

BOARD MEETING

Date of meeting: 21st March 2023	Paper no: 09
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Title of paper: Finance Report M10 (January 2023)
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Paper is for:		Discussion	✓	Decision		Information	✓
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Purpose and Executive summary:

To brief the Board on the financial position of the Integrated Care Board (ICB) and system at month 10.

The key points are as follows:

- The most likely forecast at M10 for the Integrated Care System (ICS) is an overspend of £36.0m (M9 £44.0m). The ICS has committed to deliver the £44m stretch target and to collectively manage the risks of delivery. This has drawn in additional regional funding of £8.2m. The ICB forecasts to breakeven against its allocation.
- System Chief Finance Officers have agreed the distribution of the additional £8.2m regional funding between providers to bring their combined forecast outturn (FOT) to £36m deficit as shown in Table 1.
- The actions aimed at improving the ICS position before year end are ongoing and further mitigations have been identified. They are reflected in the revised FOT and to a degree in the year to date (YTD).
- Two providers are forecast to be worse than plan (Oxford University Hospitals (OUH) £6.6m and Royal Berkshire (RBFT) £17.9m); three providers are forecast to be better than plan (Berkshire Healthcare t (BHFT) £2.7m, Buckinghamshire Healthcare (BHT) £3.4m and Oxford Health (OH) £4.6m). Only BHFT is forecast to achieve a surplus.
- The ICB had a favourable variance to plan of £12.4m and providers by £1.6m against plan in month, offset by £1.8m non-achievement of the system savings target. The improvement in the ICB position is driven by release of mitigations into the YTD position. The improvement in the provider position is mainly because of one off benefits such as increased interest receivable and increased income from other ICSs.
- The ICB YTD overspend is driven by Prescribing, Continuing Health Care (CHC) and under delivery of savings targets offset by non-recurrent mitigations.
- Capital is underspent YTD by £43.2m (driven by underspends at RBFT £21.2m and OUH £14.5m) but with a year-end overspend forecast of £2.6m (M9 £5.8m) driven by OH. It was expected that the forecast would come back to plan at M10 due to an expected underspend of £4m at OUH. It has however been necessary to re-schedule schemes resulting in a reduced underspend reported at M10. OH is reviewing its capital expenditure with a view to delivering its capital plan and bringing the system back to a balanced position.
- RBFT have updated their capital plan this month to exclude IFRS 16 assets that are not expected to complete this year.

Financial implications of paper:
The ICB continues to forecast a breakeven position for 2022/23 as part of the system stretch target.

Action required:
The Board is asked to note the financial position of the ICB.

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Conflicts of Interest

This report contains information including the financial performance of organisations led by members of the Board (NB and NM). ICB funding contributes to the pooled budgets managed by Oxfordshire County Council and the contract held by GP practices, so SC and SJ 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.

No conflict identified	
Conflict noted: conflicted party can participate in discussion and decision	✓
Conflict noted, conflicted party can participate in discussion but not decision	
Conflict noted, conflicted party can remain but not participate in discussion	
Conflict noted, supported paper withheld from conflicted party e.g., pecuniary benefit	
Conflicted party is excluded from discussion	

9. Finance Report

Month 10 2022/23

BOB ICS Finance Report

- The most likely forecast at M10 for the ICS is an overspend of £36.0m (M9 £44.0m). The ICS has committed to deliver the £44m stretch target and to collectively manage the risks of delivery. This has drawn in additional regional funding of £8.2m. The ICB forecasts to breakeven against its allocation.
- System CFOs have agreed the distribution of the additional £8.2m regional funding between providers to bring their combined FOT to £36m deficit as shown in Table 1.
- The actions aimed at improving the ICS position before year end are ongoing and further mitigations have been identified. They are reflected in the revised FOT and to a degree in the YTD.
- Two providers are forecast to be worse than plan (Oxford University Hospitals FT £6.6m and Royal Berkshire FT £17.9); three providers are forecast to be better than plan (Berkshire Health FT £2.7m, Buckinghamshire Healthcare £3.4m and Oxford Health FT £4.6m). Only Berkshire Health FT is forecast to achieve a surplus.
- The ICB underspent by £12.4m and providers underspent by £1.6m against plan in month, offset by £1.8m non-achievement of the system savings target. The improvement in the ICB position is driven by release of mitigations into the YTD position. The improvement in the provider position is mainly as a result of one off benefits such as increased interest receivable and increased income from other ICSs.
- The ICB YTD overspend is driven mainly by Prescribing, CHC and under delivery of savings targets offset by non-recurrent mitigations.
- Capital is underspent YTD by £43.2m (mainly driven by underspends at RBFT £21.2m and OUH £14.5m) but with a year end overspend forecast of £2.6m (M9 £5.8m) mainly driven by OH. It was expected that the forecast would come back to plan at M10 due to an expected underspend of £4m at OUH. It has however been necessary to re-schedule schemes resulting in a reduced underspend reported at M10. OH is reviewing its capital expenditure with a view to delivering its capital plan and bringing the system back to a balanced position.
- RBFT have updated their capital plan this month to exclude IFRS 16 assets that are not expected to complete this year.

Year end forecast

Table 1 - Forecast surplus/(deficit) by organisation

ICS Body	Forecast (M10) Likely £m	Original Plan £m	Most Likely From Plan £m
Berkshire Healthcare	1.9	(0.9)	2.7
Buckinghamshire Healthcare	(14.3)	(17.7)	3.4
Oxford Health	(1.5)	(6.1)	4.6
Oxford University Hospitals	(5.3)	1.3	(6.6)
Royal Berkshire Hospital	(16.7)	1.2	(17.9)
ICS Providers	(35.9)	(22.2)	(13.7)
BOB ICB (Incl. Q1 CCGs)	0.2	0.4	(0.2)
BOB ICS Bodies	(35.8)	(21.9)	(13.9)
ICS-Wide System Savings	0.0	21.9	(21.9)
BOB ICB (Incl. ICS-Wide CIPs)	(35.8)	0.0	(35.8)

The most likely forecast for 2022-23 is now £36m from £44m at M9. The £44m forecast has been agreed with NHS E as the “stretch target” for BOB ICS and has resulted in additional regional funding of £8.0m enabling a revised forecast of £36m.

Reported risk has reduced as most risks are now judged to have crystallised in the run rate. Some risks and opportunities remain for both the ICB and Providers.

System wide under/(overspend) by organisation

The overall financial position of the ICS is shown below.

The movement in month ,YTD and FOT is analysed below by organisation:

Table 2 – System under/(overspend) by organisation

ICS Body	In Month (M10)			Year to Date			Forecast Outturn		
	Plan	Actuals	Variance	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Berkshire Healthcare	(0.0)	0.2	0.2	(0.8)	0.5	1.3	(0.9)	1.9	2.8
Buckinghamshire Healthcare	(1.4)	(1.1)	0.4	(14.7)	(12.3)	2.4	(17.6)	(14.3)	3.3
Oxford Health	(0.7)	(0.0)	0.7	(4.3)	(1.4)	2.9	(6.1)	(1.4)	4.7
Oxford University Hospitals	(0.5)	0.1	0.6	(0.5)	(9.8)	(9.4)	1.3	(5.3)	(6.6)
Royal Berkshire Hospital	(0.3)	(0.5)	(0.2)	0.2	(14.8)	(15.0)	1.1	(16.7)	(17.8)
ICS Providers	(3.0)	(1.3)	1.6	(20.1)	(37.9)	(17.8)	(22.3)	(35.8)	(13.5)
BOB ICB (Incl. Q1 CCGs)	0.2	12.6	12.4	0.2	(4.0)	(4.2)	0.4	0.0	(0.4)
BOB ICS Bodies	(2.8)	11.2	14.1	(19.9)	(41.9)	(22.0)	(21.9)	(35.8)	(13.9)
ICS-Wide System Savings	1.8	0.0	(1.8)	18.2	0.0	(18.2)	21.9	0.0	(21.9)
BOB ICS (Incl. ICS-Wide CIPs)	(1.0)	11.2	12.2	(1.7)	(41.9)	(40.2)	(0.0)	(35.8)	(35.8)

Whilst the ICS-wide £22m savings target agreed at plan stage is reflected in the ICB's reported position to NHSE this is shown separately above.

Key points per body

ICB / CCGs :

- For the first ten months of the year a YTD adverse variance of £4.2m (M9 £16.6m) is reported (excluding the ICS wide system savings target). This is an in month improvement of £12.4m. (M9 £5.0m deterioration) The main drivers of the YTD overspend is prescribing and CHC.
- Prescribing remains a risk with further worsening of the position possible driven by NCSOs/Cat M drugs.
- It is still forecast that the ICB will deliver a year end breakeven position as a result of additional mitigations being identified and recovery actions that are now in place. These are however non recurrent and involve actions such as release of balance sheet flexibility from 2021-22 and Q1 and stopping/delaying investments and Service Development Funding.
- The ICB did not come into existence until the 1st July 2022. The results of the three predecessor CCGs are aggregated into the ICB figures for ease of reporting as required by the NHSE's performance regime.
- These figures do not include the ICS-system wide £21.9m savings target. This is a system held target.

Berkshire Healthcare :

- Berkshire Healthcare continued to improve on plan in M10 and YTD has a small positive variance to plan of £1.3m (M9 £1.1m).
- Pay spend overall is approximately in line with plan with substantive vacancies being covered where necessary by agency.
- Non Pay is overspent driven by an increase in out of area placements and fuel costs, while Interest receivable is higher than planned

Buckinghamshire Healthcare :

- A favourable variance of £0.4m to plan was reported in M10 (M9 £2.3m) and a £2.4m favourable variance to plan YTD (M9 £2.2m).
- The trust has improved its forecast position to £14.3m deficit from £14.7m deficit last month.
- The position now reflects the agreed £1m revenue to capital agreed by the System.

Oxford Health :

- A favourable variance of £0.7m to plan was reported in M10 and a £2.9m favourable variance to plan YTD (M9 £2.2m).
- Significant agency spend has been required to maintain operations but this has been managed within the overall position.
- Income is higher than planned due to deferred income and higher sales in the Oxford Pharmacy store
- Interest receivable is also higher than planned.

Oxford University Hospitals :

- A favourable variance of £0.6m to plan was reported in M10 and an adverse variance of £9.4m YTD (M9 £9.9m).
- The underlying Trust run rate has been stable in month but a number of one off benefits have again improved the YTD position including income from other ICBs due to additional activity and release of a PFI provision.
- Commissioning income is above plan due to pass through income for drugs and devices and other ICB contracts. Non NHS income, including income from Overseas visitors, was also better than plan.
- The Board has approved a revised reforecast of a £5.3 m deficit. The reforecast protocols have been completed and the finalised reforecast position reflects the OUH share of the additional regional funding £5.5m.
- The Pay costs variance is due to temporary staffing and additional sessions covering sickness (including ongoing Covid impact), staff turnover and Average Length of Stay above plan

Royal Berkshire Hospitals :

- The reported adverse variance of £15.0m YTD has increased in-month by £0.2m (M9 increased by £1.5m).
- The trust has faced increased costs to deliver the higher levels of elective activity required by NHSE. Clinical supplies and bank and agency pay costs are also above plan to deal with non elective activity recovery.
- The trust has been able to hold its forecast position at £16.7m deficit in the light of additional system funding of £2.8m.

System Wide Under/(overspend) by expenditure type

Table 3 – System under/(overspend) by type of expenditure

Expenditure Category	In Month (M10)			Year to Date			Forecast Outturn		
	Plan	Actuals	Variance	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	276.4	297.3	20.9	2,776.3	2,870.5	94.2	3,329.3	3,448.4	119.1
Pay	(167.8)	(175.0)	(7.3)	(1,675.2)	(1,742.2)	(67.0)	(2,010.2)	(2,096.1)	(85.9)
Non - Pay	(105.5)	(118.2)	(12.7)	(1,059.5)	(1,110.0)	(50.5)	(1,267.6)	(1,318.9)	(51.2)
Non - Operational Expenditure	(6.2)	(5.5)	0.7	(61.7)	(56.2)	5.6	(73.8)	(69.3)	4.5
Total Expenditure	(279.4)	(298.7)	(19.3)	(2,796.4)	(2,908.4)	(112.0)	(3,351.6)	(3,484.2)	(132.6)
NHS Providers	(3.0)	(1.3)	1.6	(20.1)	(37.9)	(17.8)	(22.3)	(35.8)	(13.5)
BOB ICB (Incl. Q1 CCGs)	0.2	12.6	12.4	0.2	(4.0)	(4.2)	0.4	0.0	(0.4)
BOB ICS Bodies	(2.8)	11.2	14.1	(19.9)	(41.9)	(22.0)	(21.9)	(35.8)	(13.9)
ICS-Wide System Savings	1.8	0.0	(1.8)	18.2	0.0	(18.2)	21.9	0.0	(21.9)
BOB ICS (Incl. ICS-Wide CIPs)	(1.0)	11.2	12.2	(1.7)	(41.9)	(40.2)	(0.0)	(35.8)	(35.8)

Common themes by expenditure type

ICB / CCGs :

- The majority of payments are to BOB ICS providers.

Provider Income :

- A YTD overachievement of £94.2m (M9 £73.3m) is reported.
- The main driver for this variance is additional funding passed from the ICB and other commissioners. This relates to pay award funding, SDF, and other programmes

Provider Pay Costs :

- A YTD overspend of £67.0m (M9 £59.8m) is reported. A £7.3m overspend is reported in month (M9 £7.6m).
- Underlying factors are recruitment issues, the need to deliver increased activity and COVID relating to both increased staff sickness and still significant activity.
- Agency spend continues to be an issue across the ICS. Within this there is both a price and usage variance. As can be seen from Table 5, providers have spent £90.4m on agency/locums for the year to date (excluding Bank staff) (M9 £82.9m), £28.3m in excess of plan (M9 £25.8m).
- An additional factor in this overspend is the slippage in CIP plans. As at M10 provider plans for pay related savings were £19.0m behind plan (M9 £16.6m).

Non-Pay Expenditure :

- Overall non-pay expenditure is overspent by £50.5m at M10 (M9 £37.8m)
- An underlying issue is the slippage/non-delivery of CIPs in this area of expenditure which are £2.3m behind plan.

Table 4 Provider pay costs variance by organisation

Provider	M10 Variance To Plan	
	In Month	YTD
	£m	£m
Berkshire Healthcare	0.1	0.2
Buckinghamshire Healthcare	(2.3)	(15.0)
Oxford Health	(0.7)	(7.1)
Oxford University Hospitals	(3.6)	(35.3)
Royal Berkshire Hospital	(0.8)	(9.8)
ICS Providers	(7.3)	(67.0)

Table 5 Agency spend analysis by provider

Provider	M10 Year To Date		
	Plan	Actual	Variance
	£m	£m	£m
Berkshire Healthcare	3.9	6.5	(2.6)
Buckinghamshire Healthcare	15.0	15.6	(0.6)
Oxford Health	35.5	45.2	(9.7)
Oxford University Hospitals	6.8	12.4	(5.6)
Royal Berkshire Hospital	1.0	10.7	(9.8)
ICS Providers	62.1	90.4	(28.3)

Overall

- A significant element in the delivery of the ICS's overall planned break even position at the year end is the delivery of CIP / Savings programmes.
- The ICS had a planned total of £116.6m of savings to be delivered at this point in the year. Of this £63.8m (M9 £61.7m) has been delivered, leaving an adverse underachievement of £52.8m at this point in the year
- It should be noted that included in these figures is the £22.0m ICS system wide target.

By Organisation:

- Table 7 shows that all ICS providers, apart from OH, are behind with the delivery of their CIP plans.
- The ICB itself is also behind with its plans, with only 9% of the YTD target identified at this point. £18.3m of this is the ICS system wide gap for which mitigations have not been identified.

By Type of Expenditure:

- Table 8 shows provider CIP plans analysed between pay, non-pay and income
- Both pay and non-pay are behind plan but income schemes have delivered in excess of target

Table 6 – System Efficiencies

Provider	M10 Year To Date			
	Plan	Actual	Variance	
	£m	£m	£m	%
Berkshire Healthcare	7.6	4.2	(3.4)	-45%
Buckinghamshire Healthcare	20.2	18.3	(1.9)	-10%
Oxford Health	7.3	7.3	(0.1)	0%
Oxford University Hospitals	35.4	30.5	(4.9)	-14%
Royal Berkshire Hospital	5.6	0.0	(5.6)	-100%
ICS Providers	76.2	60.2	(15.9)	-21%
ICB Including Preceding CCGs	40.5	3.6	(36.9)	-91%
ICS Total	116.6	63.8	(52.8)	-45%

Table 7 – System efficiencies by type of spend

Provider	M10 YTD Variance			
	Pay	Non Pay	Income	Total
	£m	£m	£m	£m
Berkshire Healthcare	(2.0)	(1.9)	0.4	(3.4)
Buckinghamshire Healthcare	(5.2)	1.6	1.7	(1.9)
Oxford Health	(2.9)	2.8	0.0	(0.1)
Oxford University Hospitals	(5.0)	(3.2)	3.3	(4.9)
Royal Berkshire Hospital	(3.9)	(1.7)	0.0	(5.6)
ICS Providers	(19.0)	(2.3)	5.4	(15.9)
ICB Including Preceding CCGs	0.0	(18.6)	0.0	(18.6)
ICS System Wide Gap (£22m)	0.0	0.0	(18.3)	(18.3)
ICS Total	(19.0)	(20.9)	(12.9)	(52.8)

Table 8 – System capital position – total charge against capital allocation (before impact of IFRS 16)

Organisation	Total Charge against capital allocation								
	Plan	Actual	Variance		Plan	Forecast	Variance		
	YTD	YTD	YTD	YTD	Year	Year	Year	Year	
£'000	£'000	£'000	%	Ending	Ending	Ending	Ending		
				£'000	%	£'000	£'000	£'000	%
Buckinghamshire, Oxfordshire And Berkshire West ICB	119	119	0	0.0%	2,996	2,996	0	0.0%	
Berkshire Healthcare NHS Foundation Trust	7,012	2,913	4,099	58.5%	8,700	8,843	(143)	(1.6%)	
Buckinghamshire Healthcare NHS Trust	16,672	16,978	(306)	(1.8%)	20,000	21,000	(1,000)	(5.0%)	
Oxford Health NHS Foundation Trust	8,749	5,072	3,677	42.0%	9,937	12,521	(2,584)	(26.0%)	
Oxford University Hospitals NHS Foundation Trust	22,602	8,132	14,470	64.0%	30,838	29,761	1,077	3.5%	
Royal Berkshire NHS Foundation Trust	32,162	10,942	21,220	66.0%	28,000	28,000	0	0.0%	
ICS Total	87,316	44,156	43,160	49.4%	100,471	103,121	(2,650)	(2.6%)	

- The reported capital plan has been amended by RBFT this month to exclude IFRS 16 assets that are not expected to complete this year – a reduction of £30.9m.
- This brings the ICS planned total charge against capital (before impact of IFRS 16) to £100.5m from £136.9m last month.
- ICS providers are behind plan at M10 by £43.2m (M9 £69.9m) but are forecasting to overspend by £2.6m by year end (M9 £5.8m). There remains a high degree of risk around the ability to deliver by year end.
- As expected BHFT have been able to bring their forecast back to close to breakeven due to changes related to IFRS 16 and BHT have moved to a £1.0m overspend due to a system agreed revenue to capital transfer
- However, OUH have had to rephase a theatre scheme due to a change in national funding and have therefore not been able to deliver the expected £4m underspend
- OH are reviewing their spend to identify whether they can improve on the forecast £2.6m overspend to bring the system back into balance.