



# Month 5 Sheffield Place Finance Report

## SHEFFIELD PLACE HEALTH AND CARE PARTNERSHIP BOARD

9 October 2023

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<b>Sponsor</b>	Jackie Mills, Chief Finance Officer - Sheffield
<b>Purpose of Paper</b>	
<p>This report provides an update on the financial position as at the end of August 2023.</p> <p><b>Part A</b> of this report provides an overview of the financial position of Sheffield partners and outlines shared financial issues.</p> <p><b>Part B</b> of the report provides more detailed information on the ICB (Sheffield) financial position as at Month 5 (August 2023), together with an assessment of the risks and existing mitigations available to deliver or improve on the planned in-year deficit of £14.4m.</p>	
<b>Key Issues</b>	
<p><b>Part A.</b></p> <p>NHS organisations in the partnership have a year to date deficit of £10.6m and forecast year end deficit of £26.3m. The forecast position matches the planned deficits of organisations. Sheffield City Council are reporting a forecast position at M3 of £17.6m overspent, of which £12.3m relates to the Adults and Childrens Social Care services.</p> <p><b>Part B.</b></p> <p>Sheffield place’s reported position is in line with the planned deficit of £14.4m submitted as part of the ICS planning process. Whilst we continue to report delivery of the planned deficit of £14.4m, the level of risk alongside mitigations already built into the financial forecast means that further work is required to manage the remaining risks and explore further areas for in-year reductions in spend. However, this is likely to only stabilise the place position and will not address the remaining efficiency gap at system level.</p> <p>The financial performance of NHS organisations in Sheffield is assessed as part of the overall system position. South Yorkshire ICS submitted a balanced financial plan for 2023/24 and there is further work required on a series of agreed actions to be implemented to manage the overall system position.</p>	

# Month 5 Sheffield Place Finance Report

## SHEFFIELD PLACE HEALTH AND CARE PARTNERSHIP OVERSIGHT COMMITTEE

26 September 2023

### Executive Summary

Financial Position of Partners	Year to date (£'000)	Forecast (£'000)	Key Issues
ICB (Sheffield place)	5,697	14,423	YTD broadly in line with planned deficit of £14.4m.
Primary Care Sheffield	0	0	
Sheffield Children's NHS FT	2,918	8,625	YTD is slightly lower than the phased full year deficit of £8.6m.
Sheffield City Council (People) @M04		12,336	Forecast variance of £12.3m, £3.5m relating to Adult Social Care services and £8.8m relating to Children's Social Care services.
Sheffield Health and Care NHS FT	1,601	3,262	YTD is showing in line with the phased full year deficit of £3.3m.
Sheffield Teaching Hospitals NHS FT	347	0	YTD Overspend Variance compared to plan by £3.5m however forecast still planned breakeven.
<b>TOTAL</b>	<b>10,563</b>	<b>38,646</b>	

Key Duties – ICB (Sheffield place)	Year to date (£'000)	Forecast (£'000)	Key Issues
Deliver an overall in-year breakeven position	5,697	14,423	
a) Achieve an in-year breakeven position against the Programme Allocation	5,801	14,534	Current forecast is above the planned £14.4m deficit, however this is offset with an underspend on running costs in Sheffield
b) Remain within Running Cost Allowance	(104)	(111)	Place budget and costs have reduced this month due to the transfer of services to ICB Corporate. A small underspend is expected, however there are pressures elsewhere within the ICB that will need to be managed to remain within the overall ICB allocation for running costs. These figures do not include any potential costs of redundancies to meet the 30% reduction in the Running Cost Allowance over the next two years.

#### Key:

Red	Significant risk of non-delivery. Additional actions need to be urgently pursued.
Amber	Medium risk of non-delivery requires additional management effort.
Green	Low risk of non-delivery – current management effort should deliver success.

## Part A

### 1. Introduction

The Health and Care Act 2022 has introduced new requirements for NHS bodies to work together to meet joint financial objectives and duties. The Act also introduced a duty for all NHS bodies – ICBs, NHS England and provider trusts, to have regard to the wider effect of decisions in relation to:

- the health and well-being of the people of England
- the quality of services provided to individuals
- efficiency and sustainability in relation to use of resources.

NHS providers remain separate statutory bodies with their own functions and duties as set out in the current legislation. However, the financial performance (both revenue and capital) of the South Yorkshire Integrated Care System is now assessed on the collective performance of all the NHS bodies within South Yorkshire.

The place partnership board has a wider remit than just the financial health of the NHS organisations in Sheffield. At present it is not possible to report on the financial position of the many organisations providing support to our Sheffield population (including individual GP practices, care providers and VCSE organisations). This report pulls together information on the largest 6 organisations represented within the partnership.

### 2. Revenue financial position as at Month 5.

Table 1 below summarises the in-year revenue position reported to NHS England as at M5, except where highlighted, together with the position of Sheffield City Council and Primary Care Sheffield. The overall forecast for the year for the partnership is an in year £38.6m deficit. In order to deliver the planned deficit, all partners are managing a range of risks that could impact on the final year end position.

Sheffield City Council's financial position is reported based upon forecast outturn rather than a year-to-date position, with the Month 3 being the latest reported position.

Table 1 - Financial position @ M5	Year to date Position			Forecast Position		
	Plan (Surplus) / Deficit	Actual (Surplus) / Deficit	(Surplus) / Deficit Variance to Plan	Plan (Surplus) / Deficit	Forecast (Surplus) / Deficit	(Surplus) / Deficit Variance to Plan
	£'000	£'000	£'000	£'000	£'000	£'000
ICB Sheffield Place (in year)	6,010	5,697	(313)	14,423	14,423	0
Sheffield Children's NHS Foundation Trust	2,967	2,918	(49)	8,625	8,625	0
Sheffield Health and Social Care NHS Foundation Trust	1,578	1,601	23	3,262	3,262	0
Sheffield Teaching Hospitals NHS Foundation Trust	(3,155)	347	3,502	0	0	0
Sheffield City Council @M04				0	12,336	12,336
Primary Care Sheffield	0	0	0	0	0	0
<b>Total for Sheffield organisations</b>	<b>7,400</b>	<b>10,563</b>	<b>3,163</b>	<b>26,310</b>	<b>38,646</b>	<b>12,336</b>

### 3. Efficiency

As noted in section 2 the planned levels of efficiency included within the overall financial position is considerable and significantly higher overall than in previous years. The table below shows the reported delivery by Organisation. A number of organisations are reporting being behind plan year to date but continue to report forecast achievement by year end. Sheffield City Council are forecasting delivery of 80% of plans.

Table 2 - Efficiency Position at M5	Year to Date				Forecast			
	Plan £'000	Actual £'000	Variance		Annual Plan £'000	Actual £'000	Variance	
			£'000	%			£'000	%
ICB Sheffield Place	8,250	5,644	(2,606)	(31.6%)	19,800	19,800	0	0.0%
Sheffield Childrens NHS Foundation Trust	4,498	3,730	(768)	(17.1%)	11,570	11,570	0	0.0%
Sheffield Health and Social Care NHS Foundation Trust	1,528	1,525	(3)	(0.2%)	5,734	5,734	0	0.0%
Sheffield Teaching Hospitals NHS Foundation Trust	24,269	22,151	(2,118)	(8.7%)	58,549	58,549	(0)	(0.0%)
Sheffield City Council - data from Month 4	12,337	9,779	(2,559)	(20.7%)	37,012	29,336	(7,676)	(20.7%)
Primary Care Sheffield	0	0	0		0	0	0	
<b>Total for Sheffield Organisations</b>	<b>50,882</b>	<b>42,829</b>	<b>(8,054)</b>	<b>(15.8%)</b>	<b>132,665</b>	<b>124,989</b>	<b>(7,676)</b>	<b>(5.8%)</b>

### 4. Capital

The capital plans for the NHS providers for 23/24 is £68.5m, currently all providers plan to utilise their total Capital plan.

## Part B: ICB (Sheffield Place) Financial Position as at M5 (August 2023)

### 1. Executive Summary

The financial plan submitted by the ICB (Sheffield Place), as part of the overall system financial plan, forecast a deficit of £14.4m compared to available resources. A breakeven forecast outturn position continues to be reported at month 5, with the year to date position broadly in line with this. Key risks for this year are listed in the next section of the report.

Table 3 below summarises the year to date (YTD) variance and full year forecast outturn variance. Appendix A has a more detailed breakdown of the budget, spend and variances within each category.

Table 3 - Variances against budget Overspends/(Underspends)	YTD (Apr-Aug) £'000	Full Year Forecast £'000	Previous Forecast (at M4)	Change to Forecast Variance
Acute	395	808	990	↓
Mental Health	(1,012)	(366)	106	↓
Community Services	(826)	(1,829)	(87)	↓
Continuing Care	39	(530)	752	↓
Prescribing	1,371	2,170	732	↑
Other Primary Care services	(325)	(761)	(318)	↓
Delegated Primary Care Commissioning	76	1,033	1,689	↓
Other	125	(215)	77	↓
Reserves	(2,048)	(198)	(3,692)	↑
<b>Total Programme Position</b>	<b>(2,205)</b>	<b>111</b>	<b>249</b>	↓
Running Costs	(104)	(111)	(249)	↑
In Year Deficit	6,010	14,423	14,423	→
<b>Overall Position</b>	<b>3,702</b>	<b>14,423</b>	<b>14,423</b>	→

### 2. Key Issues

<b>Acute</b>	Independent Sector contracts with Spa Medica and New Medical Systems (cataract surgery and aftercare), Marie Stopes (ToPs) and Psychiatry UK (Adult ADHD) continue to see increases in activity, as in previous years. Some of this activity would fall within the national ERF arrangements so there is currently an expected allocation within the position to partially offset this pressure.
<b>Mental Health</b>	Sheffield Place is meeting the Mental Health Investment Standard for 23/24 based on planned investments being spent. S117 expenditure is higher than anticipated at the end of August chiefly due to an increase in the complexity of packages, however, patterns of price and growth throughout the year can be variable for these costs so we will continue to monitor this closely over the next few months. Package reviews are now being conducted by Sheffield Place and SCC staff to ensure cost effective and most appropriate care is in place, this is expected to have an impact across the year. There are currently no IFR Mental Health patients requiring placement funding.
<b>Continuing Health Care</b>	Continuing Healthcare budgets are based on agreed package price uplifts and historical package growth however growth year to year can be variable. CHC

<b>(CHC) and Funded Nursing Care (FNC)</b>	<p>packages are also experiencing an increase in the complexity of packages, but as with S117 this can be variable throughout the year.</p> <p>A partial review of prior year accruals has been made and there is some benefit in the reported position to reflect this.</p> <p>There are continuing discussions with SCFT regarding the fulfilment of Children's packages by the Helena homecare team and additional packages that are now needing to be procured from the private sector.</p>																								
<b>Prescribing</b>	<p>Spend increased in the last few months of 2022/23 and this has continued into 2023/24 resulting in the reported overspend. The Prescribing budget has a challenging efficiency savings target including work by Medicine Optimisation team and Practices through the Prescribing Quality Improvement Scheme (PQIS).</p>																								
<b>Delegated Primary Care</b>	<p>There was an underlying recurrent deficit carried forward into 2023/24 in relation to delegated primary care. This has been exacerbated by increases in practice list size funding as well as additional costs to be funded from the ICB allocation in respect of Additional Roles Reimbursement Scheme which far exceed the increase to the allocation. The forecast position assumes some slippage in terms of new allocations to mitigate some of the pressure, but further work is required to identify additional mitigating actions. The position has been reported to the place Primary Care Committee.</p>																								
<b>Running Costs</b>	<p>Transfers of services from Sheffield Place to ICB Corporate, as agreed under the Target Operating Model, have been actioned this month. Hence the reduction in budgets and costs at Sheffield Place level. The Running Costs Allowance Consultation opened on 7 September for 45 days, which is in response to confirmation from NHS England of the reduction to the ICB running cost allocation in 2024/25 and 2025/26. In support of this, the Voluntary Redundancy Scheme has been approved by the Department of Health but this report does not reflect any of the potential costs of such scheme. It is anticipated there may be a small underspend on place running cost allowance in 2023/24, although there are pressures elsewhere in the ICB, which will need to be managed within the overall ICB running cost allocation.</p> <table border="1" data-bbox="448 1272 1449 1585"> <thead> <tr> <th>Table 5: Running Costs</th> <th>Budget M1-5 £000's</th> <th>Variance M1-5 £000's</th> <th>Forecast Variance Year-end £000's</th> </tr> </thead> <tbody> <tr> <td>Pay</td> <td>1,597</td> <td>(99)</td> <td>(207)</td> </tr> <tr> <td>Non Pay/Recharges</td> <td>377</td> <td>11</td> <td>129</td> </tr> <tr> <td>Income</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Running Cost Reserve</td> <td>16</td> <td>(16)</td> <td>(33)</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>1,990</b></td> <td><b>(104)</b></td> <td><b>(111)</b></td> </tr> </tbody> </table>	Table 5: Running Costs	Budget M1-5 £000's	Variance M1-5 £000's	Forecast Variance Year-end £000's	Pay	1,597	(99)	(207)	Non Pay/Recharges	377	11	129	Income	0	0	0	Running Cost Reserve	16	(16)	(33)	<b>TOTAL</b>	<b>1,990</b>	<b>(104)</b>	<b>(111)</b>
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<b>TOTAL</b>	<b>1,990</b>	<b>(104)</b>	<b>(111)</b>																						
<b>Efficiencies</b>	<p>Within the £19.8m efficiency savings target, the current financial position has £5.5m of slippage on investments and new allocations which mostly offsets the unidentified QIPP. Work continues to find areas of additional savings to reduce the risk of a larger deficit position.</p>																								

### 3. Efficiencies

The QIPP target for 23-24 is £19.8m. At month 5 we are reporting a forecast breakeven position. as future additional non recurrent savings have been identified to mitigate the previous area of unidentified QIPP.

The year-to-date position is an under-delivery of £2.6m of which the most significant part is the level of unidentified QIPP (full year £6.3m). Some of the unidentified QIPP plan will be met by non-recurrent slippage on investments and 23/24 in year allocations. Work continues to develop new potential schemes which could contribute to further delivery of savings in year along. A real focus is now required to ensure that all schemes deliver the planned savings.

Table 6: QIPP Plan by Budget Area	Year to Date Target £000	Year to Date Delivery £000	Year to date variance variance £000	Annual Target £000	Forecast Delivery £000	Forecast variance £000
Continuing healthcare adult Prescribing	1,167	1,341	174	2,800	2,800	0
Various budgets - part year effect benefit from 22-23	1,250	884	(366)	3,771	3,771	0
Unidentified QIPP	3,190	3,190	0	6,885	6,885	0
<b>TOTAL</b>	<b>2,643</b>	<b>229</b>	<b>(2,414)</b>	<b>6,344</b>	<b>6,344</b>	<b>0</b>

#### 4. Risk Assessment

The range of risks and potential benefits are significant at this stage in the financial year. Our assessment, using the information available to date, identifies a wide risk range of -£3.3m upside to +£20m downside, this highlights how much more downside risk there is compared to mitigations. The finance team feel that at this point in time it is more probable that Sheffield place will have a deficit greater than the £14.4m deficit plan. There is still a wide range of risk, given where we are in the financial year and reflects the volatility in terms of key estimates as described below.

Table 8: Key Risks	
Assumed Allocations & Slippage	Experience in previous years has been that additional allocations may be received with little time to plan to spend these, although the reported position already assumes a significant benefit from this. There is also possible further slippage on allocations received in year.
Acute	This year NHS Provider's Aligned Payment and Incentive (API) contract includes variable spend for Elective Recovery, High cost Drugs and Devices. The ICB allocation is expected to be adjusted for Elective recovery performance but any high cost Drugs and Devices spend above plan will result in an overspend in Sheffield place, this is likely to be the case based on current data. There are also risk whether activity growth within the Independent Sector will be fully funded due to the overall ERF position.
Mental Health	As highlighted in section 2 there may be slippage on MHIS investments and service development funding. There is also variability of assumptions on run rate and case mix prices for Section 117s.
Primary Care	There is variability in list size changes, rent reimbursement, QoF, enhanced services and locally commissioned services. The reported overspend is at this point the most likely position.
Continuing Care	Variability of assumptions on run rate for adult CHC, children's CHC and Funded Nursing Care

Prescribing	Prescribing has a wide range in scenarios of year end forecast. Expectations are that no cheaper stock available (NCSO) could increase to result in further overspend in year.
Running Costs	The Department of Health recently approved SYICB's Voluntary Redundancy scheme. No costs of any potential redundancies are reported this month. These may significantly change the financial position. A small underspend is expected against the place running cost allocation however, there are pressures elsewhere within the ICB that will need to be managed to remain within the overall ICB allocation for running costs.

Whilst we continue to report delivery of the planned deficit of £14.4m, the level of risk alongside mitigations already built into the financial forecast means that further work is required to manage the remaining risks and explore further areas for in-year reductions in spend. However, this is likely to only stabilise the place position and will not address the remaining efficiency gap at system level.

## 5. Recommendations

Sheffield Place Health and Care Partnership Oversight Committee Members are asked to note the update on the place partnership financial position for Month 5 (August 2023).