



MONTH 3 SHEFFIELD PLACE FINANCE REPORT

SHEFFIELD PLACE HEALTH AND CARE PARTNERSHIP BOARD

15 AUGUST 2023

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Purpose of Paper	
<p>This report provides an update on the financial position as at the end of June 2023.</p> <p>Part A of this report provides an overview of the financial position of Sheffield partners and outlines shared financial issues.</p> <p>Part B of the report provides an overview of the ICB (Sheffield) financial position as at Month 3 (June 2023).</p>	
Key Issues	
<p>Part A.</p> <p>Due to organisations having limited information at the early part of the financial year, most organisations are reporting breakeven positions to their plans submitted in June. NHS organisations in the partnership have a year-to-date deficit of £6.2m and forecast year end deficit of £26.3m. The forecast position matches the planned deficits of organisations. South Yorkshire ICS, as a whole, continues to forecast an overall financial balance.</p> <p>Part 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. Part B highlights a number of risks that may affect achievement of the planned deficit and further reductions to move towards a breakeven position within the ICB.</p>	
Is your report for Approval/Consideration/Noting	
For noting and consideration.	
Recommendations/Action Required by the Sheffield Health and Care Partnership Board	
Sheffield Health and Care Partnership Board are recommended to note and consider the report.	

What assurance does this report provide to the Sheffield Health and Care Partnership Board in relations to the ambitions of the Health and Wellbeing Strategy 2019-2024	
	Please ✓
Every child achieves a level of development in their early year for the best start in life	✓
Every child is included in their education and can access their local school	
Every child and young person has a successful transition to independence	✓
Everyone has access to a home that supports their health	✓
Everyone has a fulfilling occupation and the resources to support their needs	✓
Everyone can safely walk or cycle in their local area regardless of age or ability	
Everyone has equitable access to care and support shaped around them	✓
Everyone has the level of meaningful social contact that they want	✓
Everyone lives the end of their life with dignity in the place of their choice	✓
Are there any Resource Implications (including Financial, Staffing etc)?	
N/A	
Have you carried out an Equality Impact Assessment and is it attached?	
N/A	
Have you involved patients, carers and the public in the preparation of the report?	
N/A	

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Executive Summary

Financial Position of Partners	Year to date (£'000)	Forecast (£'000)	Key Issues
ICB (Sheffield place)	3,566	14,423	YTD broadly in line with planned deficit of £14.4m.
Primary Care Sheffield	0	0	
Sheffield Children's NHS FT	1,588	8,625	YTD is slightly lower than the phased full year deficit of £8.6m.
Sheffield City Council (People)			Information not yet available
Sheffield Health and Care NHS FT	728	3,262	YTD is slightly lower than the phased full year deficit of £3.3m.
Sheffield Teaching Hospitals NHS FT	295	0	YTD Overspend Variance compared to plan by £1.7m however forecast still planned breakeven.
TOTAL	6,177	26,310	

Key Duties – ICB (Sheffield place)	Year to date (£'000)	Forecast (£'000)	Key Issues
Deliver an overall in-year breakeven position	3,566	14,423	
a) Achieve an in-year breakeven position against the Programme Allocation	3,577	14,635	With limited information, current reporting is broadly in line with planned deficit of £14.4m
b) Remain within Running Cost Allowance	(12)	(211)	The cost pressure from the pay award is expected to be offset by vacancies being held. There are pressures elsewhere within the ICB that will need to be managed to remain within the overall ICB allocation for running costs.

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. 2023/24 Financial Plan

The Financial Settlement and Plan for 2023/24 is very challenging.

For the NHS, the SYICS submitted an overall balanced plan to NHSE on 4 May. The total level of planned efficiency for South Yorkshire is £241.2m (8.1% of the total allocation).

For our Sheffield partnership, the NHS is planning on delivering £96m efficiency (40% of the South Yorkshire ICS figure) with the council planning on a further £38m savings, so **£113m** of in-year efficiency savings in total. Despite these significant levels of planned efficiency, the partnership is still forecasting a deficit of £26.3m (SCFT, SHSC and Sheffield place), with known additional risks including the impact of strikes, risks regarding delivery of the elective recovery targets and associated costs and income, as well as the obvious risks associated with the assumed level of efficiency to be delivered in one year not built into that figure.

It is highly likely that the 2023/24 Settlement will define the level of challenge for the next five years. To live with our means and meet the ambitions of the joint forward plan we will need to identify efficiency opportunities in a very rigorous way to enable investment in preventative and “left shift” measures.

A draft assessment of the ‘current state’ in respect of our 5 partnership priorities as well as other areas of opportunities in terms of efficiency was presented to the HCP Board on 19 May. Work is progressing on the delivery plans for each of the 5 priorities including quantification of the expected benefits realisation.

3. Revenue financial position as at Month 3

Table 1 below summarises the in-year revenue position reported to NHS England as at M3, 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 £26.3m deficit, which is in line with the financial plans submitted to NHS England.

All NHS partners are managing a range of risks that could impact on the final year end position, including delivery of the challenging efficiency targets, pay pressures, impact of industrial action, both on cost of cover as well as impact on elective capacity. Further guidance is expected on how the impact of industrial action and rules around Elective Recovery Funding will be dealt with in year.

Information relating to the Sheffield City Council financial position is not yet available.

Table 1 - Financial position @ M3	Year to date Position			Forecast Position		
	Plan (Surplus / Deficit £'000	Actual (Surplus / Deficit £'000	(Surplus / Deficit Variance to Plan £'000	Plan (Surplus / Deficit £'000	Forecast (Surplus / Deficit £'000	(Surplus / Deficit Variance to Plan £'000
ICB Sheffield Place (in year)	3,606	3,566	-40	14,423	14,423	0
Sheffield Children's NHS Foundation Trust	1,707	1,588	-119	8,625	8,625	0
Sheffield Health and Social Care NHS Foundation Trust	947	728	-219	3,262	3,262	0
Sheffield Teaching Hospitals NHS Foundation Trust	-1,439	295	1,734	0	0	0
Primary Care Sheffield	0	0	0	0	0	0
Total for Sheffield organisations	4,821	6,177	1,356	26,310	26,310	0

4. 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. As there is limited information at this point in the year all organisations are reporting on plan with efficiencies.

Table 2 - Efficiency Position at M3	Year to Date				Forecast			
	Plan £'000	Actual £'000	Variance £'000 %		Annual Plan £'000	Actual £'000	Variance £'000 %	
ICB Sheffield Place	4,952	2,402	(2,550)	(51.5%)	19,800	19,800	0	0.0%
Sheffield Childrens NHS Foundation Trust	2,769	2,769	0	0.0%	11,570	11,570	0	0.0%
Sheffield Health and Social Care NHS Foundation Trust	888	1,130	242	27.3%	5,734	5,734	0	0.0%
Sheffield Teaching Hospitals NHS Foundation Trust	14,534	13,102	(1,432)	(9.9%)	58,549	58,549	0	0.0%
Sheffield City Council								
Primary Care Sheffield	0	0	0		0	0	0	
Total for Sheffield Organisations	23,143	19,403	(3,740)	(16.2%)	95,653	95,653	0	0.0%

5. 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 M3 (June 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. With limited information a breakeven forecast outturn position has been reported at month 3, 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.

Table 3 - Variances against budget Overspends/(Underspends)	YTD (Apr-Jun) £'000	Full Year Forecast £'000
Acute	206	410
Mental Health	(521)	(311)
Community Services	(104)	(87)
Continuing Care	163	261
Prescribing	201	227
Other Primary Care services	(38)	(193)
Delegated Primary Care Commissioning	64	1,642
Other	170	288
Reserves	(170)	(2,025)
Total Programme Position	(29)	212
Running Costs	(12)	(211)
In Year Deficit	3,606	14,423
Overall Position	3,566	14,423

2. Key Issues

Acute	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.
Mental Health	Sheffield Place is meeting the Mental Health Investment Standard for 23/24 based on planned investments being spent. It is anticipated there may be some slippage from recruitment. There are currently no IFR Mental Health patients requiring placement funding, and this is resulting a forecast underspend of £0.3m.
Continuing Health Care (CHC) and Funded Nursing Care (FNC)	Continuing Healthcare budgets are based on agreed package price uplifts and historical package growth however growth year to year can be variable. There is also a challenging efficiency savings target against Continuing healthcare through reviewing packages, work is continuing with Sheffield City Council social care staff to review packages to ensure these are as cost effective as possible. 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.
Prescribing	Spend increased in the last few months of 2022/23 and if that was to continue it is likely to result in an overspend position. The Prescribing budget has a challenging efficiency savings target including work by Medicine Optimisation team and Practices through the Prescribing Quality Improvement Scheme (PQIS).

Delegated Primary Care	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.
Running Costs	Work is continuing to design new structures within the ICB in light of the confirmation from NHS England of the reduction in ICB running cost allocation in 2024/25 and 2025/26. 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. This does not reflect any potential costs of any exit costs associated with the requirement to reduce ICB running cost expenditure by 30% schemes, if approved by the Department of Health.

Table 4: Running Costs	Budget M1-3 £000's	Variance M1-3 £000's	Forecast Variance Year-end £000's
Pay	2,963	(179)	(143)
Non Pay/Recharges	(9)	172	172
Income	(102)	(49)	0
Running Cost Reserve	(44)	44	(240)
TOTAL	2,808	(12)	(211)

3. Efficiencies

The QIPP target for 23-24 is £19.8m. At month 3 we are reporting a forecast breakeven position as it is too early in the year to provide an accurate estimate given the volatility of prescribing expenditure and the activity pressure on CHC budgets.

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 -£3m upside to +£8.6m downside, which reflects a range of issues that could impact on the delivery of the final year end position. This is a wide range of risk, given where we are in the financial year but reflects the volatility in terms of key estimates as described below.

Table 5: 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 will 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 previous year's growth. There are also risks in relation to awaited guidance on in year application of ERF and whether activity growth within the

Table 5: Key Risks	
	Independent Sector will be fully funded within any system allocation.
Mental Health	There may be slippage on MHIS investments. However, given overspends in other areas of mental health spend, the MHIS is likely to be achieved.
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 the widest 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	No costs of any redundancy schemes, if approved, are reported. These would significantly change the outturn position, as funded from current resources.

At present, the assessment of the overall level of risks and available mitigations, is such that Sheffield place will be able to achieve the forecast deficit of £14.4m. Work will continue to find further mitigations in the attempt to reduce the deficit position.

5. Recommendations

Sheffield Place Health and Care Partnership Board is asked to note the update on the place partnership financial position for Month 3 (June 2023).

**Jackie Mills, Chief Finance Officer – Sheffield
August 2023**