

 **Integrated Finance Report for the period ending**

 **31 January 2025**

**For presentation at the**

**ICB Board**

**Date: 12/03/2025**

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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 £54.4m deficit against a £28m year to date plan. This is an overspend of £26.4m against plan that reflects the impact of all year-to-date cost pressures.

Detailed review and assurance work has been undertaken with all organisations and updated for risks, mitigations and savings opportunities. Further in-depth assurance meetings and dialogue with organisations who had reported significant risk to plan delivery (high level of unmitigated risk), have concluded. Following this work, the ICB Board has agreed with NHS England a 2024/25 system allowable deficit of £34.4m. This is in addition to the planned deficit of £50m and will have implications in future years for repayment.

The table below describes the key financial indicators that have been reported across both the ICB and NHS providers as at the end of January 2025 (Month 10):



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 31 January 2025.

* 1. **System Financial Position**

The month 10 position for the system is showing a variance of £26.4m against a year-to-date plan deficit of £28m. This overspend reflects the impact of all cost pressures to date.

Detailed review and assurance work has been undertaken with all organisations and updated for risks, mitigations and savings opportunities. Further in-depth assurance meetings and dialogue with organisations who had reported significant risk to plan delivery (high level of unmitigated risk), have concluded. Following this work, the ICB Board has agreed with NHS England a 2024/25 allowable deficit of £34.4m. This is in addition to the planned deficit of £50m and will have implications in future years for repayment.

At month 10, the overall residual system risk/challenge of delivery of the forecast allowable deficit is £8.8m. The system plans to manage this residual risk in 2024/25 and continues to ensure that grip and cost control measures remain in place and that efficiencies are being maximised.

* 1. **System Efficiencies**

Delivering and maximising system efficiency remains a key focus for the system 2024/25. All organisations continue to review the scope and delivery impact of the opportunities identified through the multi-disciplinary summit outputs. The system recognises the scale of the non-recurrent schemes in 2024/25 and are continuing to work on maximising recurrent delivery opportunities 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 10 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 6.72% for 2024/25 that is consistent with the ICB allocation growth % and pay award uplift for 2024/25.

1. **ICB Summary Income & Expenditure**

The summary ICB position is at Table 2 and at Month 10 shows a small overall overspend of £0.3m for the ICB. The forecast is an overall breakeven position.

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

* Mental Health Services – underspend of £4.6m mainly due to prior year benefits and some slippage on developments.
* Community Health Services – underspend of £6.4m mainly due to prior year benefits and some contractual underspends in 2024/25.
* Continuing Healthcare – overspend of £2.2m mainly due to increase in costs relating to high-cost packages of care.
* Primary Care Services – overspend of £5.6m mainly due to Prescribing costs being higher than planned levels.
* Delegated primary care services costs – underspend of £2.8m relating to rates rebates and prior year benefits.
* Other programme services – overspend of £4.2m 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 continue to be explored.



1. **ICS Provider Income & Expenditure**

The Month 10 position for the ICS NHS Providers (Table 3) is a deficit of £54.2m against a year-to-date plan deficit of £28m. This is an adverse variance to plan of £26.2m at month 10 and reflects the impact of all cost pressures year to date.

Detailed review and assurance work has been undertaken with all organisations and updated for risks, mitigations and savings opportunities. Further in-depth assurance meetings and dialogue have concluded with Humber Health Partnership ( Hull & East Yorkshire Hospital & Northern Lincolnshire & Goole Hospital), York & Scarborough Teaching Hospitals FT and Harrogate and District FT.

Following this, the ICB Board has agreed a 2024/25 allowable deficit of £34.4m with NHS England for 2024/25, £18m for York & Scarborough FT and £16.4m for Harrogate and District FT. This is in addition to the planned deficit of £50m and will have implications in future years for repayment.

At month 10, the overall *residual* provider risk/challenge of delivery of the forecast allowable deficit is £8.8m. All providers in the system continues to ensure that grip and cost control measures remain in place and that efficiencies are being maximised.



1. **System Efficiencies**

At month 10, the system showed actual achievement of £163.5m against a target of £177.2m, an adverse variance of £13.7m. This comprises of the providers delivering £109.8m against a £125m plan (£15.2m adverse) and the ICB delivering £53.8m against a £52.2m plan (£1.6m favourable). The system forecast is to deliver £231.7m, a shortfall of £3.1m 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, 44.7% 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 and the level of risk to delivery for the ICB and across ICS providers.



1. **System Capital Summary**

The forecast capital programme for the system comprises of:-

* £97.2m ICS core capital, used mainly for replacement of existing assets based on depreciation
* £18m IFRS16, for the accounting of new or renegotiated leases
* £79.2m additional national capital for specific schemes, such as CDC, digital, Vascular Intervention Unit in York and elective recovery across all our acute providers.
* £3.7m primary care and CDC and £10.6m for Catterick (£3.2m system capital, £5m NHSE Capital, £2m NHSPS Capital, £0.4m primary care capital).

Table 6 sets out the overall Capital summary for the system. As at month 10 £84.7m of the forecast £208.7m has been spent, meaning £124m of expenditure is expected over the final quarter. Risks to delivery are being carefully managed with providers as there is still a significant level of capital to be utilised in the last 2 months of the year.

The forecast at month 10 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 10, the agency costs are over target by £2.2m year to date and are forecast to exceed target by £3m. However, agency costs are £22.3m lower than 2023/24 expenditure for the same period and forecast for 2024/25 is £25.1m below 2023/24 actual expenditure level.

Nursing agency costs continue to be below planned levels (forecast £5.2m underspend) and is £15.1m below 2023/24 expenditure to date and forecast is £17.7m below 2023/24 full year actual expenditure.

Consultants' agency expenditure remains higher than plans (forecast £5.5m overspend) but is £1.5m lower than 2023/24 for the same period. The forecast is expected to be £3.8m 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 £4,163.2m for the 12 months to 31st March 2025. For the 10 months to the end of January the ICB has used £3.487.7m (83.8%). Working on a straight line basis for cash use, the ICB would be expected to have used no more than £3,469.3m (83.3%), so usage is above this by £18.4m (or 0.5% 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 10. Under the BPPC, NHS providers paid 90% of total bills by value and 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 10 system financial position for 2024/25.
* Note the mitigating actions being pursued in year to deliver 2024/25 financial position.

**Appendix 1 – Efficiency**





**Appendix 2 – Capital**

