

9. Finance Report

Month 6 (September) 2022/23

BOB ICS Finance Report

Executive Summary

- The following report outlines the financial position of the ICS for the first six months of 2022/23. Where relevant the performance of the three predecessor CCGs have been aggregated into the ICB's position in line with NHSE reporting requirements.
- The ICS overspent by £6.6m in month to reach a year-to-date (YTD) variance adverse to plan of £38.3m. The ongoing overspend has continued approximately in line with trend.
- Financial pressure is increasing on all providers, particularly acute trusts and the acute services of integrated trusts.
- Pay costs are a significant pressure across all providers with the use of agency/locum staff increasing (£53.8m YTD spend, £10.2m adverse to plan). This has generated adverse financials both due to increased usage and escalating rates.
- Inflationary pressures continue to affect all services. This is likely to be an escalating factor as time progresses.
- The ICB has continued to overspend, but at a much reduced rate (£0.2m in month, £8.5m YTD). Prescribing, Continuing Health Care (CHC) and savings delivery are driving this, although partially mitigated by the release of reserves / provisions.
- Slippages / under-achievement of savings programmes has been a major contributor to overspends across the system (only 50% achieved YTD equivalent to £33.6m behind plan).
- Capital is currently in line with plan with a small year-end overspend forecast. There are however developing pressures at a number of providers.
- The ICS system wide savings target of £22.0m still needs to be delivered..

System Wide Under/(Overspend) By Body

The overall financial position of the ICS for the first six months of the financial year is shown below. Where relevant the performance of the predecessor CCGs for first three months of the year is aggregated into the figures.

The position is first analysed by organisation then by subjective analysis with an aim to draw out common themes.

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

| Expenditure Category | Under / (Over) Spend | |
|--------------------------------------|----------------------|---------------|
| | In Month | YTD |
| | £m | £m |
| Berkshire Healthcare | 0.2 | 0.7 |
| Buckingham Healthcare | (0.1) | (0.2) |
| Oxford Health | (0.7) | 0.4 |
| Oxford University Hospitals | 0.2 | (11.8) |
| Royal Berkshire | (4.0) | (7.7) |
| BOB ICB (Incl. Q1 CCGs) | (0.2) | (8.5) |
| BOB ICS Bodies | (4.8) | (27.3) |
| ICS-Wide System Saving | (1.8) | (11.0) |
| BOB ICS (Incl. ICS-Wide CIPs) | (6.6) | (38.3) |

Whilst the agreed ICS-wide £22m savings target is reflected in the ICB's reported position to NHSEI this is shown separately above. This was agreed as a system wide issue when included in the revised financial plan re-submission in June 2022, not an ICB specific requirement.

System Wide Surplus / (Deficit) By Subjective

The below table analyses the financial performance of the ICS by subjective. This is generated from the monthly submissions made to the ICB by providers.

| Organisation | In Month | | | YTD | | |
|---------------------------|--------------|--------------|---------------|----------------|----------------|---------------|
| | Plan | Actuals | Variance | Plan | Actuals | Variance |
| | £m | £m | £m | £m | £m | £m |
| Income | 278.6 | 299.3 | 20.6 | 1,668.2 | 1,693.6 | 25.4 |
| Pay | 167.9 | 186.3 | (18.4) | 1,004.9 | 1,042.9 | (38.0) |
| Non-Pay | 105.7 | 112.6 | (6.9) | 636.4 | 644.2 | (7.8) |
| Non-Operating Expenditure | 6.2 | 6.0 | 0.2 | 37.1 | 35.5 | 1.6 |
| Total Expenditure | 279.8 | 304.9 | (25.1) | 1,678.4 | 1,722.6 | (44.2) |
| NHS Providers | (1.1) | (5.6) | (4.5) | (10.2) | (29.0) | (18.8) |
| ICB (Incl Q1 CCGs) | 0.1 | (0.1) | (0.1) | 0.1 | (8.4) | (8.5) |
| ICS Wide Saving (£22.0m) | 1.8 | 0.0 | (1.9) | 9.0 | 0.0 | (11.0) |
| BOB ICS | 0.8 | (5.7) | (6.6) | (1.1) | (37.4) | (38.3) |

Key Points by organisation

• ICB / CCGs :

- The ICB did not come into existence until ^t July 2022. The results of the three predecessor CCGs are aggregated into the ICB figures for ease of reporting as is required by NHSE's performance regime.
- At this stage in the year a £19.5m outturn adverse to plan is reported. £11.0m of this relates to the £22.0m system wide savings target agreed by all ICS parties as part of the planning round. When this is excluded, a YTD adverse variance of £8.5m is reported.
- Within this residual overspend the main factors are Prescribing costs, CHC spend, increased activity with Independent Sector providers, and delays in internal CIP implementation.

• Berkshire Healthcare :

- A small positive variance is reported without any significant variances within this total.
- Pay spend overall is approximately in line with plan with substantive vacancies being covered where necessary by agency.

• Buckinghamshire Healthcare :

- A small adverse variance is reported overall.
- Whilst the trust is still forecasting the delivery of its year-end plan of a £17.7m deficit this is under increasing pressure.

• Oxford Health :

- This trust is £0.4m ahead of plan at this stage. A £0.7m adverse variance was delivered in month.
- Whilst significant agency (£4.5m YTD) has been required to maintain operations this is contained within the overall position.

• Oxford University Hospitals :

- The reported £11.8m YTD adverse variation from plan is largely driven by pay costs. This overall position has been held at a small surplus in month although a significant element of this is due to the one-off release of reserves.
- Key to these pressures is the need to both deliver enhanced activity and maintain services in the face of continuing COVID pressures.
- These COVID pressures effect the trust both in terms of increased patient numbers and increased sickness amongst trust staff. This overspend is partially offset by an underspend in non-pay arising from the release of a £2m bad debt provision charged in the prior year. This gain will be a one-off factor and not be repeated.

• Royal Berkshire Hospitals :

- The reported adverse variance of £7.7m YTD has accelerated in-month by £4.0m.
- The trust has faced increased costs to deliver the higher levels of elective activity required by NHSE. Unfortunately, current elective recovery fund (ERF) funding rules will not now deliver the additional income to fund this.
- The main element of the in-month variance is in non-pay. A key element here is a one-off adjustment to recognise additional costs identified for various maintenance contracts.

Common Themes by Subjective

ICB / CCGs :

- These are reported as summary lines as any subjective analysis to avoid duplication of spend as most payments are to BOB ICS providers.
- A detailed financial report is considered by the ICB Executive Team each month.

• Provider Income :

- A YTD overachievement of £25.4m is reported. The £20.6m overachievement reported in month represents a significant escalation.
- Funding for the recently agreed increased pay awards for NHS staff was passed to providers in month. This amounted to an additional £31.9m for the year 50% of which was included for M6 (including the back-dated element). This will have been the most significant element of this increase in provider income.

• Provider Pay Costs :

- A YTD overspend of £38.0m is reported. The £18.4m overspend reported in month represents a significant escalation.
- As stated for income, the significant element in this in month movement will be the processing of the backdated pay awards in September 2022. As a validation of this effect there is, as would be expected, a correlation across all providers between the in-month income and pay spend increases.
- Setting aside the pay award effect, there continues to be an issue across ICS providers. Whilst the scale of issues varies by provider, underlying factors are recruitment issues, the need to deliver increased activity, and COVID. The latter 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 by the table included providers have spent £53.8m on agency/locums for the year to date, £10.2m in excess of plan.
- An additional factor in this overspend is the slippage in Cost Improvement Programme (CIP) plans. As at Month 6 (M6) , provider plans for pay related savings were £9.8m behind plan.

• Non-Pay Expenditure :

- Overall non-pay expenditure reports an underspend of £7.8m as at M6, £6.9m of this arising in the month.
- The above trend in-month movement is mainly due to issues locally unique.
- However one underlying issue is the slippage/non-delivery of CIPs in this area of expenditure which are £6.0m behind plan

| PROVIDER PAY COSTS | | |
|-------------------------------|------------------|---------------|
| Provider | Variance to Plan | |
| | M6 | YTD |
| | £m | £m |
| Berkshire Healthcare | (1.9) | (0.2) |
| Buckinghamshire Healthcare | (2.0) | (6.7) |
| Oxford Health | (2.6) | (3.5) |
| Oxford Universities Hospitals | (9.4) | (22.5) |
| Royal Berkshire Hospitals | (2.5) | (5.1) |
| | (18.4) | (38.0) |

| PROVIDER AGENCY COSTS | | | |
|-------------------------------|---------------|---------------|---------------|
| Provider | Year to Date | | |
| | Plan | Actual | Variance |
| | £m | £m | £m |
| Berkshire Healthcare | (2.5) | (3.6) | (1.1) |
| Buckinghamshire Healthcare | (9.0) | (9.4) | (0.4) |
| Oxford Health | (25.5) | (30.0) | (4.5) |
| Oxford Universities Hospitals | (4.1) | (7.2) | (3.1) |
| Royal Berkshire Hospitals | (2.5) | (3.6) | (1.1) |
| | (43.6) | (53.8) | (10.2) |

Efficiencies

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 £67.3m of savings to be delivered at this point in the year. Of this only £33.7m have been delivered leaving an adverse underachievement of £33.6m at this point in the year
- Included in these figures is the £22.0m ICS system wide target. At this point, no sums have been identified against this figure.
- Given the developing financial issues across the ICS, the delivery of these savings is essential.

By Organisation

- As can be seen from the table shown all ICS providers are behind with the delivery of their CIP plans. This is more of an issue at OUH and RBH than others. This reflects the general operational issues at these trusts.
- The ICB itself is also behind in its plans.
- The £22.0m ICS system wide savings target is also a key factor in the slippage of the overall plan. Work is underway in the identified eight workstreams where it is felt that a system wide approach would be more appropriate. No sums have been identified as of M6 as being delivered from this work.
- Organisations moving away from the year end financial plans are developing recovery plans to return to plan.

Subjective Analysis

- As shown by the table included provider CIP plans are split between pay, non-pay and, to a lesser extent, increasing income. The mix within each trust will depend upon the specific schemes within their organisations.
- Both pay and non-pay are behind plan. The schemes to increase income have delivered in excess of target.

| Provider | Year to Date | | | |
|-------------------------------|--------------|--------|----------|-------|
| | Plan | Actual | Variance | |
| | £m | £m | £m | % |
| Berkshire Healthcare | 3.5 | 2.5 | (1.0) | -29% |
| Buckinghamshire Healthcare | 10.9 | 10.2 | (0.7) | -6% |
| Oxford Health | 3.2 | 2.3 | (0.9) | -28% |
| Oxford Universities Hospitals | 22.0 | 14.7 | (7.3) | -33% |
| Royal Berkshire Hospitals | 3.4 | 0.0 | (3.4) | -100% |
| ICB (Incl. Precedding CCGs) | 13.3 | 4.0 | (9.3) | -70% |
| ICS System Wide Gap (£22m) | 11.0 | 0.0 | (11.0) | -100% |
| Programme Costs | 67.3 | 33.7 | (33.6) | -50% |

| Provider | YTD Variance | | | |
|-------------------------------|--------------|---------------|--------------|---------------|
| | Pay | Non-Pay | Income | Total |
| | £m | £m | £m | £m |
| Berkshire Healthcare | (0.6) | (0.6) | 0.1 | (1.0) |
| Buckinghamshire Healthcare | (2.0) | 0.7 | 0.6 | (0.7) |
| Oxford Health | (1.3) | 0.4 | 0.0 | (0.9) |
| Oxford Universities Hospitals | (3.6) | (5.5) | 1.7 | (7.4) |
| Royal Berkshire Hospitals | (2.3) | (1.0) | 0.0 | (3.3) |
| Providers | (9.8) | (6.0) | 2.4 | (13.3) |
| ICB (Incl. Precedding CCGs) | 0.0 | (9.3) | 0.0 | (9.3) |
| ICS System Wide Gap (£22m) | 0.0 | 0.0 | (11.0) | (11.0) |
| ICS Total | (9.8) | (15.3) | (8.6) | (33.6) |

Capital

PROVIDER CAPITAL

The table below summarises the overall provider capital position :

| Buckinghamshire, Oxfordshire and Berkshire West ICS - Provider Capital Overview | | | | | | | | | |
|---|--------------|--------|-----------------------|---------|-----------------------|------------------|-------|-----------------------|---------|
| Capital | Year-to-date | | | | YTD Spend as % FOT | Forecast Outturn | | | |
| | Plan | Actual | (Under)/over delivery | | | Plan | FOT | (Under)/over delivery | |
| | £m | £m | £m | % | % | £m | £m | £m | % |
| Charge against Capital Allocation (Plan) - Excluding IFRS16 impact | 43.1 | 22.0 | 21.0 | 48.9% | 22.1% | 97.5 | 99.8 | (2.3) | (2.4%) |
| IFRS16 impact on Charge against capital allocation (Plan) | 34.6 | 0.6 | 34.0 | 98.3% | | 36.4 | 38.4 | (2.0) | (5.5%) |
| Charge against Capital Allocation (Plan) - Including IFRS16 impact | 77.6 | 22.6 | 55.0 | 70.9% | 16.3% | 133.9 | 138.2 | (4.3) | (3.2%) |
| National allocations plus other items charged to CDEL | 4.4 | 5.0 | (0.6) | (13.9%) | | 18.3 | 16.3 | 2.0 | 10.9% |
| Capital DEL | 82.0 | 27.6 | 54.4 | 66.3% | 17.9% | 152.2 | 154.5 | (2.3) | (1.5%) |
| Performance against Capital Allocation | | | | | | | | | |
| - Excluding IFRS16 | | | | | | 96.9 | 99.8 | (2.9) | (3.0%) |
| - Including IFRS16 | | | | | | 96.9 | 138.2 | (41.4) | (42.7%) |

ICS providers are currently behind plan as at M6. Key factors in this are :

- A significant underspend at RBH due to delayed starts to schemes. This is planned to be fully alleviated by the year end.
- A smaller overspend at Bucks HC due to issues around the Wycombe Tower. This is likely to be an ongoing problem.

The year end position is forecast for the charge against the capital allocation to be overspent by £4.3m.

Oxford Health and Berkshire Healthcare currently forecast overspends at the year end.

Bucks HC are currently forecasting that they will hit their plan. Pressures are developing at the trust in this area.

Capital – provider capital by provider

| Provider Maincodes | | | 99PLANYTD | 99ACTYTD | 99VARYTD | 99PLANCY | 99FOTCY | 99VARYC |
|--|---------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Provider - System Level Capital Envelope Analysis - TOTAL | Expected Sign | ALLOCATION | CAPPLANYTD | CAPACTYTD | CAPVARYTD | CAPPLANCY | CAPFOTCY | CAPFOTVAR |
| | | Capital Allocation | Expenditure | Expenditure | Expenditure | Expenditure | Expenditure | Expenditure |
| | | Plan | Plan | Actual | Variance | Plan | Forecast | Variance |
| | | 31/03/2023 | 30/09/2022 | 30/09/2022 | 30/09/2022 | 31/03/2023 | 31/03/2023 | 31/03/2023 |
| | | Year Ending | YTD | YTD | YTD | Year Ending | Year Ending | Year Ending |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Provider - System Capital Allocation | +/- | 96,866 | | | | | | |
| Total Charge against Capital Allocation (excluding impact of IFRS16) | +/- | | 43,063 | 22,023 | 21,040 | 97,475 | 99,801 | (2,326) |
| Total CDEL | + | | 82,049 | 27,635 | 54,414 | 152,202 | 154,536 | (2,334) |

| Provider - System Level Capital Envelope Analysis - BY PROVIDER | | | ALLOCATION | CAPPLANYTD | CAPACTYTD | CAPVARYTD | CAPPLANCY | CAPFOTCY | CAPFOTVAR |
|--|---------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Provider | Expected Sign | ALLOCATION | Expenditure | Expenditure | Expenditure | Expenditure | Expenditure | Expenditure | |
| | | Capital Allocation | Plan | Actual | Variance | Plan | Forecast | Variance | |
| | | 31/03/2023 | 30/09/2022 | 30/09/2022 | 30/09/2022 | 31/03/2023 | 31/03/2023 | 31/03/2023 | |
| | | Year Ending | YTD | YTD | YTD | Year Ending | Year Ending | Year Ending | |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Provider 1 - Berkshire Healthcare NHS Foundation Trust | +/- | | | | | | | | |
| | +/- | | | | | | | | |
| Total Charge against Capital Allocation (before impact of IFRS16) - Provider 1 | +/- | Rec (FOT only) | 3,218 | 758 | 2,460 | 8,700 | 8,700 | 0 | |
| Total CDEL - Provider 1 | +/- | Draft | 3,954 | 2,068 | 1,886 | 10,172 | 12,079 | (1,907) | |
| Provider 2 - Buckinghamshire Healthcare NHS Trust | +/- | | | | | | | | |
| | +/- | | | | | | | | |
| Total Charge against Capital Allocation (before impact of IFRS16) - Provider 2 | +/- | Rec (FOT only) | 9,999 | 14,050 | (4,051) | 20,000 | 20,000 | 0 | |
| Total CDEL - Provider 2 | +/- | Draft | 15,440 | 15,580 | (140) | 23,060 | 23,060 | 0 | |
| Provider 3 - Oxford Health NHS Foundation Trust | +/- | | | | | | | | |
| | +/- | | | | | | | | |
| Total Charge against Capital Allocation (before impact of IFRS16) - Provider 3 | +/- | Rec (FOT only) | 4,992 | 2,567 | 2,425 | 9,937 | 12,443 | (2,506) | |
| Total CDEL - Provider 3 | +/- | Draft | 2,002 | 2,575 | (573) | 11,941 | 12,548 | (607) | |
| Provider 4 - Oxford University Hospitals NHS Foundation Trust | +/- | | | | | | | | |
| | +/- | | | | | | | | |
| Total Charge against Capital Allocation (before impact of IFRS16) - Provider 4 | +/- | Rec (FOT only) | 6,246 | 2,978 | 3,268 | 30,838 | 30,838 | 0 | |
| Total CDEL - Provider 4 | +/- | Draft | 12,452 | 5,492 | 6,960 | 41,442 | 41,442 | 0 | |
| Provider 5 - Royal Berkshire NHS Foundation Trust | +/- | | | | | | | | |
| | +/- | | | | | | | | |
| Total Charge against Capital Allocation (before impact of IFRS16) - Provider 5 | +/- | Rec (FOT only) | 18,608 | 1,670 | 16,938 | 28,000 | 27,820 | 180 | |
| Total CDEL - Provider 5 | +/- | Draft | 48,201 | 1,920 | 46,281 | 65,587 | 65,407 | 180 | |