



North Central London
Health and Care
Integrated Care System



NCL ICS – System Finance Update

JHOSC meeting – 11th November 2024

23/24 Financial Outturn Summary



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23/24 Outturn Revenue financial position overview

- NCL ICS reported a surplus of £25.9m against a plan to breakeven.
- The favourable outturn at M12 was mainly driven by UCLH. The largest movements from the 23/24 plan were:
 - UCLH (£25.2m favourable) – The trust expected to award a grant of £25m to their Charity for future benefit. After consulting with NHSE, it was recommended that the grant not be awarded and this became a benefit to the 23/24 system position.
 - MEH (£8.4m favourable) – A favourable position was available through overperformance on elective (ERF) and private patients income.
 - GOSH (£4.8m adverse) – The trust changed its FOT mainly due to underperformance of elective income and slippage in their efficiency savings.
 - RNOH (£2.1m adverse) – ERF underperformance due to delays to new theatre opening.

23/24 revenue performance has supported 24/25 capital planning and helped write off c£100m of CCG debt

- Despite challenges in 23/24 due to a high level of planned efficiency savings and the continuing industrial action throughout the financial year, the ICS delivered a surplus of £25.9m.
- This 23/24 revenue outturn has benefitted the system in 24/25 with additional £ for £ capital funding in recognition of the system surplus. This is explored further in the slide on 24/25 capital.
- Achieving ICB and system financial balance in 23/24, in addition to having achieved ICB and system financial balance in 22/23, ensures that NCL ICS meets the NHSE conditions for not needing to pay back the historic accumulated debt for the former NCL CCGs of c.£100m.

23/24 Financial Position - Revenue			
Organisation	Annual Plan	M12 Outturn	Variance
	£'000	£'000	£'000
BEH	1,003	604	(399)
C&I	673	709	36
GOSH	620	(4,156)	(4,776)
MEH	3,400	11,819	8,419
NMUH	1,143	1,555	412
RFL	(36,994)	(36,955)	39
RNOH	41	(2,088)	(2,129)
T&P	(2,517)	(2,373)	144
UCLH	20,010	45,243	25,233
WHIT	2,000	606	(1,394)
Trust Total	(10,621)	14,965	25,586
NCL ICB	10,622	10,912	290
System Total	1	25,877	25,876

24/25 Financial Plan Overview and In-Year performance



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24/25 Financial Plan for North Central London

- The NCL system's financial plan for the year 24/25 is breakeven (in line with the 23/24 plan).
- Our financial plan for 24/25 is underpinned by £205.6m of efficiency savings to be delivered on a recurrent basis.
- Although we have submitted an overall breakeven plan for 24/25, there are four organisations that have deficit plans for 24/25. N.B. Existing services are unaffected by posting a deficit plan.
- The two organisations with the most material deficits are RFL and Whittington.
 - RFL have planned for a deficit of £18m in 24/25 which is a significant improvement on the 22/23 outturn deficit of £37m. One of the main drivers of the larger deficit was a technical baseline funding issue that happened following a change in the NHS financial regime during the Covid-19 period. We were challenged by the national team to find a solution and we were able to work with the regional London NHSE office and system partners to largely mitigate the issue. In addition, RFL has been allocated £4.4m of in-sector capacity money as some of the most pressing UEC capacity issues are at RFL, in particular the Barnet Site.
 - Whittington have planned for a deficit of £10.9m. The trust's 23/24 final outturn was underpinned by significant non-recurrent measures resulting in a challenging 24/25 planning exercise.

24/25 In-year financial performance at M5

- The 24/25 in-year performance at M5 is illustrated by the three table to the right.
- As shown in the top table, NCL ICS have reported a YTD deficit of £43.8m at M5 which is adverse to plan by £10.5m. The trusts with the largest in year adverse variances are NMUH £9.0m and WH £5.4m. Both trusts are putting in plans to try to recover their financial positions in year.
- The second table contains the main drivers of the M5 variance across the system. There are industrial action (IA) in June and July £8.2m, CIP shortfall £6.5m and net other issues £5m offset by £9.2m of Elective Recovery Fund income overperformance.
- As an ICS, we are forecasting to hit our breakeven plan for 24/25. The graph on the right shows NCL actuals for 24/25 are tracking better than 23/24..
- We are currently on track to deliver the ICS' 24/25 efficiency programme of £238.7m but with a larger proportion of non-recurrent savings than anticipated during the planning process.
- The agency spend is adverse to plan by £1.4m at M5, but providers are forecasting agency spend within our cap of £101.9m which represents 3% of the system's total pay bill.

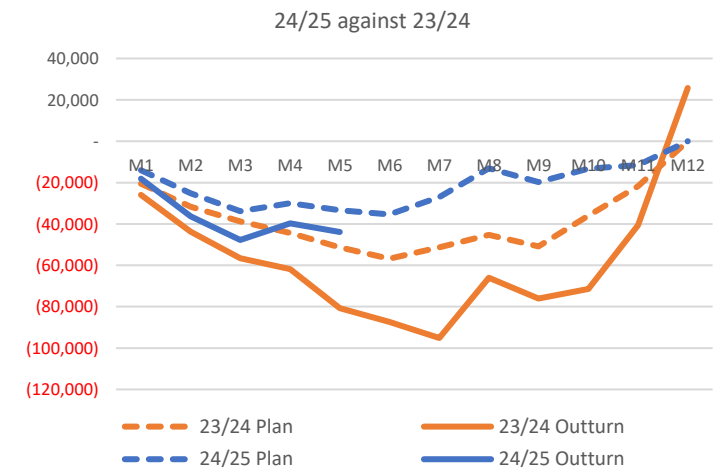
Organisation	24/25 Planning
	24/25 Plan
	£'000
BEH	0
C&I	0
GOSH	94
MEH	5,400
NMUH	1,523
RFL	(17,977)
RNOH	(3,447)
T&P	(2,200)
UCLH	12,937
WHIT	(10,882)
NCL ICB	14,552

System Total	0
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M5 Year to date		
YTD Plan (12th June submission)	YTD Actual	YTD Variance
£'000	£'000	£'000
-	(457)	(457)
-	(186)	(186)
(3,000)	(4,177)	(1,177)
1,328	1,601	273
(2,604)	(11,627)	(9,023)
(19,435)	(21,963)	(2,528)
(4,056)	(4,315)	(259)
(996)	(989)	7
(1,836)	6,447	8,283
(8,319)	(13,762)	(5,443)
5,604	5,604	-

(33,314)	(43,823)	(10,509)
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	M5 Variance Drivers
	£'000
System adverse variance	(10,509)
Adverse variance explained by IA	(8,182)
Comprised of:	
IA Costs	(4,538)
ERF loss of income	(3,644)
Adverse variance excluding IA	(2,327)
Comprised of:	
ERF (excluding IA impact)	9,208
CIP shortfall	(6,503)
Other	(5,033)



24/25 ICS Capital Programme and in-year performance



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24/25 Capital Allocation for NCL

- NCL ICS has been allocated £233.7m of capital to utilise in 24/25.
- This is made up of £178.6m of core allocation, £4.1m for achieving the revenue 23/24 plan, £25.7m of bonus allocation for delivering an equivalent revenue surplus in 23/24, £17.9m of additional bonus for submitting a breakeven 24/25 revenue plan and £7.4m mostly consisting of allocation to support neo-natal expansion at UCLH. These are set out in the sources table below.
- Of the total allocation, £23.5m of capital allocation was ring-fenced for strategic projects, of which £9.9m went to the ICB to invest in Primary Care estates projects. NCL is one of the few systems in the country who have allocated ICS capital (which is primarily for hospital trusts) to Primary Care.
- £14.3m of Capital allocation was ring-fenced for critical infrastructure schemes and allocated to trust through a bidding process.
- The system reserve currently includes £12.6m of CDEL which is due to be distributed to trusts as part of an annual mid-year re-forecasting “deep-dive” process.

Sources

Capital Sources for 24/25	
	£'000
2024/25 Capital Allocation (excluding Prior Year Revenue Performance allocation)	178,595
Confirmed Prior Year Revenue Performance Allocation	4,055
23/24 Revenue Surplus Bonus	25,735
24/25 Revenue Fair Shares Allocation Adjustment	17,889
Adjustments post-planning	7,395
Total	233,669

Applications

Capital Applications for 24/25	
	£'000
Trusts	211,163
ICB (Primary Care)	9,946
System Reserve	12,560
Total	233,669

In-year Capital Position at M5

- The YTD capital position at M4 is underspent by £16.2m.
- NCL intend to fully utilise the core CDEL allocation of £233.7m for 24/25.
- An annual capital deep dive reforecasting exercise will be undertaken in the Autumn to identify any slippages and re-allocate those to trusts for the remainder of 24/25, including the distribution of the system reserve.

Organisation	In-Year Performance as at M5			
	YTD Plan (12th June submission)	YTD Actual	YTD Variance	YTD spend as % of FOT
	£'000	£'000	£'000	%
Trust Total	55,577	39,371	16,207	29%

Medium Term Financial Plan – 25/26 to 28/29



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Medium Term Financial Plan - approach

- The NCL Medium Term Financial Plan is work in progress. The following sets out our approach, that is due to be tested in more detail within the ICB and with system partners.
- The Medium-Term Financial Plan (MTFP) modelling sets out a 4-year (25/26 – 28/29) forecast of the ICS financial position using a core set of financial planning assumptions covering ICB funding, tariff and cost inflation uplifts (similar to the values in 24/25).
- This allows us to overlay different planning scenarios, costed programmes and interventions on top of a baseline plan to set up a high-level model showing their impact on system finances.
- As such, it supports NCL to have strategic discussions about its response to the (2024) Darzi review, the Government’s upcoming 10-year plan for health and care, and other medium-term spending choices, along with consequent trade-offs, in order to implement our Population Health and Integrated care strategy.
- It also supports our operational financial planning process. The NHS is expecting a one-year financial settlement for 25/26 and the Government is planning to hold a 3-year Spending Review in Spring 2025, providing the NHS with a 3-year settlement until 28/29.
- Broadly the initial MTFP baseline modelling shows that if we succeed in delivering the recurrent Cost Improvement Programme (CIP) forecast in 24/25 and the CIP target in 25/26 then the CIP target becomes more manageable in the last two years of the 4-year period.
- Once we’ve understood broadly what is required to reach financial sustainability, we can turn our consideration to where to invest to deliver our Population Health strategy and the Government’s three big shifts (Hospital to Community, Treatment to Prevention, Analogue to Digital).
- Through our medium-term planning we need to understand when programmes will need investment and when they will deliver savings so that we can re-invest those savings into other programmes – a virtuous cycle of investment and return.
- In many cases large scale system transformation will require upfront investment before we see a financial return. This will be challenging within current financial constraints.

Net revenue impact of potential measures on NCL ICS financial position

£'000	2025/26	2026/27	2027/28	2028/29
Plan driven by modelling assumptions	x	x	x	x
To be overlaid by the following				
Hospital to Community	x	x	x	x
Sickness to Prevention	x	x	x	x
Analogue to Digital	x	x	x	x
Doing things better ¹	x	x	x	x
Adjusted plan				

¹‘Doing things better’ is a catch all for all other system programmes eg Start Well, Productivity gains, Trust mergers, Spec comm devolution or the revenue consequences of estates rationalisation.

How we could measure success

- To measure the success of our strategy by 28/29, we’re suggesting the following financial targets in addition to our constitutional and operational targets:



Eliminate or reduce Provider and ICB underlying deficits



Increase the proportion of system funding that goes to:
i. Primary Care, Community Care and Mental Health
ii. our most deprived boroughs



Improve on 24/25 levels of productivity



Maintain or reduce WTE from 24/25 baseline while living within our agency cap.



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NCL ICS - Commissioning & Finance Highlight Report:

1. Community Services Update 2024/25
2. Better Care Fund 2024/25
3. VCSE Investment Framework



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Community Services 2024/25

Community Services 2024/25

The Darzi report set out the key strategic aims for local health and care Systems in shifting care from hospitals to community and from treatment to prevention



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The financial MTFP will set out what is required for NCL to reach financial sustainability. This will allow System Partners to focus where, based on existing best practice, key investments are made to deliver NCL's Population Health strategy alongside the recommendations from the Darzi review.

NHS Confederation

“Over the next ten years we have both the need and the opportunity to move from a reactive model of health care to a proactive model of health and well-being” – *CEO of NHS Confed*

Wes Streeting

Wes Streeting MP, visited a General Practice in Camden for his first official visit. “My first visit as health secretary was to a GP practice because **when we said we want to shift the focus of the NHS out of hospitals and into the community, we meant it.**”

Lord Darzi

Darzi makes a number of recommendations that NCL are leading the way on:

- Investing in **MDT working**
- Improving quality of **community data**
- Improving **productivity** within community services
- Investing in **digital solutions** in the community
- Hardwiring **financial flows** to expand community services

NCL is leading the way

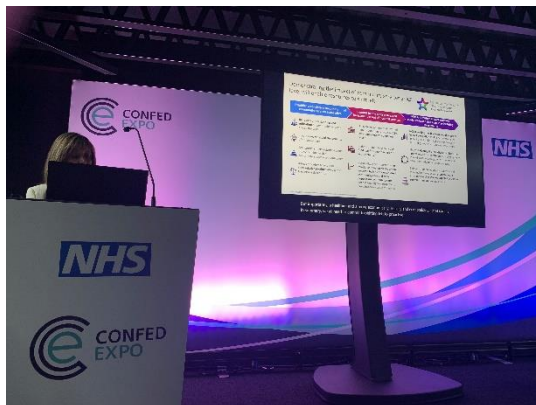
NHS North Central London ICB was the **first system to create a ‘Core Offer’ of community services.**

We secured system-wide commitment to invest over **£50m over 5 years.**

In 23/24 we were recognised by NHS Confederation as a **national best practice** example of community transformation

For 24/25 we agreed a **£3m re-allocation of funding** from acute to community services.

We are exploring with NHSE and Confederation how we can **refine our benefits realisation reporting**



Update on Community Implementation since the last Programme Board



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£15.2m has been recurrently invested in adult and CYP community services, which have been modelled to deliver a further 22,000 saved non-elective acute occupied bed days in 24/25.



As of September 2024, **85% (42.3/49.7 WTE) of posts for year 1, 92% (52.5/57.05 WTE) of posts for year 2 and 12% (6 out of 51.2 WTE) of posts for year 3 have been recruited to**. Overall, this equates to 64% of candidates being in post across the three years of the programme to date (101/158 WTE). Of the remaining posts, 13% are out to advert, 11% in various stages of recruitment from shortlisting to recruitment checks, and c.10% awaiting job numbers. 2% of posts are also being readvertised due to recruitment challenges.



Overall **community waiting lists have been consistently coming down for all NCL community providers** since January 2024. The number of patients waiting (adults and CYP) for more than 18 weeks has fallen by 58% from 8.5k to 3.5k over this period. Significant progress has been made in addressing MSK backlogs. Further work is underway to address CYP waiting lists in therapies and NDD.



A key part of NCL's future vision for admission avoidance is focused on a clinically **led UCR Single Point of Access (SPOA)** for 111/999 which will act as a 'front door' to our 'admission avoidance house' which will incorporate access to services such as UCR, Virtual Wards, SDEC. Approval of initial pilot by LAS CAG on 10/10 with a planned go-live of mid-November (initially with 13 LAS crews). **Increasing admission avoidance is another key part of NCL's acute bed productivity plan.**



Increasing utilisation and delivering on our trajectory (262 from Q3 (Oct) from our current level of 204 beds) is a **key aspect of NCL's acute bed productivity plan.**

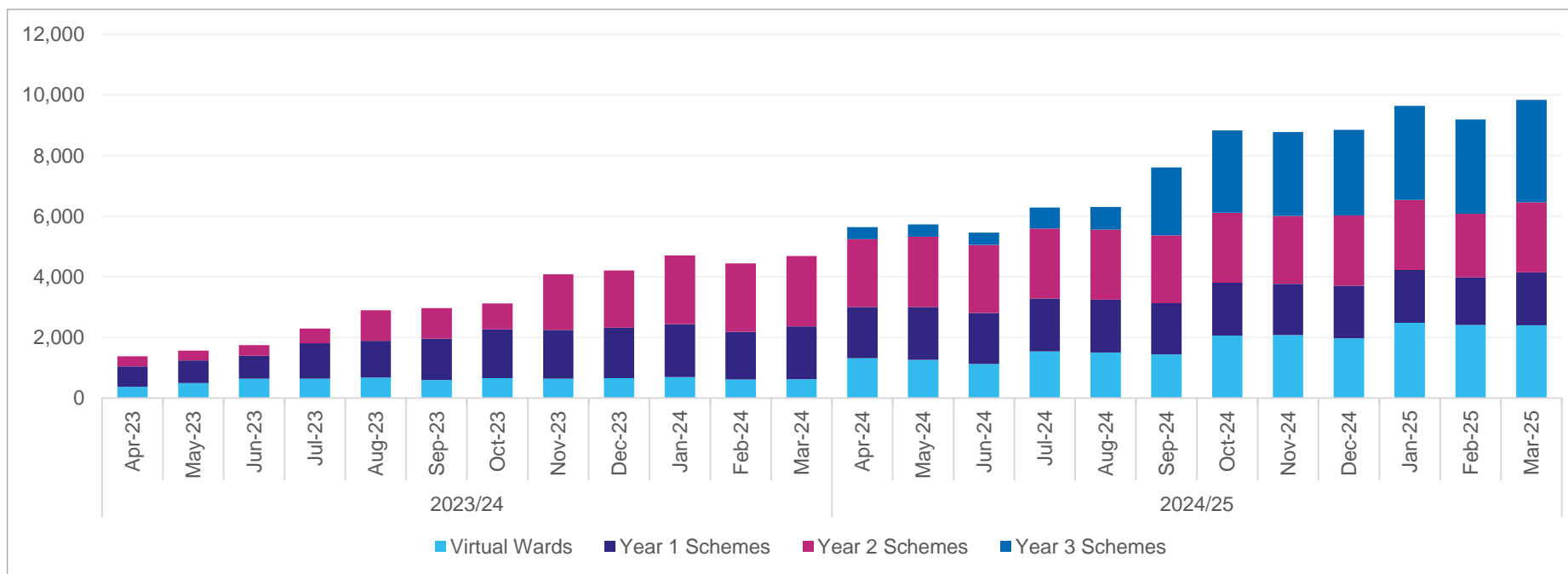
From schemes in years 1-3, the total potential impact may be as much as 92k OBDs



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Forecast Occupied Bed Days saved by scheme, Year 1, 2 & 3

Acute bed days saved¹



Our 'do nothing' scenario projects OBD growth of 3.4% in 24/25, requiring an **additional 80 escalation beds**, which CSR can offset.

Over the course of years 1, 2, and 3, including virtual wards and NHS P1 schemes, our modelling indicates that the investment schemes will result in a **projected saving of 92,159 OBDs (equivalent to an additional ~80 beds saved year on year)**. The projected total impact for the modelled year 3 schemes is 44,375 occupied bed days (OBDs) by 25/26.

Funding Year	2023/24				2024/25				Year Totals	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023/24	2024/25
Year 1 Schemes	2,181	3,761	4,874	5,061	5,118	5,174	5,174	5,061	15,877	20,526
Year 2 Schemes	1,000	2,497	4,582	6,834	6,796	6,870	6,870	6,721	14,913	27,258
Year 3 Schemes	0	0	0	0	1,216	3,673	8,303	9,596	0	22,788
Virtual Wards	1,507	1,901	1,959	1,936	3,702	4,480	6,110	7,294	7,302	21,587
Total	4,687	8,159	11,415	13,831	16,831	20,198	26,458	28,672	38,092	92,159

Source: ¹ICB modelling of provider assumptions

Recap of Community Services Core Offer investments to date (Y1 2022/23 – Y2 2023/24)



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- The Community Services Review Core offer for has been **running since September 2022 and is now entering its 3rd year of investment**
- The baseline investment at the beginning of Year 1 (2022/23) was c. £225m. The ICB Board of Members approved a funding plan to invest in community services over multiple years, in order that the “core offer” can be implemented NCL. At the end of year 2 of the programme an **additional £8.7m of recurrent investment had been invested into Community Services across NCL.**
- Each year the approach, overseen by the Community Programme Board, is to prioritise investments in accordance with our **gap analysis, financial principles for investment** that tie back to both our **population health and integrated care strategy**, and the need to reduce pressure at acute hospitals.
- This funding builds upon **the total investment of £15.6m to date across all Community Services.** This is split into investment in the **Community Core Offer (£8.7m invested to date)** and the investment in **Virtual Wards (£6.9m invested to date).**
- **NCL ICB is planning to increase Community Services investment by a further £8.2m in 2024/25.** The Community Core Offer is set to receive £6.2m of targeted investment with an additional £2m identified to support further expansion of Virtual Wards across NCL.

Year 3 2024/25 Community Services Funding



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- The table below sets out the investment available within Community Services in 2024/25. This funding builds upon **the total investment of £15.6m to date across all Community Services**. This is split into investment in the **Community Core Offer (£8.7m invested to date)** and the investment in **Virtual Wards (£6.9m invested to date)**.
- **NCL ICB is planning to increase Community Services investment by a further £8.2m in 2024/25**. The Community Core Offer is set to receive £6.2m of targeted investment with an additional £2m identified to support further expansion of Virtual Wards across NCL.
- The Community Services Programme had originally been agreed on the basis that Provider Productivity and Acute Cost Reductions would also support investment. This report considers the work required to enable reporting in these areas in future.

Source of Funding	2024/25 Investment Plan		
	Community Services Review	Virtual Ward	Total
System Investment to date (as at 31 st Mar 2024)	8.7	6.9	15.6
Funding generated from Productivity Improvements	0.0	0.0	0
Funding generated from Acute Cost Reduction	3.0	0.0	3.0
New System Investment-Year 3 (2024/25)	3.2	2.0	5.2
Total Funding 2024/25	14.9	8.9	23.8



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Better Care Fund (BCF) 2024/25

ICB & NCL Councils have now agreed £20m Discharge Support Funding which includes £7m of ICB Funding



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NCL LA's and the ICB reached agreement on the use of the discharge fund within the 2024/25 Better Care Fund (discharge fund element: ICB £13.5m and LA £13.7m).

- As a result of this agreement, NCL councils received a total of **£20.8m** of the National Discharge Fund (£13.7 LA portion, plus £7.07m of ICB portion) **to support discharge costs.**
- The remainder of the funds (**£6.4m**) for the ICB is being used to pay for **Integrated Discharge Teams (including £620k for ASC weekend working), Homelessness Discharge Infrastructure** and a contribution to **ICB directly commissioned Discharge to Assess** costs.
- It was agreed through mediation that **weekend discharge social care infrastructure should be maintained** at current levels as otherwise 1000 to 1500 discharges per annum would be at risk of delay.
- There is a **joint commitment to improve 28-day assessments** as performance in this area is challenged, meaning residents often stay on the incorrect care package for longer than they need.

As a condition of approval for the Better Care Fund plans, the system has been asked to accelerate its joint transformation **plans** in related areas. Areas of focus include increasing our collective focus on **admission avoidance, maximising the amount of people discharged on the optimal pathway and exploring joint opportunities to reduce LOS.**

The ICB and NCL Councils aim to **work more closely on care market management** to ensure that we have the right care, alongside clinical support, post discharge and that this **meets our changing populations needs.** Needs assessments take place via the integrated discharge team for all those requiring discharge support, including those with disabilities. There is collective move towards the delivery of personalised care using mechanisms such as **Personal Health Budgets.**



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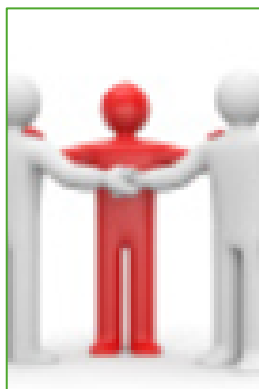
NCL VCSE Investment Framework

Workstreams across Council and ICB to focus on System-wide engagement with VCSE



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The following 4 workstreams will support VCSE, Council and ICB work engagement across NCL and with work commencing in the coming weeks. Workstreams will focus on a whole System approach to VCSE commissioning in NCL. Understanding and supporting VCSE sustainability and investment flows across all System partners is a key outcome of this work.



Partnership & Strategic Working

- Develop formal opportunities for VCSE input into future Borough and ICS plan development
- Mutually support statutory and VCSE partners to progress strategic development and access to external resource & research opportunities and integrate approaches into commissioning toolkits



Infrastructure & Capacity Building

- Map and share current VCSE investment and infrastructure in individual Boroughs/ICS from NHS, Councils (ASC, CS & PH) & other sources
- Consider additional shared resources e.g. data and estates.
- Develop set of functions/assets/outcomes relating to expected VCSE sector infrastructure & capacity building and consider how this can be strengthened.



Commissioning Vehicles

- Produce map of existing Council & NHS VCSE contracts and grants and their fit with partnerships
- Develop an agreed set of principles and recommendations to strengthen NHS & Council sustainable, longer-term commissioning vehicles – contracts and grants – available in neighbourhoods, Boroughs and ICS system to utilise



Population Health Management and Health & Well Being Opportunities

- Map current VCSE 'offers' relating to key actions in Borough and ICS Delivery Plan and HWB Plans
- Proactively agree VCSE sector involvement in delivery across projects aligned to HWB or Delivery Plans, utilising and testing the approaches emerging from other work-streams