

PUBLIC MEETING OF NHS LINCOLNSHIRE INTEGRATED CARE BOARD

Agenda Number:	6 (i)
Meeting Date:	30 th January 2024
Title of Report:	System Financial Management Report December 2023 (Month 9)
Report Author:	Rebecca McCauley, Senior Finance Business Partner
Presenter:	Matt Gaunt, Director of Finance
Appendices:	Appendix 1: Lincolnshire Integrated Care Financial Position Appendix 2: Lincolnshire Integrated Care System Income & Expenditure Summary Appendix 3: Lincolnshire Integrated Care Board Income & Expenditure Analysis

To approve <input type="checkbox"/>	For assurance <input checked="" type="checkbox"/>	To receive and note <input checked="" type="checkbox"/>	For information <input type="checkbox"/>
Recommendation or particular course of action, e.g., approve the strategy, endorse the direction of travel.	Assure the Board/Committee that controls and assurances are in place.	Receive and note implications, may require discussion to help share/develop item.	Note, for intelligence of the Board/Committee without in-depth discussion.

Recommendations

The members of the Board are asked to consider and note the reported financial position of the Lincolnshire Integrated Care System (ICS), the risks presenting along with the mitigations and the actions that are in progress within NHS Lincolnshire Integrated Care Board (ICB) and system Provider executive teams.

Summary

Summary Financial Position

The report presents the year-to-date and outturn position of both the ICB and the ICS for the financial year 1st April 2023 to 31st March 2024.

Through the Month 9 reporting cycle, the ICS moved the forecast position to that agreed with NHS England as part of the 2023/24 half 2 (H2) financial reset process to a £27.4m deficit. Actions to enable delivery of this reset outturn are being closely monitored via the FRP Programme Board.

Year To Date Financial Position

The H2 financial reset plan was for the ICS to deliver a deficit at month 9 of £43.9m which represents a £12.1m adverse variance to the initial 2023/24 plan. The ICS reported delivery against this plan at month 9.

The H2 financial reset plan was for the ICB to deliver a deficit of £30.3m at month 9 which represents a £13.6m adverse variance to the initial plan for 2023/24. The ICB reported delivery against this plan at month 9.

Outturn Financial Position

The ICS' H2 financial reset plan is to deliver a £27.4m deficit for the full financial year. The outturn position is to achieve plan.

This represents a £12.0m adverse variance against the £15.4m planned deficit at the outset of the year.

The ICB expects to deliver a £14.8m deficit by 31st March 2024. This is in line with the H2 financial reset plan. The initial plan at the beginning of the year was for the ICB to deliver a £2.4m surplus for the full year so the position reported at month 9 is a £17.2m adverse variance against this plan. Excess pricing pressure on prescribing is driving most of the deficit.

Risks and mitigations

The ICS has identified £10.0m of risks within its reported outturn position. After mitigations this provides a net risk position of zero. The ICS is assuming that any impact of industrial action will be funded centrally and assumes that the ICS will receive allocations, in quarter four, that were anticipated within the H2 financial reset plan.

Efficiencies

At month 9 the ICS delivered £49.3m in efficiencies which equates to a £0.1m adverse variance against the £49.4m plan. The full year plan is to deliver efficiencies of £78.9m and the outturn at month 9 was to deliver this plan. The ICS Financial Recovery Plan constituted £55.0m of the total efficiency requirement.

Capital

The ICS is reporting an £8.1m underspend against its year-to-date plan of £19.8m due to slippage on some projects. At month 9 the ICS is planning to overspend by £20.6m against its £32.6m full year Capital Allocation. This is due to the impact of the intra-NHS Right of Use asset liability reassessments in-year relating to NHS Property Services. It is expected that these will be excluded from the ICS' Capital Departmental Expenditure Limit.

It is expected that any year-to-date slippage on capital projects will be mitigated in full by the financial year end.

Mental Health Investment Standard (MHIS)

At the 31st of December 2023, the ICS is expecting to achieve its MHIS target for 2023/24. The target spend for the year is £154.2m and the ICS is committed to meeting this target.

Prior year under-delivery of £6.2m is to be delivered in 2024/25 and 2025/26 and plans have been agreed with NHS England.

Better Payment Practice Code

The ICB has delivered the Better Payment Practice Code, to pay 95% of suppliers within 30 days. It has achieved a rate more than 98% both in month and on a year-to-date cumulative bases on both value and volume of invoices received.

ICB Financial Duties

The ICB, as a statutory organisation, must fulfil certain financial duties. Although the ICB is expecting to meet its H2 financial reset plan, expenditure would be greater than allocations and income received and so is a breach of statutory financial performance targets. The ICB has a statutory obligation to achieve its statutory targets which includes expenditure not being greater than allocations and revenue. The current financial position therefore means that the ICB is in breach of this statutory requirement. This is, however, in line with the plan set and agreed with NHS England.

The table below demonstrates delivery against the key financial duties as at month 9.

Delivery of Statutory Targets		Duty Achieved	
		Year to Date	Full Year Forecast
Expenditure not to exceed income		No	No
Capital resource use does not exceed the amount specified in Directions		Yes	Yes
Revenue resource use does not exceed the amount specified in Directions		No	No
Capital resource use on specified matter(s) does not exceed the amount specified in Directions		Yes	Yes
Revenue resource use on specified matter(s) does not exceed the amount specified in Directions		No	No
Revenue administration resource use does not exceed the amount specified in Directions		Yes	Yes

Other Financial Targets		Duty Achieved	
		Year to Date	Full Year Forecast
Better Payment Practice Code (BPPC)		Yes	Yes
To manage cash payments within the Annual Cash Drawdown Requirement (ACDR)		Yes	No
Period end cash balance (less than 1.25% of monthly drawdown value)		Yes	Yes

How does this paper support the ICB's core aims to:			
Aim 1: Improve outcomes in population health and healthcare.			
Aim 2: Tackle inequalities in outcomes, experience and access.			
Aim 3: Enhance productivity and value for money.			
Aim 4: Help the NHS support broader social and economic development.			
Conflicts of Interest	Summary of conflicts		
No conflict identified	Not applicable		
Risk and Assurance			
As detailed in the main body of the report.			
Implications (legal, policy and regulatory requirements)			
Does the report highlight any resource and financial implications?	Yes		
Does the report highlight any quality and patient safety implications?	Not Applicable		
Does the report highlight any health inequalities implications?	Not Applicable		
Does the report demonstrate patient and public involvement?	Not Applicable		
Does the report demonstrate consideration has been given to the Lincolnshire System Greener NHS Plan? (which can be found here)	Not Applicable		
Inclusion			
Has a Data Protection Impact Assessment been undertaken?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Has an Equality Impact Assessment been undertaken?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Has a Quality Impact Assessment been undertaken?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Report previously presented at:			
The month seven and full year financial position was discussed in detail at the ICB Finance and Resource Committee.			
Is the report confidential or not?			
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			

Appendix 1 – Lincolnshire Integrated Care Financial Position

Organisation	Surplus / (Deficit) - Adjusted Financial Position							
	Year To Date				Full Year			
	Plan £m	Actual £m	Variance £m %		Plan £m	Outturn £m	Variance £m %	
United Lincolnshire Hospitals NHS Trust	(18.3)	(18.7)	(0.4)	(0.1%)	(20.8)	(23.1)	(2.3)	(0.3%)
Lincolnshire Partnership NHS Foundation Trust	3.3	4.7	1.4	1.2%	3.0	6.8	3.8	2.3%
Lincolnshire Community Health Services NHS Trust	-	0.4	0.4	0.4%	-	1.3	1.3	1.0%
Lincolnshire ICB	(16.7)	(30.3)	(13.6)	(1.0%)	2.4	(14.8)	(17.2)	(1.0%)
ICS Total (inclusive of December and January Industrial Action)	(31.8)	(43.9)	(12.1)	(0.9%)	(15.4)	(29.7)	(14.3)	(0.8%)
Industrial Action Costs	-	(0.5)	(0.5)	0.0%	-	(2.4)	(2.4)	0.0%
Surplus/deficit before December and January Industrial Action	(31.8)	(43.5)	(11.7)	(36.7%)	(15.4)	(27.4)	(11.9)	(77.4%)

Appendix 2 – Lincolnshire Integrated Care System Income & Expenditure Summary

	Plan	Actual	Variance		Plan	Forecast	Variance	
	YTD	YTD	YTD	YTD	Year Ending	Year Ending	Year Ending	Year Ending
	£m	£m	£m	%	£m	£m	£m	%
System Revenue Resource Limit	(1,312.7)				(1,763.3)			
ICB Net Expenditure								
Acute Services	681.7	680.4	1.3	0.2%	916.5	919.0	(2.5)	(0.3%)
Mental Health Services	151.8	153.3	(1.6)	(1.0%)	204.3	207.3	(3.0)	(1.5%)
Community Health Services	130.9	135.1	(4.2)	(3.2%)	170.4	176.9	(6.5)	(3.8%)
Continuing Care Services	44.2	46.6	(2.4)	(5.5%)	60.1	63.8	(3.7)	(6.2%)
Primary Care Services	133.5	148.0	(14.5)	(10.9%)	179.3	197.3	(17.9)	(10.0%)
<i>Memo: Prescribing</i>	117.5	129.7	(12.2)	(10.4%)	157.1	171.8	(14.7)	(9.4%)
Other Commissioned Services	5.6	5.2	0.4	6.6%	7.4	7.1	0.4	5.0%
Other Programme Services	3.7	3.7	0.0	0.1%	5.7	5.5	0.2	3.8%
Reserves / Contingencies	(1.5)	(0.4)	(1.1)	70.9%	(20.7)	(22.7)	2.0	(9.5%)
Delegated Primary Care Commissioning	167.8	160.6	7.2	4.3%	222.2	209.4	12.8	5.8%
ICB Running Costs	11.8	10.5	1.3	11.1%	15.8	14.6	1.2	7.3%
Total ICB Net Expenditure	1,329.4	1,342.9	(13.6)	(1.0%)	1,761.0	1,778.1	(17.2)	(1.0%)
ICS Providers I&E - Adjusted Financial Performance								
Income	(783.3)	(796.3)	13.0	1.7%	(1,048.2)	(1,061.1)	12.9	1.2%
Pay	548.8	554.7	(5.9)	(1.1%)	731.3	737.6	(6.3)	(0.9%)
Non-Pay	244.6	251.8	(7.2)	(3.0%)	327.8	333.8	(6.0)	(1.8%)
Non Operating Items	5.0	3.4	1.6	31.1%	6.8	4.6	2.3	33.2%
TOTAL Provider Surplus/(Deficit)	(15.1)	(13.6)	1.4	9.6%	(17.8)	(14.9)	2.8	16.0%
TOTAL ICS Surplus/(Deficit)	(31.8)	(43.9)	(12.1)	38.1%	(15.4)	(29.7)	(14.3)	0.8%
ICS Providers - Industrial Action								
Impact of Industrial Action in December & January	-	(0.5)	(0.5)	0.0%	-	(2.4)	(2.4)	0.0%
TOTAL ICS Surplus/(Deficit) Excluding Impact of Industrial Action	(31.8)	(43.4)	(11.6)	(36.6%)	(15.4)	(27.4)	(11.9)	(77.4%)

Appendix 3 – Lincolnshire Integrated Care Board Income & Expenditure Analysis

System I&E Analysis	Year to Date				Full Year			
	Net Expenditure Plan £m	Net Expenditure Actual £m	Net Expenditure Variance £m	Net Expenditure Variance %	Net Expenditure Plan £m	Net Expenditure Outturn £m	Net Expenditure Variance £m	Net Expenditure Variance %
System Revenue Resource Limit	1,312.7				1,763.3			
ICB Net Expenditure								
Acute Services	681.7	680.4	1.3	0.2%	916.5	919.0	(2.5)	(0.3%)
Acute services - NHS	652.2	646.4	5.9	0.9%	879.5	867.1	12.4	1.4%
Acute services - Independent/commercial sector	22.3	25.6	(3.3)	(14.7%)	27.6	35.1	(7.5)	(27.2%)
Acute services - Other non-NHS	1.5	3.2	(1.7)	(110.3%)	1.9	9.0	(7.1)	(367.9%)
Acute Services - Other Net Expenditure	5.7	5.3	0.4	6.3%	7.5	7.8	(0.3)	(4.7%)
Mental Health Services	151.8	153.3	(1.6)	(1.0%)	204.3	207.3	(3.0)	(1.5%)
MH Services - NHS	87.9	90.4	(2.6)	(2.9%)	118.5	122.3	(3.8)	(3.2%)
MH Services - Independent / Commercial Sector	28.6	25.5	3.1	10.7%	38.5	35.6	2.9	7.6%
MH Services - Other non-NHS	34.1	36.6	(2.4)	(7.1%)	45.6	47.3	(1.7)	(3.8%)
MH Services - Other net expenditure	1.2	0.8	0.4	31.2%	1.7	2.1	(0.5)	(28.1%)
Community Health Services	130.9	135.1	(4.2)	(3.2%)	170.4	176.9	(6.5)	(3.8%)
Continuing Care Services	44.2	46.6	(2.4)	(5.5%)	60.1	63.8	(3.7)	(6.2%)
Primary Care Services	133.5	148.0	(14.5)	(10.9%)	179.3	197.3	(17.9)	(10.0%)
Prescribing	117.5	129.7	(12.2)	(10.4%)	157.1	171.8	(14.7)	(9.4%)
Other Primary Care Services	16.0	18.3	(2.3)	(14.1%)	22.3	25.5	(3.2)	(14.4%)
Other Commissioned Services	5.6	5.2	0.4	6.6%	7.4	7.1	0.4	5.0%
Other Programme Services	3.7	3.7	0.0	0.1%	5.7	5.5	0.2	3.8%
Reserves / Contingencies	(1.5)	(0.4)	(1.1)	70.9%	(20.7)	(22.7)	2.0	(9.5%)
Delegated Primary Care Commissioning	167.8	160.6	7.2	4.3%	222.2	209.4	12.8	5.8%
Primary Medical Services	121.2	90.0	2.0	2.2%	158.0	156.0	2.1	1.3%
Delegated Dental, Ophthalmic and Pharmacy Services	46.5	41.7	4.8	10.4%	64.1	53.4	10.7	16.7%
Dental Services	27.4	22.4	5.0	18.1%	38.7	28.0	10.7	27.7%
Ophthalmic Services	5.4	5.7	(0.3)	(5.9%)	7.4	7.4	-	0.0%
Pharmacy Services	13.8	13.6	0.2	1.4%	18.0	18.0	-	0.0%
ICB Running Costs	11.8	10.5	1.3	11.1%	15.8	14.6	1.2	7.3%
Total ICB Net Expenditure	1,329.4	1,045.9	(10.7)	(1.0%)	1,761.0	1,778.1	(17.2)	(1.0%)
TOTAL ICB Surplus/(Deficit)	(16.7)	(30.3)	(13.6)	(1.0%)	2.4	(14.8)	(17.2)	(1.0%)