

Finance Overview

Meeting name: INEL JHOSC

Presenter: Henry Black, Chief Finance Officer

Date: 14 January 2026

ICS Month 7 (October) 25/26 reported position

- The operating plan submitted at the end of April expected a **breakeven position at year-end** (ICB surplus of £2.5m and provider deficit of £2.5m). The system planned to deliver deficits each month for the first half of the year, with an expectation that financial recovery would be from month 7 onwards.
- At month 7, the ICS **planned system deficit was £28m** (£1.9m ICB and £26m provider) and the **actual year-to-date deficit is £69.8m**. This is an **adverse variance to plan of £41.8m**.

Organisation	Operating Plan - YTD			Month 12 Forecast	Financial Recovery Plan - YTD			
	Plan <i>a</i> £m	Actual <i>b</i> £m	Variance <i>c (b-a)</i> £m		FRP Plan <i>e</i> £m	FRP plan var. to actual <i>f (b-e)</i> £m	Actual with DSF <i>g</i> £m	FRP Variance <i>h (e-g)</i>
BHRUT	(10.8)	(30.9)	(20.1)	0.0	(15.7)	(15.2)	(23.4)	(7.7)
Barts Health	(7.7)	(24.2)	(16.5)	0.0	(21.7)	(2.5)	(24.2)	(2.5)
East London NHSFT	(1.0)	0.2	1.2	0.0	(1.0)	1.2	0.2	1.2
Homerton	(1.5)	(7.8)	(6.3)	(2.5)	(1.5)	(6.3)	(1.3)	0.1
NELFT	(5.2)	(7.4)	(2.2)	0.0	(4.4)	(3.0)	(7.4)	(3.0)
Total NEL Providers	(26.0)	(70.1)	(44.0)	(2.5)	(44.2)	(25.9)	(56.1)	(11.9)
NEL ICB	(1.9)	0.3	2.2	2.5	(1.9)	2.2	0.3	2.2
NEL System Total	(28.0)	(69.8)	(41.8)	0.0	(46.1)	(23.7)	(55.8)	(9.7)
Non-Recurrent Deficit Support Fund (DSF)	(24.5)	(10.5)	14.0	(42.0)				
Surplus / (Deficit) excluding Deficit Support	(52.5)	(80.3)	(27.8)	(42.0)				

- The variance to plan is driven almost entirely by the providers, with the exception of ELFT, which is reporting a surplus and the ICB reporting a positive variance of £2.2m.
- Providers are reporting a year-to-date deficit of £70.1m at month 7 and the ICB is reporting a surplus of £0.3m.

NEL ICS Efficiencies – Month 7 Overview

Efficiencies	Month 7			Forecast		
	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m
BHRUT	33.4	23.1	(10.4)	61.5	41.7	(19.8)
Barts	90.9	77.2	(13.7)	168.0	167.9	(0.1)
ELFT	16.7	16.7	0.0	31.9	29.3	(2.6)
Homerton	14.3	14.2	(0.1)	24.5	24.5	(0.0)
NELFT	17.8	25.3	7.5	44.0	44.0	0.0
Total Provider Efficiency	173.1	156.6	(16.6)	329.9	307.4	(22.5)
NEL ICB	18.6	19.0	0.3	37.8	37.8	(0.0)
Total System Efficiency	191.8	175.6	(16.2)	367.7	345.2	(22.5)

- Across NEL, the operating plan required delivery of **efficiencies totalling £367.7m** by year-end.
- At **month 7**, delivery was expected to be £191.8m, actual delivery was £175.6m, resulting in a **shortfall against plan of £16.2m** (ICB £0.3m ahead of trajectory).
- The forecast is under delivery of £22.5m.

NEL ICS Financial Summary at Month 7 (October)

- The system has been capturing risks and mitigations within the overall reported position to NHSE. At month 7 the risks and unidentified mitigations are £102m.
- Due to the current position, **NHSE has not provided £14m deficit support funding for months 4 to 7. With deficit support funding, the year-to-date variance would have been £27.8m.** Unless recovery opportunities are identified and delivered, the loss of this fund will increase the likelihood of not delivering the annual plan. The full year forecast assumes the system will receive the full £42m deficit support by year-end.
- As a result of the financial position, the system have been asked by NHSE to outline a financial recovery plan (FRP). **At month 7 the FRP trajectory assumed a year-to-date deficit of £46.1m** compared to an actual year-to-date deficit of £69.8m. The ICB and ELFT have reported ahead of trajectory with other providers reporting behind trajectory.
- The key pressures at a system level include **efficiency slippage**. This is reported as **£16.2m at month 7** (£16.6m under delivery for providers and an over delivery of £0.3m for the ICB). **Forecast efficiency slippage at year-end is £22.5m.**
- **System providers and the ICB are reporting run rate pressures.** For providers this is largely across pay areas, reporting whole time equivalents of 1.8% above plan (below plan for agency and above plan for bank and substantive staff) and a pay overspend at month 7 of circa £31.4m. . In addition, BHRUT have reported increased non pay costs associated with non-pay costs and high-cost drugs and NELFT have reported ongoing pressures with extra beds to meet demand. The ICB has reported run rate pressures in relation to mental health, learning disability and autism areas of spend and in particular ADHD and section 117 packages of care. Additionally, there are pressures in relation to the independent sector and non-contract activity.