



North Central London
Health and Care
Integrated Care System



North Central London
Integrated Care Board

JHOSC Finance Report

September 2025

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NCL ICS 2025/26 Finance Plan Submission Summary

2025/26 Planning Overview



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System Financial Bottom Line

- Following the receipt of planning returns from trusts on 27th March, the NCL system's 25/26 plan is a balanced position. NCL is planning to move from an exit underlying deficit of £247m in 24/25 to an exit underlying deficit of £185m in 25/26, an improvement of £62m.
- The system is heavily reliant on non-recurrent measures to achieve financial break-even. There are c.£185m of non-recurrent measures in the 25/26 plan and this compares to the c.£247m in the 24/25 forecast outturn position. This represents a planned improvement in the underlying position of £63m.

System Cost Improvement Plans

- 25/26 plans are underpinned by c.£318m of efficiency savings to be delivered. Based on influenceable income which is the typical NCL metric to measure savings, this represents c.5.7%. This is an increase of £89m (39%) on the total system savings delivered in 24/25.

Agency and bank spend caps

- For 25/26, NCL were set an agency spend cap of c.£71m and a bank spend cap of c.£244m. For agency spend, providers have been set a target representing between 15% and 40% decrease in 24/25 agency spend whilst a uniform 10% reduction on 24/25 spend has been applied for bank spend.

System Risk Review

- NCL have identified c.£0.25bn of gross risks in the 25/26 plans submitted at the end of March. Although it is likely trusts have taken different views of risks within their plan, it is clear there is a substantial element of risk.
- Almost 50% (c.£119m) of the risk relates to the delivery of the CIP plans. The next highest risk relates to contract income (c.£50m) which is a specific issue for many trusts in NCL who have a significant proportion of their income base from outside of NCL ICB.
- The ICB has identified c.£29m of risks relating to Prescribing & CHC, for which there have been significant cost pressures in recent financial years.

Upcoming submissions

- There is further national submission of the 25/26 Financial Plan on Wednesday 30th April where organisations have been asked for an update on the maturity of their Cost Improvement programmes.

Movements in Bottom line position between planning returns					Memo	
Org	25/26 Plan - January Submission	25/26 Plan - Feb Submission	25/26 Plan – 27 th March	Movement between March & Feb	24/25 plan	24/25 FOT (M11)*
	£'000	£'000	£'000	£'000	£'000	£'000
Providers	(224,969)	(244,416)	(27,192)	217,224	(14,552)	(14,552)
ICB	0	0	27,193	27,193	14,552	14,552
System Total	(224,969)	(244,416)	1	244,417	0	1

*At the time of writing this report, organisations had not yet confirmed the final 24/25 financial position.

2025/26 NCL ICS Capital Program



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NCL ICS System Capital Programme

- The 25/26 Core Capital allocation for NCL ICS is £249.4m.
- The national formula provides £227.2m to NCL ICS to allocate to providers. The system is expected to receive £22.2m for achieving financial balance in 2024-25 which the ICS is currently on track to deliver. We have used this capital bonus, along with the 10% top slice to cover the commitments on strategic priorities.
- This has been distributed to providers as per the table below. There is a small overcommitment on 25/26 Capital that we believe we can manage in-year.

ICS 2025-26 National Capital Funding Allocation	
Description	£'000
Depreciation	172,928
Gross Assets	38,790
Backlog Maintenance	15,454
2025/26 Fair Share Allocation	227,172
24/25 Revenue Fair Share Allocation Adjustment	22,225
2025/26 Total Capital Allocation	249,397

	Fair Share allocations (excl. IFRS16)	Strategic Schemes top- slice (10% on Fair Shares)	Strategic Schemes allocations	System Shortfall to be managed in year	Core capital allocations	IFRS 16 lease allocations	Total allocations (Core + IFRS 16)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
NCL Total	183,131	(18,314)	43,051	(2,513)	205,355	44,041	249,396

25/26 Capital Freedom & Flexibilities

- In addition to £22.2m received for delivery of break-even in 24/25 the system will also receive further funding which we have a choice on how this funding will be phased.
- We have opted to phase these further funds in 26/27 to meet the strategic priorities and contractual lease commitments we have in that financial year.



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NCL ICB 2025/26 Finance Plan Submission Summary

2025/26 ICB Financial Plan



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2025/26 ICB Financial Plan

On 30th January 2025, the ICB received financial planning guidance from NHS England detailing how it should allocate annual funding. The plan includes a set of planning assumptions outlining the expected increases for specific types of expenditure. The standard uplift is 2.15%, which assumes a price increase of 4.15% and an efficiency measure of 2.00%

There have been two submissions of the ICBs financial plan to NHS England, with the final plan submitted on 30th April 2025. The plan requires the ICB to achieve a **surplus of £27.2m**. This surplus will contribute to the broader System-wide financial position.

The plan includes a number of targets that will need to be carefully managed throughout the year. These include;

- Use of non-recurrent benefits - **£43.6m**
- Full achievement of CIP (efficiency) targets - **£29.2m**
- ICB Cost pressures - **£1.4m**
- System Cost pressures - **£5.8m**
- The assumption that all risks will be mitigated in year. These currently stand at **£69.4m**, mitigated to **£57.0m**. These address risks related to rising costs in Complex Care, High-Cost Drugs and Devices, Prescribing, as well as risks associated with CIP delivery.

It's important to note that the latest government announcements about reducing ICB costs have not yet been factored into this plan.

2025/26 ICB Plan



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	March 25 submission £000
24/25 Re-forecast	14,552
Non Recurrent Items	(49,390)
24/25 Exit underlying position	(34,838)
Full Year Effects	(4,475)
25/26 Opening underlying position	(39,313)
CIP (Recurrent)	18,631
Unallocated Funding	833
ICB Cost Pressures	(1,359)
System Cost Pressures	(5,800)
25/26 Closing underlying position	(27,009)
CIP (Non-Recurrent)	10,559
N/R Measures	43,642
25/26 Plan	27,193

2025/26 Draft Plan

The table to the left details the financial bridge from the ICBs 2024/25 surplus plan (£14.6m) to the modelled 2025/26 plan based on NHS England's Planning Guidance issued on 30th January 2025.

The ICB is currently showing a surplus plan of £27.2m, on the assumption that £1.4m and £5.8m is earmarked for ICB and System Cost Pressures.

The plan assumes full delivery of the 2025/26 efficiency (CIP) targets, totalling **£29.2m**. In addition, the ICB will need to identify **£43.6m** in one-off (non-recurrent) benefits to achieve the planned financial position.

2025/26 ICB Recurrent Allocations

NCL ICB Recurrent Allocations 24/25 to 25/26

Service Area	Recurrent Allocations		Increase	
	2024/25 (M12) £m	2025/26 £m	2025/26 £m	2025/26 %
Programme	3,054	3,180	125.7	4.1%
Primary Care Delegated Commissioning	316	358	42.0	13.3%
Primary Care Dental, Ophthalmic & Pharmacy	163	170	6.2	3.8%
Running Costs	27	25	(1.7)	(6.3%)
Total	3,561	3,733	172.1	4.8%

The table above details the expected recurrent allocations from NHS England for 2025/26. This is an increase of £172m from what was received recurrently in 2024/25. However, there has been some movements between the categorisation of non-recurrent and recurrent allocations, resulting in a like for like comparison that **equates to an overall increase of £149m**.

In addition, the ICB has been notified of £332m of non-recurrent allocations for 2025/26 these include:

- *Additional Elective Recovery funding*
- *SDF funding*
- *Community Diagnostic Centres*
- *Overseas Visitors funding*
- *Covid Testing funding*
- *Business Revenue Bonus*



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NCL ICS Month 4 Finance Position

Board Report as at 31st July 2025

25/26 M4 Financial Position - Overview

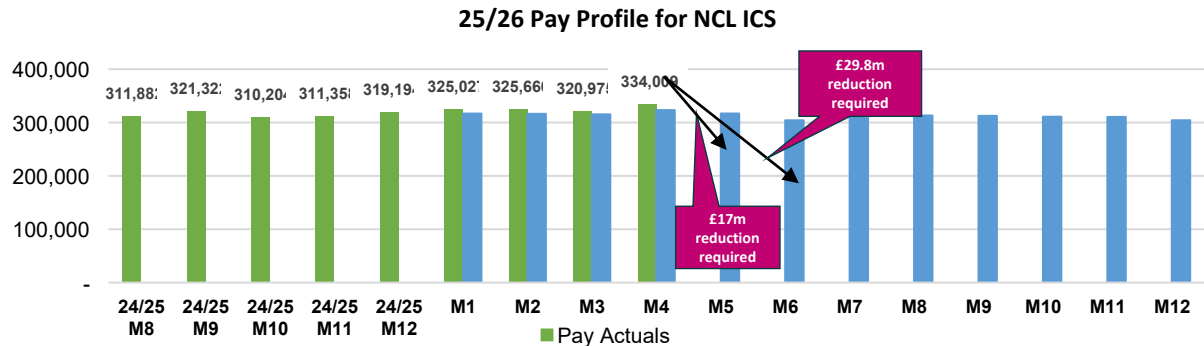
M4 Financial Position Overview – Revenue

- NCL ICS reported a YTD deficit of £66.4m at M4 which represents an adverse variance of £17.7m against the YTD plan.
- The adverse variance is entirely driven by the provider sector (£17.6m) where it mainly relates to pay pressures.
- M4 also saw Industrial Action (IA) which has impacted the system financial position by c.£4.4m, of which c.£3.1m relates to net pay costs and c.£1.3m of income loss due to IA. Unlike in previous years, we understand there is no funding to follow to offset the costs of IA
- At an organisation level, the adverse variance mainly relates to:
 - GOSH (£6.6m adv) – The trust have flagged pressures on Pay where £1.5m of the variance has been attributed to shortfalls in pay award funding.
 - Whittington (£4.6m adv) - Additional cost of delivering elective activity, enhanced care, corridor care and A&E flows.
 - NLFT (£4.1m adv) – The trust indicated a continuation of pressures from M12 of 24/25 into 25/26 M4 and slippages in delivery of planned savings as variance drivers.
 - UCLH (£2.8m adv) – Variance driven by CIP shortfall and pay pressures.
 - T&P (£0.9m adv) – Reported YTD loss of income of £0.9m on an education contract that NHSE have decommissioned from the trust.

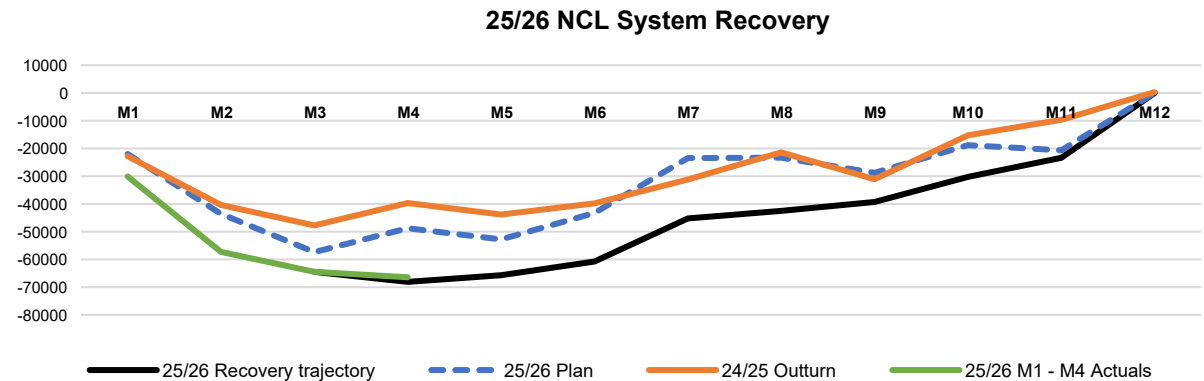
M4 Financial performance against the recovery plan

- In light of the M2 position which would have put NCL in segment 4 of NHSE’s upcoming national oversight framework, we subsequently requested that every organisation in the system complete a financial recovery return in M3.
- As illustrated in the graph on the right, returns received indicated that the system intends on delivering the 25/26 plan, but recovery to plan doesn’t happen until M11.
- Recovery returns submitted last month indicated the M4 adverse variance to be £19.3m across the system. The M4 system variance ended up being £2.1m better than the recovery plan.
- Financial recovery action includes Mutually agreed resignation schemes (MARS) at a number of providers, closure of unfunded capacity and vacancy freezes amongst the main interventions.

Organisation	M4 Year to date			Forecast Outturn			Memo
	YTD Plan (29th April submission)	YTD Actual	YTD Variance	Annual Plan (29th April submission)	Forecast Outturn	FOT Variance	YTD IA Impact
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trust Total	(57,821)	(75,498)	(17,677)	(27,192)	(27,191)	-	(4,415)
NCL ICB	9,064	9,064	-	27,192	27,192	-	-
System Total	(48,757)	(66,434)	(17,677)	-	-	-	(4,415)



Note: M12 excludes spend relating to Employer pension contributions paid by NHSE on provider's behalf.



NCL ICB Month 4 Finance Position

Board Report as at 31st July 2025

Month 4 Summary Position



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Month 4 Summary Position

Background

The System submitted a final 2025/26 balanced plan on 30th April 2025. As part of this, the ICB submitted a surplus plan of **£27.2m**.

The ICB plan includes several efficiencies required to deliver to the surplus position. These include a CIP target of **£37.1m** and the requirement to deliver in-year non-recurrent measures of **£43.6m**.

The plan also assumes full mitigation of in-year risks, currently **£54.2m** as at Month 4 (risk adjusted).

Month 4 (July 2025)

For Month 4 (Jul'25) the ICB reports a forecast break-even position against plan. Within this however, Non-Acute reports an adverse variance of **£4.4m**, an improvement of **£8.8m** against the Month 3 reported position. The Month 4 pressure is primarily driven by increased costs for ADHD within Mental Health. Community also forecasts an adverse variance, driven in the main by overspends against Community Equipment budgets (£1.1m).

Acute reports an overspend of **£1.9m** driven by Independent Sector pressures.

The above reported pressures have been offset by a **£5.1m** pay underspend and the release of recurrent and non-recurrent benefits, enabling the ICB to report a breakeven position.

Summary financial position (£m)

	YTD			Full Year		
	Bud	Actual	Var	Bud	FOT	Var
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	1,586.4	1,586.4	0.0	4,764.6	4,764.6	0.0
Acute	697.2	697.8	(0.6)	2,091.5	2,093.4	(1.9)
Non-Acute	836.5	840.1	(3.5)	2,515.0	2,519.4	(4.4)
Other Pgrm Services	35.1	32.1	3.0	105.4	102.3	3.0
Running Costs	8.5	7.3	1.2	25.5	22.2	3.3
Total Operational	1,577.4	1,577.4	0.0	4,737.4	4,737.4	0.0
Reserves & Contingency	0.0	0.0	0.0	0.0	0.0	0.0
Total Non Operational	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditure	1,577.4	1,577.4	0.0	4,737.4	4,737.4	0.0
Surplus / (Deficit)	9.1	9.1	0.0	27.2	27.2	0.0

Month 4 Summary Position

Month Summary Position

Use of Non-Recurrent Funds

During the 2025/26 planning period, the ICB committed to using **£43.6m** of non-recurrent funding to deliver a planned surplus of **£27.2m** (as per the final submitted plan on 30th April) and achieve a System breakeven position. The ICB has initiated an in-year recovery programme to ensure this target is met, noting that the use of non-recurrent measures to support recurrent expenditure adversely affects the ICB's underlying position.

Risks & Mitigations

As at Month 4, the ICB is reporting **£31.3m** of net financial risk against its planned position.

This risk is being actively monitored through established executive oversight arrangements, with a clear focus on ensuring the ICB remains on course to deliver its statutory financial duties and ensuring the continued delivery of commissioned services in line with national and local planning priorities.

The ICB has strengthened its financial control environment to support the effective management and mitigation of both current and emerging risks. This includes the application of enhanced expenditure controls, a systematic review of in-year financial performance against plan, strengthening governance and decision-making processes and targeted monitoring of areas with material cost exposure. Run rate performance is subject to monthly review at directorate and system level to support the emerging risk during the year and allow for timely mitigations to be agreed.

While the primary focus remains on in-year delivery, the ICB is also maintaining oversight of risks to the underlying position as part of forward planning into 2026/27. The financial risk position is formally updated each month and reported through executive forums and the Finance Committee, providing assurance that appropriate measures are in place to support the continued delivery of statutory financial requirements.

Month 4 Risks & Mitigations

Risk Summary

Directorate	£'000 Risk value Month 4	% RAG rating	Rag Rating	£'000 Risk adjusted value Month 4	Risk adjusted Mitigation Month 4	Net Risk Month 4	Comments
RISKS							
Acute	(30,413)	65%		(19,669)	2,100	(17,569)	Driven by cost pressures within the variable elements of the NHS block contracts (£7.1m) and ERF (£10m)
Continuing Healthcare	(4,581)	75%		(3,436)	0	(3,436)	Risk of additional pressures due to increase in activity and complex cases
Community	(500)	50%		(250)	1,477	1,227	Risk of increased community spend offset by Potential underspends within the community programme budgets
Mental Health	0			0	1,290	1,290	Introduction of Indicative Activity plans (IAPs) to mitigate pressures within MH independent sector activity increases.
Primary Care	(1,138)	100%		(1,138)	1,078	(59)	Cost pressures associated with the provision of interpreting services
Primary Care - DOP	(2,508)	50%		(1,254)	8,895	7,641	Mitigation relating to additional income received for Pharmacy
Primary Care - Prescribing	(16,981)	85%		(14,484)	2,782	(11,702)	There is a potential run rate pressure of £7m above the reported position driven by cost associated with weigh loss drugs
Primary Care Co-Commissioning	(2,947)	99%		(2,917)	2,917	0	
Other Programme / R/Cost	(19,366)	57%		(11,073)	2,330	(8,743)	Additional cost pressures associated with transition and change management partially mitigated by non recurrent measures.
TOTAL RISKS	(78,434)	69%		(54,221)	22,869	(31,351)	

Month 4 Risk Position

For Month 4, the total identified risks amount to **£78.4m**. These risks have been evaluated and categorised using a RAG (Red, Amber, Green) rating system, which assesses the likelihood of each risk materialising. The total risk-adjusted position for Month 4 is **£54.2m**, which has been mitigated to a total net risk of **£31.4m** (Month 3 £23.8m)

Mitigations

The ICB has identified risk-adjusted mitigations of **£22.9m**, an improvement of **£5.8m** from the Month 3 reported position. The ICB therefore requires additional mitigations of **£31.4m** to fully cover the risk position at Month 3. These additional mitigations are expected to be achieved through an in-year financial recovery programme, noting that the use of non-recurrent mitigations to cover recurrent risks will impact the ICB's underlying financial position.