

BOB ICB BOARD MEETING

Title	Finance Report Month 12 (March) 2022/23		
Paper Date:	3 May 2023	Meeting Date:	16 May 2023
Purpose:	Assurance	Agenda Item:	09
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Executive Summary

This paper sets out the financial position of the Integrated Care Board (ICB) and the wider Integrated Care System (ICS) at the end of 2022/23.

The Board should note that the ICB achieved its stretch target of breakeven for the year and its other financial targets as set out in the dashboard.

The ICS more than achieved its stretch target of £35.8m deficit for the year, closing at a deficit of £30.6m. The ICS capital allocation was underspent by £2.8m.

Action Required

The board is asked to note the draft outturn position and that it is still subject to external audit.

Conflicts of Interest

Conflict noted: conflicted party can participate in discussion and decision

This report contains information including the financial performance of organisations led by members of the Board (Nick Broughton and Neil Macdonald). ICB funding contributes to the pooled budgets managed by Oxfordshire County Council and the contract held by GP practices, so Stephen Chandler and Shaheen Jinah 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.

Date/Name of Committee/ Meeting, Where Last Reviewed:

System Productivity Committee, 2 May 2023,

9. Finance Report

Month 12 2022/23

BOB ICS Finance Report

Executive Summary

- The Integrated Care Board (ICB) delivered a small surplus of £248k for 2022/23 an improvement against its breakeven stretch target agreed with NHS England (NHSE).
- The ICB also delivered all of its financial targets (see dashboard below) but the Mental Health Investment Standard (MHIS) achievement was lower than forecast earlier in the year.

ICB Dashboard Month 12 2022/23

Indicator	Target	RAG
Reported Forecast outturn vs Stretch target	Breakeven	✓
Running Costs Outturn vs allocation	Breakeven	✓
ICB Capital outturn vs allocation	Breakeven	✓
Cash balance at 31st March 2023 less than 1.25% of March cash drawdown	<1.25%	✓
Mental Health Investment Standard Achieved	4.33%	✓
Better Payment Practice Code - Non NHS (by value)	95%	✓
Better Payment Practice Code - NHS (by value)	95%	✓
Note: Cash draw down as % of Maximum Cash Drawdown	100.00%	100.0%

- The ICB has experienced in year pressures in Prescribing and Continuing Healthcare (CHC) offset by underspends in Community and Pharmacy, Optometry and Dental (POD) services and other non-recurrent mitigations.
- This is subject to external audit review for the period.

Executive Summary (cont'd)

- The Integrated Care System (ICS) as a whole was overspent at year end by £30.6m, compared to the most likely forecast at M10 of an overspend of £35.8m. The ICS has therefore more than delivered the stretch target agreed with NHS E; an improvement of £5.2m.
- The main driver of the improvement was Oxford University Hospitals (OUH) - the position improved by £5.3m to a small surplus of £85k.
- The Oxford Health (OHFT) position was worse than the agreed stretch target by £0.6m. The overspend was driven by additional pressure from the backdated pay award.
- The Royal Berkshire (RBFT) delivered its stretch target and all other providers delivered small improvements to the stretch target of less than £0.28m each.
- The back dated pay award offered to staff in March was funded by NHSE in 2022/23 and accrued by NHS organisations in accordance with guidance issued, although the offer has not yet been accepted by all unions. Most providers estimated that the funding provided was not adequate due to issues such as the calculation excluding PFI staff. Providers were able to mitigate this pressure in their final positions apart from OHFT where this was the driver for their variance to stretch target.
- Pay costs remained the most significant pressure across all providers with the increased use of agency/locum staff. Agency spend for the year was £124.4m (M10 £90.4m). This is £38.3m adverse to plan (M10 £28.3m). Adverse variances were due to both increased usage and escalating rates and were the main driver of the system overspend.
- Slippage/under-achievement of savings programmes has also contributed to overspends across the system (£76m/53% of plan was achieved for the year i.e. £67.2m behind plan (M10 £52.8m behind plan).
- Capital was underspent by £2.8m at year end (M10 £2.6m overspend forecast). This is mainly driven by an underspend at OUH of £3.4m and reductions in spend at Buckinghamshire Healthcare (BHT) and OHFT from M10 forecast. At M10 the ICS YTD was £43m or 49.4% underspent against plan but at year end the overall underspend was only 2.8% of plan.
- Where relevant the performance of the three predecessor CCGs have been aggregated into the ICB's position in line with NHS E reporting requirements.

Table 1 – Financial position M12 – ICB Overview by service line

BOB ICB OVERALL by Service Line Monthly Performance Report	In Month Budget Month 12 £'000	In Month Actual Month 12 £'000	In Month Variance Month 12 £'000	YTD Budget Month 12 £'000	YTD Actual Month 12 £'000	YTD Variance Month 12 £'000
Acute	144,975	152,743	(7,768)	1,235,034	1,255,145	(20,110)
Community Health Services	31,962	29,240	2,722	245,218	231,819	13,399
Continuing Care	15,574	17,180	(1,606)	122,660	139,813	(17,153)
Mental Health	25,353	25,556	(203)	230,531	232,619	(2,088)
Other Programme	29,953	15,683	14,270	101,157	63,757	37,399
Other Commissioned Services	0	686	(686)	0	(12,352)	12,352
Primary Care	4,581	2,837	1,744	37,805	35,537	2,267
Pharmacy, Optometry and Dentistry (POD)	11,914	11,183	731	98,788	92,206	6,582
Prescribing, Central Drugs and Oxygen	19,980	25,277	(5,298)	177,504	210,753	(33,248)
Delegated Co-Commissioning	30,080	29,961	118	232,171	232,053	118
Total Programme Costs	314,372	310,346	4,026	2,480,868	2,481,350	(482)
ADMIN Costs	3,408	2,755	653	26,323	24,882	1,441
NET SURPLUS / (DEFICIT) before CIP and Planned Surplus	317,779	313,100	4,679	2,507,191	2,506,232	959
Unidentified CIP target	(1,828)	0	(1,828)	(16,453)	0	(16,453)
Planned surplus/(deficit) Q2 to Q4	1,966	0	1,966	15,741	0	15,741
NET SURPLUS / (DEFICIT) after NHS E reimbursements	317,917	313,100	4,817	2,506,480	2,506,232	248
Historical Surplus	132	0	132	1,583	0	1,583
TOTAL ICB Q2 to Q4	318,049	313,100	4,949	2,508,063	2,506,232	1,831

ICS year end position - Revenue and Capital

The table below summarises the final outturn position for the ICS for revenue compared to the stretch target agreed with NHSE and for capital compared to plan. The final system deficit was £30.6m i.e. £5.2m better than the agreed stretch target. This was mainly driven by an improvement in the position of OUH. OUH was able to improve on the stretch target and closed the year with a small surplus of £0.9m.

The ICS underspent its capital plan by £2.82m again largely driven by OUH, as forecasted at M10.

Table 2 – Final system revenue and capital positions

System Revenue	BHFT £m	BHT £m	OH £m	OUH £m	RBFT £m	ICB £m	Total £m
Stretch Target	1.89	(-14.30)	(-1.50)	(-5.28)	(-16.73)	0.16	(-35.76)
M12 Draft Outturn	2.17	(-14.27)	(-2.13)	0.09	(-16.73)	0.25	(-30.63)
Variance	0.28	0.03	(-0.63)	5.37	0.00	0.09	5.13

System Capital	BHFT £m	BHT £m	OH £m	OUH £m	RBFT £m	ICB £m	Total £m
Plan	8.70	20.00	9.94	30.84	28.00	1.15	98.63
M12 Draft Outturn	9.02	20.41	9.98	27.47	27.78	1.15	95.80
Variance	(-0.32)	(-0.41)	(-0.04)	3.37	0.22	0.00	2.82

System wide under/(overspend) by organisation

The overall financial position of the ICS is shown below.

The movement in month and the final outturn is analysed below by organisation:

Table 3 – System under/(overspend) by organisation

ICS Body	In Month (M12)			Year to Date		
	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
Berkshire Healthcare	(0.1)	1.2	1.2	(0.9)	2.2	3.1
Buckinghamshire Healthcare	(1.4)	(1.2)	0.2	(17.6)	(14.3)	3.4
Oxford Health	(1.1)	(1.0)	0.2	(6.1)	(2.1)	4.0
Oxford University Hospitals	1.8	9.1	7.3	1.3	0.1	(1.2)
Royal Berkshire Hospital	2.2	(0.9)	(3.0)	1.1	(16.7)	(17.8)
ICS Providers	1.3	7.2	5.9	(22.3)	(30.9)	(8.6)
BOB ICB (Incl. Q1 CCGs)	0.3	1.6	1.4	0.3	0.2	(0.0)
BOB ICS Bodies	1.6	8.8	7.2	(22.0)	(30.6)	(8.6)
ICS-Wide System Savings	1.7	0.1	(1.7)	22.0	0.0	(22.0)
BOB ICS (Incl. ICS-Wide CIPs)	3.3	8.9	5.6	(0.0)	(30.6)	(30.6)

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 :

- The ICB delivered a small improvement of £248k compared to its breakeven stretch target.
- The Prescribing position is based on 10 months of data and estimates for the remaining months. NCSOs/Cat M drugs have been the main drivers of the deteriorating position this year.
- The ICB has delivered a breakeven position but by the use of non recurrent measures.
- The ICB did not come into existence until the 1 July 2022.
- The ICS-system wide £21.9m savings target was not achieved.

Berkshire Healthcare :

- Berkshire Healthcare delivered a small improvement on the stretch target of £0.28m in spite of pressure of c£0.3m from the 2022/23 pay award funding shortfall.
- Pay spend overall was in line with plan with substantive vacancies being covered where necessary by agency.
- Non Pay was overspent driven by an increase in out of area placements and fuel costs, while Interest receivable is higher than planned

Buckinghamshire Healthcare :

- The trust delivered its improved forecast position of £14.3m deficit.
- The 2022/23 pay award pressure of approx. c£0.3m was mitigated by the Trust.
- The Trust did not overspend its capital plan by £1m as expected as a result of the agreed revenue to capital transfer due to other capital slippage.

Oxford Health :

- OHFT missed its stretch target by £0.6m due to pressures associated with the shortfall in funding for the back dated 2022/23 pay award.
- Significant agency spend was required in year to maintain operations but this has been managed within the overall position.
- Income has been higher than planned due to deferred income and higher sales in the Oxford Pharmacy store
- Interest receivable was also higher than planned.

Oxford University Hospitals :

- The OUH improved its position by £5.3m compared to the stretch target and achieved a small surplus of £85k rather than a deficit of £5.3m.
- The pressure from the 2022/23 pay award of £1.6m was more than offset by a number of one-off benefits that improved the position.
- Commissioning income has been 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 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 RBFT delivered its stretch target of £16.7m in spite of pressure of c£0.3m from the 2022/23 pay award funding shortfall.
- 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.

System Wide Under/(overspend) by expenditure type

Table 4 – System under/(overspend) by type of expenditure

Expenditure Category	In Month (M12)			Year to Date		
	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
Income	278.4	471.4	193.1	3,329.3	3,633.9	304.6
Pay	(167.8)	(332.9)	(165.1)	(2,010.2)	(2,253.7)	(243.5)
Non - Pay	(103.3)	(124.0)	(20.6)	(1,267.6)	(1,342.6)	(75.0)
Non - Operational Expenditure	(5.9)	(7.3)	(1.4)	(73.8)	(68.5)	5.3
Total Expenditure	(277.1)	(464.2)	(187.2)	(3,351.6)	(3,664.8)	(313.2)
NHS Providers	1.3	7.2	5.9	(22.3)	(30.9)	(8.6)
BOB ICB (Incl. Q1 CCGs)	0.3	1.6	1.4	0.3	0.2	(0.0)
BOB ICS Bodies	1.6	8.8	7.2	(22.0)	(30.6)	(8.6)
ICS-Wide System Savings	1.7	0.0	(1.7)	22.0	0.0	(22.0)
BOB ICS (Incl. ICS-Wide CIPs)	3.3	8.8	5.5	(0.0)	(30.6)	(30.6)

Common themes by subjective

ICB / CCGs :

- The majority of payments are to BOB ICS providers.

Provider Income :

- A YTD overachievement of £304.6m (M10 £94.2m) 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 £243.5m (M10 £67.0m) is reported. A £165.1m overspend is reported in month (M10 £7.3m).
- 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 has been 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 £124.4m on agency/locums for the year to date (excluding Bank staff) (M10 £90.4m), £38.3m in excess of plan (M10 £28.3m).
- An additional factor in this overspend is the slippage in savings plans. As at M12 provider plans for pay related savings were £25.2m behind plan (M10 £19.0m).

Non-Pay Expenditure :

- Overall non-pay expenditure is overspent by £75.0m at M12 (M10 £50.5m)
- An underlying issue is the slippage/non-delivery of savings in this area of expenditure which are £2.3m behind plan.

Table 5 Provider pay costs variance by organisation

Provider	M12 Variance To Plan	
	In Month	YTD
	£m	£m
Berkshire Healthcare	(19.9)	(19.0)
Buckinghamshire Healthcare	(30.0)	(47.1)
Oxford Health	(29.1)	(35.9)
Oxford University Hospitals	(61.5)	(103.2)
Royal Berkshire Hospital	(24.6)	(38.3)
ICS Providers	(165.1)	(243.5)

Table 6 Agency spend analysis by provider

Provider	M12 Year To Date		
	Plan	Actual	Variance
	£m	£m	£m
Berkshire Healthcare	4.5	7.9	(3.5)
Buckinghamshire Healthcare	31.8	36.0	(4.1)
Oxford Health	40.5	52.3	(11.7)
Oxford University Hospitals	8.1	15.1	(7.0)
Royal Berkshire Hospital	1.2	13.2	(12.0)
ICS Providers	86.1	124.4	(38.3)

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 £143.3m of savings to be delivered by year end. Of this £76.1m (M10 £63.8m) has been delivered, leaving an adverse underachievement of £67.2m
- 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 under-delivered against their savings plans.
- The ICB delivered 8% of the savings target for the year, £22m of this is the ICS system wide gap for which mitigations were not identified.

By Type of Expenditure:

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

Table 7 – System Efficiencies

Provider	M12 Year To Date			
	Plan	Actual	Variance	
	£m	£m	£m	%
Berkshire Healthcare	9.9	5.2	(4.7)	-47%
Buckinghamshire Healthcare	24.7	20.1	(4.6)	-18%
Oxford Health	9.4	9.0	(0.4)	0%
Oxford University Hospitals	44.0	37.6	(6.4)	-15%
Royal Berkshire Hospital	6.7	0.0	(6.7)	-100%
ICS Providers	94.8	72.0	(22.8)	-24%
ICB Including Preceding CCGs	48.6	4.1	(44.5)	-92%
ICS Total	143.3	76.1	(67.2)	-47%

Table 8 – System efficiencies by type of spend

Provider	M12 YTD Variance			
	Pay	Non Pay	Income	Total
	£m	£m	£m	£m
Berkshire Healthcare	(2.7)	(2.7)	0.8	(4.7)
Buckinghamshire Healthcare	(7.1)	0.7	1.9	(4.6)
Oxford Health	(3.7)	3.3	0.0	(0.4)
Oxford University Hospitals	(6.9)	(6.8)	7.3	(6.4)
Royal Berkshire Hospital	(4.7)	(2.0)	0.0	(6.7)
ICS Providers	(25.2)	(7.6)	10.0	(22.8)
ICB Including Preceding CCGs	0.0	(22.5)	0.0	(22.5)
ICS System Wide Gap (£22m)	0.0	0.0	(21.9)	(21.9)
ICS Total	(25.2)	(30.1)	(11.9)	(67.2)

Table 9 – 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	%	
Buckinghamshire, Oxfordshire And Berkshire West ICB	1,146	1,146	0	0.0%				
Berkshire Healthcare NHS Foundation Trust	8,700	9,022	(322)	(3.7%)				
Buckinghamshire Healthcare NHS Trust	20,000	20,413	(413)	(2.1%)				
Oxford Health NHS Foundation Trust	9,937	9,978	(41)	(0.4%)				
Oxford University Hospitals NHS Foundation Trust	30,838	27,466	3,372	10.9%				
Royal Berkshire NHS Foundation Trust	28,000	27,780	220	0.8%				
ICS Total	98,621	95,805	2,816	2.9%				

- ICS providers have underspent against capital plan by £2.8m (M10 £2.65m forecast overspend).
- OUH, Bucks and OHFT positions improved from M10 forecast.
- At M10, the YTD variance was £43m to plan so there has been significant progress against plan between Month 10 and 12.