

## BOB ICB BOARD MEETING

<b>Title</b>	Finance Report Month 2 (May) 2023/24		
<b>Paper Date:</b>	26 June 2023	<b>Meeting Date:</b>	18 July 2023
<b>Purpose:</b>	Assurance	<b>Agenda Item:</b>	09
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<b>Executive Summary</b>			
<p>This paper sets out the financial position of the Integrated Care Board (ICB) and the wider Integrated Care System (ICS) at the end of M2 2023/24.</p> <p>The Board should note that the ICB has overspent by £0.9m year to date (YTD) due to independent sector activity for ophthalmology and audiology but is forecast to breakeven at year end.</p> <p>The ICS has reported a deficit of £23.3m at M2 compared to a planned deficit of £12.4m i.e., £10.9m worse than plan at M2. The variance is mainly driven by under delivery of savings targets at Oxford University Hospitals. Further work is required to ensure savings schemes deliver as planned and that cost control measures are implemented across the whole system.</p> <p>Aggregated gross system risk across all organisations totals £162.8m at M2 reducing to £90.0m after mitigations. Further work is required to ensure consistency of approach and confidence in mitigations.</p> <p>The ICS capital allocation is forecast to be on plan at year end.</p>			
<b>Action Required</b>			
The board are asked to note the YTD position.			
<b>Conflicts of Interest</b>	Conflict noted: conflicted party can participate in discussion and decision		
This report contains information including the financial performance of organisations our partners members work for. The perspective of these members is an important aspect to enable the Board to focus on where the ICB and system contribute to improvement.			
<b>Date/Name of Committee/ Meeting, Where Last Reviewed:</b>	System Productivity Committee: 4 July 2023		

# 9. Finance Report

Month 02 2023/24

BOB ICS Finance Report

# Executive Summary

- This report has been amended from the format used in 2022/23 to focus on the ICB first followed by the System position.

## **ICB:**

- The ICB reported a YTD deficit at M2 of £0.9m and a breakeven forecast outturn as per plan.
- The ICB variance is due mainly to increased activity at Independent sector providers providing cataract surgery and audiology services, both driven by patient choice.
- The ICB delivered its financial targets apart from the YTD variance to plan and the Better Payment Practice Code (BPPC) which has slipped below target.

## **System:**

- BOB ICS reported a YTD variance to plan at M2 of £10.9m but the forecast outturn has been held on plan. The YTD variance is the second largest in the SE Region.
- The variance was driven by: Oxford University Hospitals (OUH) over plan by £10.4m, the ICB by £0.9m and Royal Berkshire Foundation Trust (RBFT) by £0.5m, offset by small positive variances to plan reported by the other three providers (Buckinghamshire Healthcare Trust (BHT) £0.3m, Berkshire Healthcare Foundation Trust (BHFT) £0.4m and Oxford Health (OH) £0.1m).
- The YTD variance for OUH was driven mainly by savings delivery being behind plan as well as the impact of excess inflation and of industrial action. RBFT variance was driven by costs of industrial action and some costs related to the power outages experienced during April and May.
- £17.8m of savings were planned to be delivered by the ICS by M2 but only £11.1m were achieved ie £6.8m behind plan. OUH was the main driver for this, £7.0m under delivery against a savings target of £9.7m YTD, offset by over delivery of plan at other providers. Some of the variance is linked to profiling of savings delivery.
- Delivery of the planned forecast outturn for the system will be dependent on delivery of planned savings. There is a need to develop additional savings plans as well as consideration of other management actions and controls.

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

Indicator	Target	RAG
Actual Year to Date	Breakeven	–
Reported Forecast outturn	Breakeven	✓
Running Costs Outturn vs allocation	Breakeven	✓
ICB Capital outturn vs allocation	Breakeven	N/A
Cash balance at 31st May 2023 less than 1.25% of May cash drawdown	<1.25%	✓
Mental Health Investment Standard Achieved	6.99%	✓
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 reported a YTD variance of £873k and is therefore rated as amber YTD.
- The running cost FOT is currently reported as on plan. There is a risk that the ICB could overspend its running cost allocation if all posts in the new organisational structure were to be recruited. The ICB also needs to plan ahead for a running cost reduction of 20% in 2024/2525 and a further 10% in 2025/26.
- The ICB BPPC performance for both NHS and Non-NHS providers has fallen below target this month (92.7% and 88.4% respectively) and action needs to be taken to ensure the target is met in future months.

# ICB Position M2

Table 2 – Financial position M2 – ICB Overview by service line

BOB ICB OVERALL by Service Line Monthly Performance Report	YTD Budget Month 2 £'000	YTD Actual Month 2 £'000	YTD Variance Month 2 £'000	Annual Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000
Acute	275,785	277,177	(1,393)	1,662,683	1,662,683	0
Community Health Services	59,449	59,875	(426)	362,664	362,664	0
Continuing Care	30,289	30,372	(83)	181,736	181,736	0
Mental Health	54,028	54,028	0	325,862	325,862	(0)
Other Programme	(1,663)	(2,679)	1,016	(6,352)	(6,352)	0
Other Commissioned Services	0	0	0	0	0	0
Primary Care	7,454	7,442	12	43,737	43,737	0
Pharmacy, Optometry and Dentistry (POD)	20,460	20,460	(0)	129,662	129,662	0
Prescribing, Central Drugs and Oxygen	44,991	44,991	0	269,949	269,949	0
Delegated Co-Commissioning	52,788	52,788	0	313,631	313,631	0
<b>Total Programme Costs</b>	<b>543,581</b>	<b>544,454</b>	<b>(873)</b>	<b>3,283,572</b>	<b>3,283,572</b>	<b>(0)</b>
ADMIN Costs	5,488	5,488	0	32,930	32,930	0
<b>NET SURPLUS / (DEFICIT) before CIP</b>	<b>549,069</b>	<b>549,942</b>	<b>(873)</b>	<b>3,316,502</b>	<b>3,316,502</b>	<b>(0)</b>
Unidentified CIP target	(1,167)	(1,167)	0	(7,000)	(7,000)	0
<b>NET SURPLUS / (DEFICIT)</b>	<b>547,902</b>	<b>548,775</b>	<b>(873)</b>	<b>3,309,502</b>	<b>3,309,502</b>	<b>(0)</b>

- The main drivers of the £873k overspend for the ICB at M2 are cataracts (acute) and audiology/equipment (community).
- There are offsetting variances reported for Acute and Other Programme due to mis-alignment of the SCAS 111 and PTS budgets and actual spend c£1m.

## ICB Risks at M2 include:

- Not all contracts are signed off – particular risks for SCAS and Frimley contracts
- Savings delivery in CHC and Prescribing – most of the ICB savings plans are in CHC £6.1m, Prescribing £5.9m and a further £7m of savings that were required but not identified at the plan stage in order to deliver a breakeven position. The majority of the unidentified savings are now identified and are considered low risk. The savings schemes in Prescribing and CHC could however easily be offset by further cost pressures arising during the year. This will need close monitoring.
- National Elective Recovery Fund (ERF) clawback and impact on system

# System wide under/(overspend) by organisation

The overall financial position of the ICS is shown below.

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

**Table 3 – System under/(overspend) by organisation**

ICS Body	Year to Date			Forecast Outturn		
	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
Berkshire Healthcare	(0.5)	(0.1)	0.4	1.3	1.3	0.0
Buckinghamshire Healthcare	(6.4)	(6.1)	0.3	(12.1)	(12.1)	0.0
Oxford Health	0.6	0.7	0.1	3.3	3.3	0.0
Oxford University Hospitals	(2.4)	(12.8)	(10.4)	(2.9)	(2.9)	0.0
Royal Berkshire Hospital	(3.8)	(4.3)	(0.5)	(10.1)	(10.1)	0.0
<b>ICS Providers</b>	<b>(12.4)</b>	<b>(22.5)</b>	<b>(10.0)</b>	<b>(20.4)</b>	<b>(20.4)</b>	<b>0.0</b>
BOB ICB	0.0	(0.9)	(0.9)	0.0	(0.0)	(0.0)
<b>BOB ICS Bodies</b>	<b>(12.4)</b>	<b>(23.3)</b>	<b>(10.9)</b>	<b>(20.4)</b>	<b>(20.4)</b>	<b>0.0</b>

# System Wide Under/(overspend) by expenditure type

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

Expenditure Category	Year to Date			Forecast Outturn		
	Plan	Actuals	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
<b>Income</b>	<b>593.1</b>	<b>598.6</b>	<b>5.5</b>	<b>3,589.5</b>	<b>3,605.4</b>	<b>16.0</b>
Pay	(360.7)	(370.9)	(10.3)	(2,150.9)	(2,167.0)	(16.1)
Non - Pay	(232.2)	(238.6)	(6.5)	(1,382.9)	(1,382.5)	0.4
Non - Operational Expenditure	(12.7)	(11.5)	1.2	(76.2)	(76.4)	(0.2)
<b>Total Expenditure</b>	<b>(605.5)</b>	<b>(621.0)</b>	<b>(15.5)</b>	<b>(3,609.9)</b>	<b>(3,625.9)</b>	<b>(15.9)</b>
<b>NHS Providers</b>	<b>(12.4)</b>	<b>(22.5)</b>	<b>(10.0)</b>	<b>(20.4)</b>	<b>(20.4)</b>	<b>0.0</b>
BOB ICB	0.0	(0.9)	(0.9)	0.0	(0.0)	(0.0)
<b>BOB ICS Bodies</b>	<b>(12.4)</b>	<b>(23.3)</b>	<b>(10.9)</b>	<b>(20.4)</b>	<b>(20.4)</b>	<b>0.0</b>



# Key points per body

## **Berkshire Healthcare :**

- The Trust were £0.4m better than plan YTD with no significant issues to report at this stage of the year.

## **Buckinghamshire Healthcare :**

- The Trust were £0.3m better than plan YTD.
- The Trust reported £41.7m of risk at M2 but has reported mitigations to cover.
- The Trust cash forecast indicates that the cash position will tighten as the year progresses.

## **Oxford Health :**

- The Trust were £0.1m better than plan YTD.
- The Trust has reported one risk that is unmitigated related to underfunding of A4C pay award for the year of an estimated £2.1m.

## **Oxford University Hospitals :**

- The OUH were £10.4m behind plan YTD driven mainly by slow start to delivery of savings plans profiled to deliver evenly in the year (£7m). There was also pressure from the costs of industrial action.
- The Trust has reported £80.4m of unmitigated risk at M2.
- The Trust cash forecast indicates that the cash position will tighten as the year progresses.

## **Royal Berkshire Hospitals :**

- The RBFT were £0.5m behind plan YTD driven by costs of industrial action and some costs related to the power outages experience in April and May.

# Common themes by type of expenditure

**Provider Income** : A YTD overachievement of £5.5m is reported. The main driver for this variance is accrual of income for the pay award due to be paid in M3.

**Provider Pay Costs** : A YTD overspend of £10.3m is reported. Agency and Bank spend drives this, some of which is linked to industrial action. Table 5 shows providers have spent £14.0m on agency/locums for the year to date (excluding Bank staff), £2.5m in excess of plan. As at M2 provider plans for pay related savings were £2.2m behind plan.

**Non-Pay Expenditure** : Overall non-pay expenditure is overspent by £6.2m at M2. An underlying issue is the slippage/non-delivery of CIPs in this area of expenditure which are £3.5m behind plan.

**Table 5: Agency spend against plan and as a % of cap is shown below:**

Provider name	Net Expenditure	Net Expenditure	Net Expenditure	Net Expenditure
Actual 31/05/2023 YTD TEXT	Plan 31/05/2023 YTD £'000	Actual 31/05/2023 YTD £'000	Variance 31/05/2023 YTD £'000	Variance 31/05/2023 YTD %
Berkshire Healthcare NHS Foundation Trust	990	1,181	(191)	19.3%
Buckinghamshire Healthcare NHS Trust	2,714	2,195	519	(19.1%)
Oxford Health NHS Foundation Trust	3,932	6,652	(2,720)	69.2%
Oxford University Hospitals NHS Foundation Trust	1,669	2,598	(929)	55.7%
Royal Berkshire NHS Foundation Trust	2,190	1,355	835	(38.1%)
<b>TOTAL Provider Agency Spend</b>	<b>11,495</b>	<b>13,981</b>	<b>(2,486)</b>	<b>21.6%</b>
<i>System level agency cap</i>				
<i>Agency spend as % of agency cap</i>	<b>13.7%</b>	<b>16.7%</b>		

**Table 6 Provider pay costs variance by organisation**

Provider	M2 Variance To Plan	
	In Month £m	YTD £m
Berkshire Healthcare	0.4	0.4
Buckinghamshire Healthcare	0.3	0.3
Oxford Health	0.1	0.1
Oxford University Hospitals	(10.4)	(10.4)
Royal Berkshire Hospital	(0.5)	(0.5)
<b>ICS Providers</b>	<b>(10.0)</b>	<b>(10.0)</b>

**Table 7 Agency spend analysis by provider**

Provider	M2 Year To Date		
	Plan £m	Actual £m	Variance £m
Berkshire Healthcare	1.0	1.2	(0.2)
Buckinghamshire Healthcare	2.7	2.2	0.5
Oxford Health	3.9	6.7	(2.7)
Oxford University Hospitals	1.7	2.6	(0.9)
Royal Berkshire Hospital	2.2	1.4	0.8
<b>ICS Providers</b>	<b>11.5</b>	<b>14.0</b>	<b>(2.5)</b>

## Overall

- A significant element in the delivery of the ICS's overall planned position at the year end is the delivery of CIP / Savings programmes.
- The ICS has a planned total of £171.2m (£143.3m in 2022/23) of savings to be delivered by year end. Of this £11.1m has been delivered to date ie £6.8m behind the planned £17.8m

## By Organisation:

- Table 8 shows that OUH and OH under-delivered against their savings plans whilst RBFT over delivered and all others are on plan..

## By Type of Expenditure:

- Table 9 shows provider CIP delivery to date analysed between pay, non-pay and income
- All categories of CIP are behind plan at M2

**Table 8 – System Efficiencies**

Provider	M2 Year To Date			Forecast Outturn		
	Plan	Actual	Variance	Plan	Actuals	Variance
	£m	£m	£m	£m	£m	£m
Berkshire Healthcare	1.8	1.8	0.0	14.1	14.1	0.0
Buckinghamshire Healthcare	1.6	1.6	0.1	36.2	36.2	0.0
Oxford Health	1.5	1.0	(0.5)	16.1	16.1	0.0
Oxford University Hospitals	9.7	2.7	(7.0)	70.5	70.5	0.0
Royal Berkshire Hospital	0.0	0.7	0.7	15.0	15.0	0.0
<b>ICS Providers</b>	<b>14.6</b>	<b>7.9</b>	<b>(6.8)</b>	<b>152.0</b>	<b>152.0</b>	<b>0.0</b>
ICB	3.2	3.2	0.0	19.2	19.2	0.0
<b>ICS Total</b>	<b>17.8</b>	<b>11.1</b>	<b>(6.8)</b>	<b>171.2</b>	<b>171.2</b>	<b>0.0</b>

**Table 9 – System efficiencies by type of spend**

Provider	M2 YTD Variance			
	Pay	Non Pay	Income	Total
	£m	£m	£m	£m
Berkshire Healthcare	0.0	0.0	0.0	0.0
Buckinghamshire Healthcare	(0.3)	(0.1)	0.4	0.1
Oxford Health	(0.5)	0.0	0.0	(0.5)
Oxford University Hospitals	(1.8)	(3.6)	(1.5)	(7.0)
Royal Berkshire Hospital	0.4	0.2	0.1	0.7
<b>ICS Providers</b>	<b>(2.2)</b>	<b>(3.5)</b>	<b>(1.1)</b>	<b>(6.8)</b>
ICB	0.0	0.0	0.0	0.0
<b>ICS Total</b>	<b>(2.2)</b>	<b>(3.5)</b>	<b>(1.0)</b>	<b>(6.8)</b>

**Table 10 – Total System risks are shown below as reported by providers/ICB at M2**

Risk category	Gross Risk	Mitigations	Net Risk
	£m	£m	£m
Additional costs - winter pressures/capacity	(49.7)	8.3	(41.4)
Risk to delivery of savings plans	(31.5)	23.0	(8.5)
ERF funding potential national clawback	(17.0)	17.0	0.0
Additional Inflation risk	(15.8)	7.9	(7.9)
Income risk	(13.3)	2.7	(10.6)
Remaining Covid impacts	(12.0)	0.0	(12.0)
Contract risk	(10.0)	2.5	(7.5)
Underfunding of pay awards - A4C and Medical in Community and MH providers	(3.7)	1.6	(2.1)
Additional costs of industrial action	(3.0)	3.0	0.0
Other	(6.8)	6.8	0.0
<b>ICS Providers</b>	<b>(162.8)</b>	<b>72.8</b>	<b>(90.0)</b>

Further work will be undertaken to review the consistency of approach by organisations and the confidence levels around planned mitigations.

Further guidance is expected from NHS E re potential clawback of Elective Recovery Funding in M4.

Other includes risks in Primary care in the ICB, additional costs related to emergency incident at RBFT (power outages) and clawback of funding nationally for MS Licence costs.

**Table 11 – System capital position – total charge against capital allocation (before impact of IFRS 16)**

Organisation	Plan	Actual	Variance		Plan	Forecast	Variance	
	YTD	YTD	YTD	YTD	FOT	FOT	FOT	FOT
	£m	£m	£m	%	£m	£m	£m	%
Berkshire Healthcare	0.2	0.4	(0.2)	(80.3%)	11.5	9.6	1.9	16.1%
Buckinghamshire Healthcare	3.4	0.9	2.4	72.4%	21.3	21.3	0.0	0.0%
Oxford Health NHS Foundation Trust	0.9	0.6	0.3	36.8%	12.1	12.1	0.0	0.0%
Oxford University Hospitals NHS Foundation Trust	1.3	1.3	0.0	2.9%	28.5	28.5	0.0	0.0%
Royal Berkshire NHS Foundation Trust	4.6	0.7	3.9	84.4%	27.4	27.4	0.0	0.0%
<b>ICS Total</b>	<b>10.4</b>	<b>3.9</b>	<b>6.5</b>	<b>62.5%</b>	<b>100.9</b>	<b>99.0</b>	<b>1.9</b>	<b>1.8%</b>

- ICS providers have underspent against ICS capital plan by £6.5m at M2.
- NB. The plan of £100.9m includes £2.3m over-programming which is allowed at plan stage but the system will need to manage capital spend to £98.5m by year end.