



North Central London ICB and North West London ICB

Board Meeting in common

24th March 2026

Report Title	Final 2026/27 West & North London Financial Plan	Date of report	16/03/2026	Agenda Item	2.3
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Board Member Sponsor	Not applicable				
ICB	W&NL ICB				
Report Author	Gary Sired	Email / Tel		g.sired@nhs.net	
Name of Authorising Finance Lead	Not applicable	Summary of Financial Implications 26/27 W&NL Financial Plan			
Recommendation	To NOTE – The 26/27 W&NL ICB plan that has been submitted to NHSE.				
Report summary	<p>Investing in our strategic priorities</p> <ul style="list-style-type: none"> The plan shifts investment from secondary care to neighbourhood, community, and mental health services to improve sustainability, reduce acute demand, and address inequalities without destabilising providers. A 2.44% (£207.3m) funding increase supports this shift, alongside productivity gains across £11.7bn of spend through reduced unearned income, stronger metrics, and enhanced contract management. 1% (£120m) is ringfenced for neighbourhood investment (50% deployed in 2026/27), with a focus on expanding community mental health support and standardising provision across all 13 boroughs. Overall, the aim is to improve patient flow, reduce reliance on acute services, and lower activity levels in secondary care. <p>26/27 Plan Overview</p> <ul style="list-style-type: none"> The expenditure plan of £11.9bn was set following the merger of North Central London ICB (NCL) and North West London ICB (NWL) and the further delegation of specialist commissioning services. Contract values have been agreed with all providers. Based on this income, all are expected to submit breakeven plans for 2026/27 in the final March submission. At the time of writing, all providers consider this achievable except RNOH. Although there is no system control total, we remain committed to the financial sustainability of hosted providers. Despite a 1% commitment to increase out-of-hospital spend, the overall share has not shifted due to 1.5% funding for constitutional standards (around half offset by reduced unearned income). We are also meeting 				

mental health investment standards. Running costs have been cut by 50%, reducing them to 0.5% of expenditure.

Allocating Neighbourhood Funds

- 1% of the 2026/27 W&NL ICB budget (£60m; £120m full-year effect) is ringfenced for neighbourhood/left-shift investment, with plans to increase this by 1% annually up to 5%.
- Funding is provisionally split between Community (£40m) and Mental Health (£20m), subject to business cases.
- Investment priorities:
 - £15m to pilot Integrated Neighbourhood Teams (INTs) for the top 5% highest-risk adults (25% coverage), with potential scale-up in 2027/28.
 - £20m for enabling infrastructure (virtual wards, core service gaps, analytics, care coordination, mobilisation).
 - £25m for other left-shift initiatives, prioritising CYP, MHIS, and planned care transformation.
- All schemes require business cases with clear outcomes and cost-benefit analysis; initiatives will be reviewed and continued, adapted, or stopped based on performance.
- A Neighbourhood Group will oversee development, performance, and investment recommendations to committees.

Capital planning

- From 26/27, the ICB's role will shift from having responsibility for managing the systems capital to that of a strategic commissioner working with the region to deploy national capital to support schemes that drive the left shift of care as part of the new NHS 10-year plan.
- From 26/27, provider operational capital totalling c.£430m will flow directly to individual providers and not through the ICB.
- The Total ICB capital for 26/27 is £61.6m, including National Programme Funding the allocation for 26/27 is £65.6m

NCL Strategic commitments

- NCL has maintained a long-standing commitment to funding strategic system priorities on a collective basis. The current portfolio of approved strategic commitments totals £94m across the four-year period to 2029/30, with £45m planned in 2026/27

Capital Risks and Mitigations.

- W&NL ICS has the largest NHS backlog maintenance, driven by poor acute estate in NWL, risking strategic delivery. The system is supporting Hillingdon Hospitals and Imperial College Healthcare Trust on new hospital plans.
- Primary care estate is safe but not fit for left-shift ambitions. A neighbourhood programme is underway to improve digital capability, estate productivity, and refurbishment, supported by national and system funding.
- Cash constraints limit some organisations' ability to use available capital; they are working with national teams for support.



	<ul style="list-style-type: none"> Capital remains insufficient for full digital, equipment, and estate needs, though system balance has secured additional capital bonuses, which we aim to continue.
Identified risks and risk management actions	<p>Revenue Risk and Mitigations</p> <ul style="list-style-type: none"> Increased contract trading in 2026/27 raises ICB financial risk. To mitigate this, we have commissioned activity to meet constitutional standards (maximum realistic in year one) and established a 0.5% (£60m) trading fund, to be deployed later if unused. The removal of a system control total increases risks of overtrading, under-commissioning, and income inflation. W&NL continues to plan as a system, with a counting and coding workstream and a constitutional standards group to drive consistency, productivity, and shared approaches. The shift to the ICB as a strategic commissioner may weaken system working, but W&NL will continue collaborating across systems on financial sustainability, productivity, and consistency. Reduced regional oversight may limit performance insight. In response, we are reinstating tiered in-year contractual performance meetings, supported by detailed data to inform commissioning and financial decisions.
Conflicts of interest	Not applicable.
Resource implications	Not applicable.
Engagement	Not applicable.
Equality impact analysis	Not applicable.
Report history and key decisions	Not applicable.
Next steps	<ul style="list-style-type: none"> The ICB's immediate priorities are to finalise 26/27 contracts, including terms, conditions and Indicative Activity Plans; embed productivity, activity and income rules consistently; establish neighbourhood governance arrangements; and progress 27/28 and 28/29 planning in line with the medium-term financial strategy and the continued shift towards neighbourhood-based care.



North Central London
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North West London

	<ul style="list-style-type: none">We will also bring the system together in a number of groups to look at ways of working including Constitutional Standards, Neighbourhoods and Counting and Coding
Appendices	Not applicable.

Final 26/27 W&NL Financial Plan

NCL ICB and NWL ICB - Board Meeting in common

24/03/2026

26/27 Planning aims and assumptions

Investing in our strategic priorities

- The plan creates the financial environment to deliver the strategic intent to reduce reliance on secondary care and to increase investment in neighbourhood, community and mental health services. This left shift of care is central to improving long-term sustainability, reducing demand on acute services and addressing health inequalities. The approach ensures that investment decisions align with the system's strategic aims while avoiding financial destabilisation of providers.
- Core recurrent allocation growth of 2.44% (£207.3m) in 2026/27 has been prioritised to support strategic change. We are targeting an increase in productivity for the remaining £11.7bn of expenditure and will achieve this by reducing unearned income using the guiderails and reinvesting this into patient access, by increasing productivity metrics and monitoring in our core offer and in all contracts. We will also increase in-year contract management and information flows to support strategic commissioning.
- Of this growth, 1% £120m full year effect is ringfenced for neighbourhood investment. In 26/27 we expect to spend 50% of that. Our financial strategy remains to commit resources to need and this investment support this. To that end, we expect to increase the support to patients with mental health issues in community settings as this is our largest area of under investment. We also expect to see the core offering extended across all 13 Boroughs and some areas increased. The funding has the key aim of improving flow and reducing the amount of care presenting in secondary settings (planned and unplanned) so that reduce the percentage of W&NL care spent in acute services whilst reducing activity levels.

Delivery of Constitutional Standards and Productivity

- The financial plan commissions enough activity to deliver constitutional standards, including RTT and A&E performance, through consistent commissioning approaches and contractual mechanisms. A 1% productivity requirement has been applied to acute providers, alongside improvements in first-to-follow-up ratios and a consistent approach to earned and unearned income. The Mental Health Investment Standard is fully met, ensuring continued growth in mental health investment.
- Delivering constitutional standards in years two and three of the plan require material improvement on year one and this cannot be achieved by working in our current way, we will need to look at pathways, the appropriateness of referrals and provider productivity.

Next steps

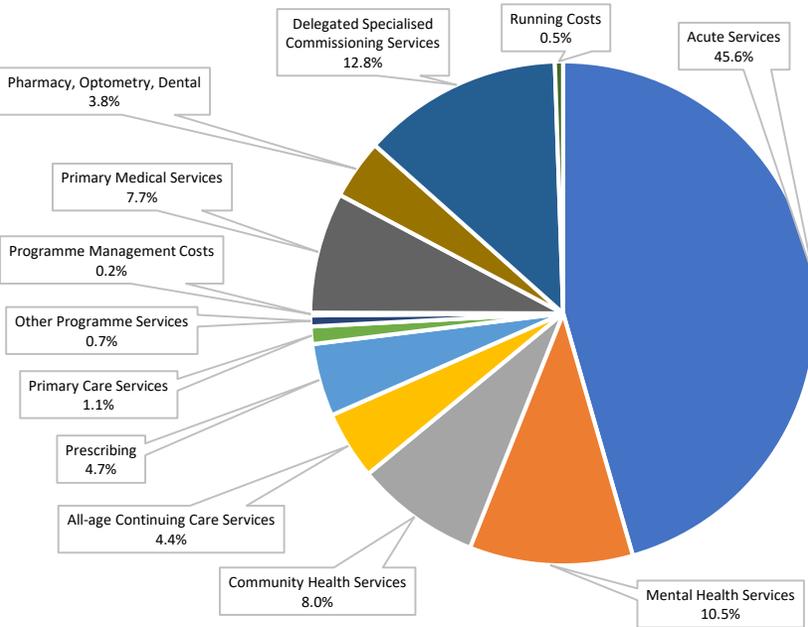
- The ICB's immediate priorities are to finalise 26/27 contracts, including terms, conditions and Indicative Activity Plans; embed productivity, activity and income rules consistently; establish neighbourhood governance arrangements; and progress 27/28 and 28/29 planning in line with the medium-term financial strategy and the continued shift towards neighbourhood-based care.
- We will also bring the system together in a number of groups to look at ways of working including Constitutional Standards, Neighbourhoods and Counting and Coding

26/27 Financial Plan Overview

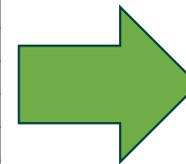
26/27 Financial Plan Overview

- The expenditure plan of £11.9bn was set following the merger of North Central London ICB (NCL) and North West London ICB (NWL) and the further delegation of specialist commissioning services.
- Contract values are agreed with all providers. Using this income all providers are now expecting to submit breakeven plans in 2026/27 in the final March submission. At the point of writing all providers have indicated that this achievable with the exception of RNOH. While there is no system control total we remain committed to the financial sustainability of hosted providers.
- Despite commitment to increase out of hospital expenditure by 1%, overall the percentages have not shifted as we are funding constitutional standards which cost 1.5% although circa half of this is funded by reducing unearned income. We are also ensuring that the mental health investment standards are met. Running costs are reduced by 50% thus reducing the percentage to 0.5% of expenditure.

26/27 Expenditure overview



Annual Plan 2026/27 - February Submission	Annual Plan 2026/27 (March submission)
£'000	
Total allocation	11,930,155
Expenditure	
Acute Services	5,434,924
Mental Health Services	1,246,818
Community Health Services	954,573
Pharmacy, Optometry, Dental	458,161
Delegated Specialised Commissioning Services	1,531,962
All-age Continuing Care Services	521,808
Prescribing	556,650
Primary Care Services	133,831
Other Programme Services	83,537
Programme Management Costs	21,585
Primary Medical Services	923,327
Running Costs	62,978
Total Expenditure	11,930,155
Surplus / (Deficit)	0



£7.9bn of spend for these services are incurred against the following sixteen in-sector NHS providers

Spend with in-sector providers	Annual Plan 2026/27
£'000	
Chelsea And Westminster Hospital	600,121
Imperial College Healthcare	1,187,989
London Ambulance Service	339,762
London North West University Healthcare	892,584
The Hillingdon Hospitals	370,803
Great Ormond Street Hospital for Children	134,949
Moorfields Eye Hospital	97,203
Royal Free London	1,394,766
Royal National Orthopaedic Hospital	67,123
University College London Hospitals	760,612
Whittington Health	419,162
Central And North West London	491,250
West London	355,820
North London	506,451
Tavistock and Portman	16,890
Central London Community Healthcare	249,646
W&NL PROVIDERS	7,885,130

Neighbourhood Funds and Risk Mitigation

Allocating Neighbourhood Funds

- In 2026/27 1% of the W&NL ICB budget has been ringfenced for Neighbourhood and left shift investment. In the coming years W&NL ICB will invest 1% incrementally year-on-year (up to 5%) in ambitious 'left shift' initiatives. In 2026/27, this amounts to £60m (£120m full year effect).
- The £60m was provisionally allocated to Community (£40m) and Mental Health (£20m) providers during planning, with final allocations to be agreed on the basis of business cases.
- The ICB expects to develop business cases for schemes within the following three areas:
 1. £15m to test Integrated Neighbourhood Teams (INTs) for the top 5% of highest-risk adults across 25% of patch, with the aim to rapidly scale the model across W&NL in 27/28 if successful (~£65M in total / ~250k patients)
 2. £20m in enabling infrastructure for Integrated Neighbourhood Teams: proactive virtual ward capacity, addressing foundational gaps in core services, technical platforms for advanced analytics and care coordination, and year 1 joint mobilisation team
 3. £25m on other 'left shift' areas, prioritising Children and Young People (CYP) & MHIS investments, as well as planned care transformation
- All investments will go through our normal business case process which will set out the required outcome, cost benefit analysis and assumptions that are required to ensure success.
- Once agreed and implemented every initiative will be assessed against its business case and where if successful made recurrent and if not, it will be amended or stopped.
- To oversee the development of neighbourhood, to recommend investment cases to the Performance Committee and Strategic Commissioning Committee, oversee in-year performance and engage the system a Neighbourhood Group will be set up.

Revenue Risk and Mitigations

- 2026/27 financial year sees an increase in the proportion of contracts traded increasing the risk of ICB financial failure and to mitigate this we have commissioned the level of activity required to hit constitutional standards which we believe is realistically the maximum level providers can achieve in year one and have set up a trading fund against all contracts of 0.5% (£60m). If this is not needed it will be committed later in the year.
- There is no longer a system control total which could signal the end of financial system working thus increasing the risk of overtrading by providers, under commissioning and an increase in counting and coding to increase income levels. W&NL continued to plan as a system, is setting up a counting and coding workstream to work towards consistency of approach and our ways of working and we are setting up a constitutional standards group to oversee system work on commissioning the standards at speciality level, consistency, commissioning for productivity and a shared understanding of the process.
- The move for the ICB to a strategic commissioner moving away from system convenor could reduce system working but the W&NL is continuing to work across the systems on financial issues such as financial sustainability, productivity and consistency of approach.
- The move of system oversight to regions will reduce the amount of oversight on system or provider performance and reduce the information from which to make commissioning and financial decisions. We are restating in-year tiered contractual performance meetings with our provider base which will include activity levels and outcomes. This will be supported detailed information and will in turn support strategic commissioning decisions.

Capital planning

Role of ICBs in the new capital regime

- From 26/27, the ICB's role will shift from having responsibility for managing the systems capital to that of a strategic commissioner working with the region to deploy national capital to support schemes that drive the left shift of care as part of the new NHS 10-year plan.
- From 26/27, provider operational capital totalling c.£430m will flow directly to individual providers and not through the ICB.
- However, the ICB is responsible for identifying appropriate system schemes funded from national capital to support the achievement of constitutional standards.

W&NL ICB Capital Programme for 26/27

- The Total ICB capital for 26/27 is £61.6m, including National Programme Funding the allocation for 26/27 is £65.6m
- There are 4 pots of primary care capital allocation:
- **ICB core allocation (£8.7m)** covers funding for Business As Usual (BAU) Capital programmes such as GP IT, Improvement Grants and IFRS 16 leases
- **ICB Strategic Reserve (£13.9m)** . This is new allocation for 26/27 and represents a 5% top sliced by NHSE of Provider capital to support capital schemes that move services from secondary care to primary care and the community. This is a central pillar of the new NHS 10-year strategy, and this funding is to help accelerate the shift.
- **Extra capital for high performing systems (£39.1m)** - Extra capital funding given to NWL and NCL as high performing systems.
- **Utilisation and Modernisation Fund (£4m)** - National Primary Care funding to support improvements in primary care. The fund is to enhance the use of existing infrastructure; create additional capacity for GP practices and enable additional patient appointments.

NCL Strategic commitments

- NCL has maintained a long-standing commitment to funding strategic system priorities on a collective basis. The current portfolio of approved strategic commitments totals £94m across the four-year period to 2029/30, with £45m planned in 2026/27.
- The £94m supports mainly
 - EPR projects at Moorfields, Royal National Orthopaedic Hospital and North London Foundation Trust
 - Start Well at the Royal Free, Whittington and UCLH
 - the St Pancras programme at North London Foundation Trust
- The expected funding approach for these legacy commitments comprises of mainly a 5% CDEL top slice reserve. All NCL Trusts have agreed to include a 5% reserve within their capital plans from 2026/27 to 2029/30. This will be supplemented by capital bonuses brought forward from 25/26.

Capital Risks and Mitigations

- W&NL ICS has the largest backlog maintenance in the NHS and this is driven by the poor quality of the acute estate in NWL. This poses a risk to the delivery of our strategic ambitions and the system is actively supporting Hillingdon Hospitals and Imperial College Healthcare Trust in their new hospital ambitions.
- W&NL ICS does not have appropriate primary care estate to deliver its strategic left shift ambition. Whilst the estate is safe from an estates perspective it is not suitable for the change in healthcare required. We are therefore working on a programme for neighbourhoods that will improve digital enablement, productivity of estate and refurbishment. We are looking at national NHS and other system funding sources to fund the pipeline of schemes.
- Cash remains an issue for a number of organisations which means that those organisations cannot take advantage of the capital resource available. They are working with the national teams on cash support.
- Capital resource is not sufficient to deliver the digital, equipment and estate requirements but by achieving system balance we have received a number of capital bonuses and continue to target this.