risks, mitigations and opportunities.
* The grip & control measures that have been implemented and evidence of ongoing monitoring and compliance (including those from the planning closedown appendix).
* Balance sheet review (which is currently underway).
* How the financial plan could be achieved including any further opportunities for savings that need to be agreed and progressed.



1. **System Efficiencies**

At month 8, the system showed actual achievement of £123.8m against a target of £129.1m, an adverse variance of £5.2m. This comprises of the providers delivering £81.2m against a £87.3m plan (£6.1m adverse) and the ICB delivering £42.6m against a £41.8m plan (£0.8m favourable). The system forecast is to deliver £224m, a shortfall of £10.7m 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, 50.9% 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**

The forecast capital programme for the system comprises of:-

* £95.2m ICS core capital, used mainly for replacement of existing assets based on depreciation
* £17.9m IFRS16, for the accounting of new or renegotiated leases
* £67.8m additional national capital for specific schemes, such as CDC, digital, Vascular Intervention Unit in York and elective recovery across all our acute providers.
* £4.3m primary care and CDC and £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. Harrogate Trust is also currently behind plans with respect to TIF.

There is still a significant level of capital to be utilised in the last 4 months of the year and risks to delivery are being carefully managed with providers. The forecast at month 8 is a small overspend of £0.2m, the system expects to contain capital costs within adjusted capital plans for 2024/25.

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 8, the agency costs are over target by £2.2m year to date and are forecast to exceed target by £1.2m. However, agency costs are £16.5m lower than 2023/24 expenditure for the same period and forecast for 2024/25 is £26.9m below 2023/24 actual expenditure level.

Nursing agency costs have continued to reduce (forecast £4.4m underspend) and is £12.2m below 2023/24 expenditure to date and forecast is £17m below 2023/24 full year actual expenditure.

Consultants' agency expenditure remains higher than plans (forecast £4.5m overspend) but is £0.3m lower than 2023/24 for the same period. The forecast is expected to be £4.7m 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 £4,123.2m for the 12 months to 31st March 2025. For the 8 months to the end of November the ICB has used £2,772.1m (67.2%). Working on a straight-line basis for cash use, the ICB would be expected to have used no more than £2,748.8m (66.6%), so usage is above this by £23.3m (or 0.6% 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 8. Under the BPPC, NHS providers paid 91% of total bills by value and 90% 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 8 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**

