

BOARD MEETING

Title	Finance Report Month 12 (March) 2023/24		
Paper Date:	14 May 2024	Meeting Date:	21 May 2024
Purpose:	Assurance	Agenda Item:	13
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Executive Summary			
<p>This paper sets out the financial position of the Integrated Care Board (ICB) and the wider Integrated Care System (ICS) for the year ended 31 March 2024.</p> <ul style="list-style-type: none"> • The ICB reported a year end deficit of £38.1m. • The ICS reported a year end deficit of £53.4m, which was £73.8m before receipt of £20.4m of system deficit funding. • The ICS started the year with a planned deficit of £20.4m. A forecast deficit of £73.2m was made at M10. 			
Action Required			
<p>This report has been reviewed by the System Productivity Committee which has reported the outcome of its meeting.</p> <ul style="list-style-type: none"> • This is now being audited as part of preparation of annual accounts and approach to recovery been described in Item 10 on the agenda. • The Board is asked to consider the deficit position and to consider the level of financial risk that pertains to the ICS's financial sustainability. 			
Conflicts of Interest	Conflict noted: conflicted party can participate in discussion and decision		
<p>This report contains information including the financial performance of organisations that partner members of the Board lead/are employed by. ICB funding contributes to the pooled budgets with Buckinghamshire Council and the contract held by GP practices, so the local authority and primary care partner members of the board are potentially conflicted. The perspective of these members is an important aspect to enable the Board to focus on where the ICB and system contribute to improvement.</p>			
Date/Name of Committee/ Meeting, Where Last Reviewed:	System Productivity Committee, 7 May 2024		

Finance Report

Month 12 2023/24

Executive Summary

ICB

- The ICB reported a deficit at M12 of £38.1m compared to a forecast deficit at M11 of £38.2m.
- The ICB started the year with a plan to breakeven. A reforecast position was agreed in year with NHS E which flagged a forecast deficit of £25m worsening to £40.3m in the last quarter of the year.
- The dashboard on slide 3 shows that the ICB did not deliver its main financial target of breakeven at year end and also missed the Better Payment Practice Code target for NHS providers. All other financial targets were met.

ICS

- BOB ICS reported a year end deficit of £53.4m at M12 compared to a forecast deficit at M11 of £54.4m. The ICS started the year with a planned deficit of £20.4m. A reforecast position was agreed in year with NHS E which flagged a forecast deficit of £73.2m at M10 improving to £54.4m in the last quarter of the year (after receipt of £20.4m system deficit funding). In the event, the ICS ended the year very close to the M11 forecast, with minor improvements to the positions of most organisations.
- Savings delivery - £181m of savings were delivered against a planned £171m.

	Planned surplus / (deficit) 2023-24 £'000	Expected System reforecast M10 £'000	Final M10 reported FOT inc IA £'000	Actual Outturn 2023-24 £'000	Variance to original plan £'000
Berkshire Healthcare NHS Foundation Trust	1,312	3,788	3,701	3,788	2,476
Buckinghamshire Healthcare NHS Trust	-12,149	-12,149	-14,659	-5,546	6,603
Oxford Health NHS Foundation Trust	3,312	4,540	4,510	4,634	1,322
Oxford University Hospitals NHS Foundation Trust	-2,854	-5,379	-15,305	-10,748	-7,894
Royal Berkshire NHS Foundation Trust	-10,052	-10,050	-11,142	-7,497	2,555
TOTAL Provider	-20,431	-19,250	-32,895	-15,369	5,062
Buckinghamshire, Oxfordshire And Berkshire West ICB	0	-25,050	-40,315	-38,070	-38,070
TOTAL ICS	-20,431	-44,300	-73,210	-53,439	-33,008

NB. The system deficit for 2023/24 will have to be repaid in future years.

The ICB also holds a brought forward historical system deficit of £29.5m (offset by a CCG brought forward historical surplus of £1.6m). Initial repayments for the system deficit are reflected in the 2024/25 plans submitted for the ICS.

Table 1 – ICB Dashboard of key financial duties as required by NHS E

Indicator	Target	RAG
Reported outturn	Breakeven	X
Running Costs outturn	Breakeven	✓
ICB Capital outturn vs allocation	Breakeven	✓
Cash balance less than 1.25% of cash drawdown for month	<1.25%	✓
Mental Health Investment Standard Achieved	9.19%	✓
Better Payment Practice Code - Non NHS (by value)	95%	✓
Better Payment Practice Code - NHS (by value)	95%	X
Note: Cash draw down as % of Cash Drawdown Requirement	100%	✓

- The ICB has reported a year end deficit of £38.1m (M11 £23.5m) and has therefore not achieved its planned breakeven target. It did however improve slightly on its re-forecast position of £40.3m.
- Despite concerns at the beginning of the year, that the running cost budget would overspend if all posts were recruited to, the outturn was an underspend against plan of £1.4m. This was due to implementation of vacancy controls and a vacancy control panel during the year. The panel continues to be in place and all permanent appointments are now on hold until the outcome of the Change Programme and revised organisational structure has been implemented. The new organisational structure addresses the national requirement for reductions to running costs in 2024/25 and 2025/6.
- The ICB achieved the 95% Non-NHS BPPC target by value this month but not the target for NHS providers. Performance against the NHS target was impacted by two large invoices c£1.7m that were under query at month end.
- The cash drawdown at M12 was 100% of the cash drawdown requirement (CDR) (M11 was 1% in excess, £31.9m) as NHS E adjusted the CDR to meet the additional ICB requirements.

ICB Position M12

Table 2 – Financial position – ICB Overview by service line

BOB ICB OVERALL by Service Line Monthly Performance Report	Annual Budget Month 12 £'000	Actual Month 12 £'000	Variance Month 12 £'000	Forecast Variance Month 11 £'000	Change from prior month £'000
Acute	1,789,354	1,831,327	(41,973)	(37,869)	(4,105)
Community Health Services	386,228	392,133	(5,905)	(6,176)	271
Continuing Care	191,795	211,786	(19,991)	(20,251)	260
Mental Health	331,357	341,743	(10,386)	(9,795)	(591)
Other Programme	51,612	13,193	38,419	36,106	2,313
Primary Care	45,548	44,518	1,029	1,385	(355)
Prescribing, Central Drugs and Oxygen	271,288	279,991	(8,703)	(8,878)	174
Pharmacy, Optometry and Dentistry (POD)	137,811	129,801	8,010	6,200	1,810
Delegated Co-Commissioning	334,567	334,542	25	0	25
Total Programme Costs	3,539,559	3,579,035	(39,476)	(39,278)	(198)
ADMIN Costs	34,988	33,582	1,406	1,116	290
NET SURPLUS / (DEFICIT) before unidentified CIP and Surge budget	3,574,547	3,612,617	(38,070)	(38,162)	92
Unidentified CIP target	(7,000)	(7,000)	0	0	0
Surge Funding	(25,000)	(25,000)	0	0	0
NET SURPLUS / (DEFICIT)	3,542,547	3,580,617	(38,070)	(38,162)	92
ICB Historical Surplus / (Deficit)	1,583	0	1,583	0	1,583
System Historical Surplus / (Deficit)	(29,539)	0	(29,539)	0	(29,539)
TOTAL ICB	3,514,591	3,580,617	(66,026)	(38,162)	(27,864)

System wide under/(overspend) by organisation

The overall financial position of the ICS is shown below.

Table 7 – System under/(overspend) by organisation

ICS Body	In Month (M12)			Outturn Position M12		
	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
Berkshire Healthcare	0.5	1.5	1.0	1.3	3.8	2.5
Buckinghamshire Healthcare	5.0	5.3	0.3	(4.4)	(5.5)	(1.1)
Oxford Health	0.3	(0.4)	(0.7)	3.3	4.6	1.3
Oxford University Hospitals	11.2	(1.2)	(12.4)	3.4	(10.7)	(14.2)
Royal Berkshire Hospital	(0.8)	1.1	1.9	(3.7)	(7.5)	(3.8)
ICS Providers	16.2	6.3	(9.9)	(0.0)	(15.4)	(15.3)
BOB ICB	(0.0)	(14.6)	(14.6)	0.0	(38.1)	(38.1)
BOB ICS	16.2	(8.3)	(24.5)	(0.0)	(53.4)	(53.4)

The Plan shown in the table above is the original plan submitted adjusted for the £20.4m system deficit funding received in M11 as per NHS E guidance.

All provider information is extracted from key data submissions by providers consolidated into the System M12 Submission in mid-April – some changes may have been made in final provider submissions (24 April) but these should not have a material impact.

System Wide Under/(overspend) by expenditure type

Table 8 – System under/(overspend) by type of expenditure

Expenditure Category	In Month (M12)			Outturn Position M12		
	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
Income	314.5	427.3	112.8	3,634.8	3,909.2	274.4
Pay	(179.4)	(286.3)	(107.0)	(2,175.8)	(2,377.1)	(201.4)
Non - Pay	(112.6)	(130.4)	(17.8)	(1,382.9)	(1,486.9)	(104.1)
Non - Operational Expenditure	(6.3)	(4.3)	2.1	(76.2)	(60.5)	15.7
Total Expenditure	(298.3)	(421.0)	(122.7)	(3,634.8)	(3,924.6)	(289.8)
NHS Providers	16.2	6.3	(9.9)	(0.0)	(15.4)	(15.3)
BOB ICB	(0.0)	(14.6)	(14.6)	0.0	(38.1)	(38.1)
BOB ICS	16.2	(8.3)	(24.5)	(0.0)	(53.4)	(53.4)

The in-month increase to both pay and income for providers represents the adjustment for the element of pension costs (6.3%) funded directly by NHS E. Providers and the ICB pay employer contributions of 14.38% and this is topped up by 6.3% paid directly by NHS E but accounted for in provider positions at M12.

Key points per body

Berkshire Healthcare :

- The Trust achieved a year end surplus of £3.8m i.e. £2.5m better than planned and in line with system reforecast.
- Pay award pressures have mostly been offset by the fact that Trust has not been able to recruit to all posts in the plan, Utilities costs in PFIs have been lower than expected and interest receivable is ahead of plan.

Buckinghamshire Healthcare :

- The Trust closed the year with a deficit of £10.8m which is better than original plan by £6.6m and £0.5m better than M11 forecast.
- The Trust position improved due to receipt of £7.7m system deficit funding and £2.7m funding to offset costs of Industrial Action (IA) in M11.

Oxford Health :

- The Trust achieved a year end surplus of £4.6m i.e. £1.3m better than original plan and a small improvement on last month due to the release of unutilised accruals.
- The Trust overspent against Agency plan by £11.8m at year end.

Oxford University Hospitals:

- The Trust closed the year with a deficit of £10.7m (M11 £10.9m) i.e. £7.9m worse than original plan.
- In M11, the Trust received £6.3m system deficit funding and £5.7m IA funding but this improvement was offset by a technical change to the treatment of a Public Dividends Capital gain which worsened the reported deficit by £5.1m. The final adjusted forecast was for a £10.9m deficit so the outturn was very close.
- The underlying deficit is predominantly due to excess inflation cost rises, continued high usage of temporary staffing and savings that have not been sufficient to offset these effects.

Royal Berkshire Hospitals :

- RBFT closed the year with a deficit of £7.5m i.e. £2.6m better than original plan.
- The M11 forecast was expected to be £15.1m but improved due to the receipt of system deficit funding £6.4m and IA funding of £1.2m.

Common themes by type of expenditure

Provider Income : A final outturn overachievement of £274m (M11 £162m) is reported. The drivers for this include additional system funding from NHS E for IA, assumptions around ERF/API income, A4C pay award paid in M3, Medical pay award in M6 and other Commissioner SDF/Pass through funding. M12 reflects funding for additional Pension costs – see Pay costs also.

Provider Pay Costs : A Year end overspend of £201m (M11 £94m) is reported. Agency and Bank spend drives this, some of which is linked to industrial action and recovery work. Table 11 shows providers have spent £78m (M11 £73m) on agency/locums for the year to date (excluding Bank staff), £9.5m in excess of plan. The system did not exceed the agency cap. In M12, providers accounted for additional pension costs i.e.. employer contributions paid by NHSE on provider's behalf (6.3%) and reflected at year end in provider pay and income positions.

Non-Pay Expenditure : Overall non-pay expenditure is overspent by £104m at M12 (M11 £86m) mainly driven by Supplies and services expenditure including drugs.

Table 9: Agency spend against plan and as a % of cap is shown below:

Provider	Forecast Outturn		
	Plan	Actual	Variance
	£m	£m	£m
Berkshire Healthcare	5.1	8.3	(3.2)
Buckinghamshire Healthcare	16.3	10.3	6.0
Oxford Health	23.6	35.4	(11.8)
Oxford University Hospitals	10.0	16.2	(6.1)
Royal Berkshire Hospital	13.1	7.6	5.6
ICS Providers	68.1	77.6	(9.5)
System Level Agency Cap	83.8		
Agency spend as % of agency cap	81.2%	92.6%	

Oxford Health and OUH are the main driver of the ICS variance to plan.

Table 10 Provider pay costs variance by organisation

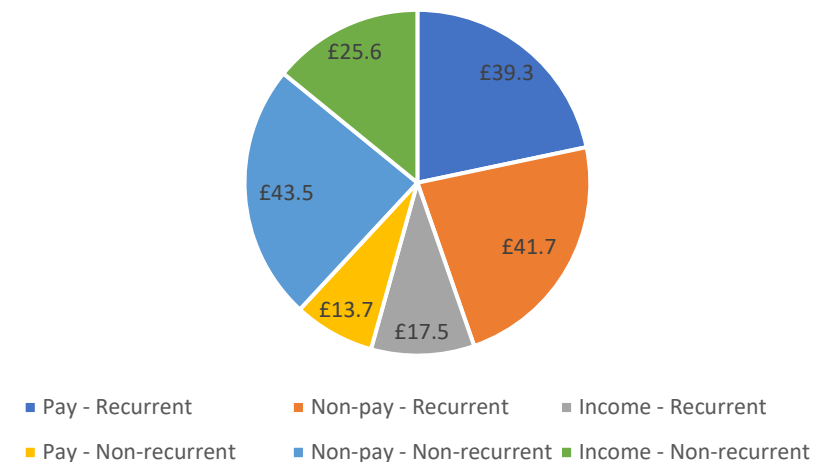
Provider	M12 Variance To Plan	
	In Month	Year End
	£m	£m
Berkshire Healthcare	(11.5)	(11.4)
Buckinghamshire Healthcare	(22.4)	(47.7)
Oxford Health	(15.6)	(24.6)
Oxford University Hospitals	(43.6)	(85.5)
Royal Berkshire Hospital	(15.5)	(32.1)
ICS Providers	(108.5)	(201.4)

Table 11 Non-Pay spend analysis by provider

Provider	M12 Outturn Position		
	Plan	Actual	Variance
	£m	£m	£m
Berkshire Healthcare	82.0	87.5	(5.5)
Buckinghamshire Healthcare	214.7	241.4	(26.8)
Oxford Health	228.0	246.0	(17.9)
Oxford University Hospitals	622.9	660.9	(38.1)
Royal Berkshire Hospital	235.3	251.1	(15.8)
ICS Providers	1,382.9	1,486.9	(104.1)

	Plan 31/03/2024 Year Ending £'000	Forecast 31/03/2024 Year Ending £'000	Variance 31/03/2024 Year Ending £'000
Recurrent			
Pay - Recurrent	53,361	39,336	-14,025
Non-pay - Recurrent	50,322	41,650	-8,672
Income - Recurrent	21,217	17,509	-3,708
Total recurrent efficiencies	124,900	98,495	-26,405
Non recurrent	0	0	
Pay - Non-recurrent	8,093	13,731	5,638
Non-pay - Non-recurrent	25,920	43,482	17,562
Income - Non-recurrent	12,280	25,583	13,303
Total non-recurrent efficiencies	46,293	82,796	36,503
Total Efficiencies	171,193	181,291	10,098

BOB ICS Efficiencies Actuals at M12 23/24 £'m



- The ICS has a planned total of £171.2m (£143.3m in 2022/23) of savings to be delivered by year end.
- Of this £181m (M11 £149m) has been delivered against the plan.
- The total savings planned were £125m Recurrent and £46m Non-Recurrent.
- £98m recurrent savings have been delivered by providers, £27m behind the plan; and £83m Non-Recurrent savings have been delivered, £37m ahead of plan.

Table 10 – Total Provider charge against ICS capital allocation (including impact of IFRS 16)

	Plan YTD £'000	Actual YTD £'000	Variance YTD £'000	%	Plan Year Ending £'000	Outturn Year Ending £'000	Variance Year Ending £'000	%
Berkshire Healthcare NHS Foundation Trust	12,775	11,981	794	6.2%	12,775	11,981	794	6.2%
Buckinghamshire Healthcare NHS Trust	28,893	23,011	5,882	20.4%	28,893	23,011	5,882	20.4%
Oxford Health NHS Foundation Trust	38,396	17,893	20,503	53.4%	38,396	17,893	20,503	53.4%
Oxford University Hospitals NHS Foundation Trust	35,082	40,092	(5,010)	(14.3%)	35,082	40,092	(5,010)	(14.3%)
Royal Berkshire NHS Foundation Trust	58,263	23,126	35,137	60.3%	58,263	23,126	35,137	60.3%
Total Provider charge against allocation	173,409	116,103	57,306	33.0%	173,409	116,103	57,306	33.0%
Capital allocation						126,467		
Variance to allocation						10,364		
Allocation met						Yes		

- ICS providers have underspent against ICS capital allocation plan by £10.4m at year end (M11 YTD was £38m underspent).
- The regional team has worked with systems and providers to manage the residual IFRS 16 pressure and the final position is an underspend of £10m rather than the £3.3m overspend forecast at M11.

Glossary of Terms

Term	Explanation
2023/24	Financial Year from 1 April 2023 to 31 March 2024
ALOS	Average Length of stay
API	Aligned Payment and Incentive - Payment mechanism covering almost all NHS provider activity and comprises fixed and variable elements. Almost all elective activity, and all activity which forms part of the ERF, is included in the variable element and is paid for using NHS Payment Scheme unit prices.
ARRS	Additional Roles Reimbursement Scheme for Primary care. NHS E reimburse costs of additional roles such as Pharmacists, Paramedics, MH workers retrospectively ie after the additional costs have been incurred.
BOB	Buckinghamshire, Oxfordshire and Berkshire West
Break even	Where actual costs are the same as planned
Capital	Property, plant or equipment held for use in delivering services that are expected to be used for more than one financial year
Category M drugs	Multiple source and widely available generic drugs
CCG	Clinical Commissioning Group - predecessor organisations to the ICB
CHC	Continuing Healthcare - free social care for people with long term complex health needs that is funded solely by the NHS
Deficit	Expenditure in excess of resources
ERF	Elective Recovery Funding
Fast-Track	NHS Continuing Healthcare Fast-Track pathway for those where health is deteriorating quickly or nearing the end of life
FNC	Funded Nursing Care - for people not eligible for CHC but assessed as requiring nursing care in a care home. NHS pay a contribution towards the cost of registered nursing care.
FOT/Forecast	Forecast Outturn - forecast spend at end of the financial year
ICB	Integrated Care Board
ICS	Integrated Care System - consists of ICB and provider organisations in Buckinghamshire, Oxfordshire and Berkshire West.
Mitigations	Actions taken/to be taken to reduce impact of risks
NCA	Non-contracted activity
NCSO	"No cheaper stock obtainable" - generic drug not available at tariff price, higher cost items need to be used
Overspend/Adverse	Actual costs are more than planned
POD services	Pharmacy, Ophthalmology and Dental services delegated to ICBs from NHS E regional teams from 2022-23
Under spend/Favourable	Actual costs are less than planned
Variance	Difference between actual expenditure and plan
YTD	Year to date