



MONTH 7 SHEFFIELD PLACE FINANCE REPORT

SHEFFIELD PLACE HEALTH AND CARE PARTNERSHIP BOARD

11 DECEMBER 2023

Author(s)	Chris Cotton (Deputy Chief Finance Officer – Sheffield); Pat Lunness, Diane Mason, Jayne Taylor & Judith Town (Senior Finance Managers)
Sponsor	Jackie Mills, Chief Finance Officer - Sheffield
Purpose of Paper	
<p>This report provides an update on the financial position as at the end of October 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 more detailed information on the ICB (Sheffield) financial position as at Month 7 (October 2023), which now shows a forecast deficit of £19m against the original plan of £14.4m.</p>	
Key Issues	
<p>Part A.</p> <p>NHS organisations in the Sheffield partnership have a year to date deficit of £16.4m and forecast year end deficit of £42.6m. Please note that due to difference in timings of organisational reports to trust boards/Council Finance Committee, the year to date and forecast figures are based on slightly different reporting periods eg the council figures relate to Q1, the NHS provider figures relate to M6 and the ICB figures relate to M7.</p> <p>The forecast position shows a deterioration against the planned deficits of organisations. NHS England has written to all ICSs highlighting some additional funding to offset financial pressures from industrial action. Whilst the additional funding is insufficient to cover the levels of financial risk previously identified, all NHS organisations are expected to review all areas of current spend and mitigate the level of in year risk as far as possible. An intensive piece of work across system partners is currently underway to review all options.</p> <p>Sheffield City Council are reporting a forecast position at M03 of £12.2m overspent on social care services (£3.5m relating to Adult Social Care services and £8.7m relating to Children’s Social Care services).</p> <p>Part B.</p> <p>Sheffield place’s reported position now incorporates cost pressures of £4.1m that have previously been reported as risks, resulting in a forecast deficit of £18.5m (compared with the planned deficit of £14.4m). Part B highlights several risks which may affect this further. Considering the challenge to reduce the current deficit position by NHS England further work has started to reassess all planned but not yet spent budgets in 23/24 and beyond. This will reduce the current risks highlighted in this report and may reduce the deficit</p>	

however at this point it is not expected that it will be possible to meet the planned deficit of £14.4m.

Is your report for Approval/Consideration/Noting

For noting and consideration.

Recommendations/Action Required by the Sheffield Health and Care Partnership Board

Sheffield Place Health and Care Partnership Board Members are asked to note the update on the place partnership financial position for Month 7 (October 2023).

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

MONTH 7 SHEFFIELD PLACE FINANCE REPORT
SHEFFIELD PLACE HEALTH AND CARE PARTNERSHIP BOARD

11 DECEMBER 2023

Executive Summary

Financial Position of Partners	Year to date (£'000)	Forecast (£'000)	Key Issues
ICB (Sheffield place) @ M7	10,758	18,541	YTD is in line with planned deficit of £14.4m plus additional pressure of £4.1m
Primary Care Sheffield	0	0	
Sheffield Children's NHS FT@ M6	3,696	8,625	YTD is slightly lower than the phased full year deficit of £8.6m.
Sheffield City Council (People) @M03		12,200	Forecast variance of £12.2m, £3.2m relating to Adult Social Care services and £8.9m relating to Children's Social Care services.
Sheffield Health and Care NHS FT @ M6	2,692	3,262	YTD is £0.9m worse than planned at this point in the year.
Sheffield Teaching Hospitals NHS FT@ M6	(750)	0	YTD surplus is below the planned position by £9.1m, however at M6 the forecast still forecasts a breakeven position. Risks identified re costs of industrial action.
TOTAL	16,396	42,628	

Key Duties – ICB (Sheffield place)	Year to date (£'000)	Forecast (£'000)	Key Issues
Deliver an overall in-year breakeven position	10,758	18,541	Forecast now includes a further pressure of £4.1m in addition to the £14.4m planned deficit
a) Achieve an in-year breakeven position against the Programme Allocation	10,733	18,502	Now reflects a £0.5m decrease in the forecast deficit compared to last month
b) Remain within Running Cost Allowance	25	40	A small overspend is currently 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 costs of redundancies to meet the 30% reduction in the Running Cost Allowance over the next two years or dilapidation costs for Sheffield Place headquarters on vacating the building.

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 7.

Table 1 below summarises the latest reported revenue position of partners within 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)	8,413	10,758	2,345	14,423	18,541	4,118
Sheffield Children's NHS Foundation Trust @ M6	3,747	3,696	(51)	8,625	8,625	0
Sheffield Health and Social Care NHS Foundation Trust @ M6	1,816	2,692	876	3,262	3,262	0
Sheffield Teaching Hospitals NHS Foundation Trust@ M6	(9,848)	(750)	9,097	0	0	0
Sheffield City Council @M03				0	12,200	12,200
Primary Care Sheffield	0	0	0	0	0	0
Total for Sheffield organisations	4,128	16,396	12,267	26,310	42,628	16,318

The forecast position shows a deterioration against the planned deficits of organisations. NHS England has written to all ICSs highlighting some additional funding to offset financial pressures from industrial action. Whilst the additional funding is insufficient to cover the levels of financial risk previously identified, all NHS organisations are expected to review all areas of current spend and mitigate the level of in year risk as far as possible. An intensive piece of work across system partners is currently underway to review all options.

Sheffield City Council continues to monitor its recovery plans to mitigate the impact of the current forecast overspends for both Adults and Childrens services.

3. Efficiency

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 £37m savings, so £113m of in-year efficiency savings in total. The planned levels of efficiency included within the overall financial position is considerable and significantly higher overall than in previous years. To date, all NHS organisations are reporting they are off track in terms of the year-to-date delivery of plans but continue to forecast that the position can be recovered by year end (although a number are highlighting this as a financial risk). Sheffield City Council are forecasting that both Adults and Children's services are likely to underdeliver the agreed budget improvement programmes.

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 M7 (October 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. We are now reporting a forecast deficit of £18.5m at month 7, with the year-to-date position broadly in line with this, this slight improvement from last month's forecast relates to small reductions in both Continuing Care and Prescribing forecasts based on changes in the latest available data. The remaining key risks for this year are listed in the next section of the report.

The reduction for Pay Budgets Transfer to ICB Corporate is for teams that are moving from the Sheffield place team to a different ICB directorate.

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- Oct) £'000	Full Year Forecast £'000	Full Year Forecast (at M6)	Change to Forecast Variance
Acute	1,314	2,257	702	↑
Mental Health	(626)	(632)	(722)	↑
Community Services	(1,125)	(1,830)	(1,830)	→
Continuing Care	(796)	(884)	(308)	↓
Prescribing	1,867	2,196	2,412	↓
Other Primary Care services	(434)	(701)	(545)	↓
Delegated Primary Care Commissioning	681	993	1,033	↓
Other	262	97	(151)	↑
Reserves	1,177	2,582	4,016	↓
Total Programme Position	2,320	4,078	4,607	↓
Running Costs	25	40	29	↑
In Year Deficit	8,413	14,423	14,423	→
Overall Position	10,758	18,541	19,059	↓

2. Key Issues

Acute	<p>The increase in the reported Acute variance mainly relates to the cost pressure on High-Cost Drugs and Devices at STHFT which have moved on to a variable payment basis for 2023/24 (this had previously been identified as a risk whilst contractual discussions were conducted, as such, the downside risk reported in section 4 has reduced in relation to this).</p> <p>Issues identified in previous reports continue to contribute to the overspend as 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.</p> <p>For reporting in M7 we are now presuming that any additional ERF funding will remain within the core ICB reserves and not be devolved to place budget.</p>
--------------	--

Mental Health	Sheffield Place is meeting the Mental Health Investment Standard for 23/24 based on planned investments being spent. S117 expenditure is higher than planned, the cost pressure relates to an increase in patient numbers and the cost and complexity of packages. 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 later in the year. There are currently no IFR Mental Health patients requiring placement funding.																								
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. CHC packages are also experiencing an increase in the volume and complexity of packages, but as with S117 this can be variable throughout the year. The review of prior year accruals continues has been made and there is some benefit in the reported position to reflect this. 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 this has continued into 2023/24 resulting in the reported overspend. The forecast position is based on the number of items and cost per item continuing for the remainder of the year with an adjustment for an expected reduction in cost for a specific drug from October. 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 which are higher than national assumptions as well as large inflationary increases on the cost of some premises. The forecast position assumes some slippage on budgets to mitigate some of the pressure along with some 2022/23 year-end accrual benefits, but further work is required to identify additional mitigating actions. Further cost pressures have arisen in M7 including a shortfall in the amount payable to practices for the uplift in Global Sum and the allocation received and further list size increases in quarter 2.																								
Running Costs	<p>All transfers of services from Sheffield Place to ICB Corporate, as agreed under the Target Operating Model, have now been actioned. A small overspend is currently anticipated, although this may change towards the year end due to further pay savings from vacancies. Additional pressures elsewhere in the ICB will need to be managed within the overall ICB running cost allocation. This report does not reflect any of the potential costs of the Voluntary Redundancy Scheme, which was approved by the Department of Health. Nor does it show the cost of any dilapidations at Sheffield Place headquarters, resulting from the ending of the lease and the move to Eyre Street.</p> <table border="1" data-bbox="448 1711 1445 2016"> <thead> <tr> <th data-bbox="448 1711 751 1832">Table 5: Running Costs</th> <th data-bbox="751 1711 970 1832">Budget M1-7 £000's</th> <th data-bbox="970 1711 1198 1832">Variance M1-7 £000's</th> <th data-bbox="1198 1711 1445 1832">Forecast Variance Year-end £000's</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 1832 751 1868">Pay</td> <td data-bbox="751 1832 970 1868">2,237</td> <td data-bbox="970 1832 1198 1868">(126)</td> <td data-bbox="1198 1832 1445 1868">(217)</td> </tr> <tr> <td data-bbox="448 1868 751 1904">Non-Pay/Recharges</td> <td data-bbox="751 1868 970 1904">528</td> <td data-bbox="970 1868 1198 1904">172</td> <td data-bbox="1198 1868 1445 1904">290</td> </tr> <tr> <td data-bbox="448 1904 751 1939">Income</td> <td data-bbox="751 1904 970 1939">0</td> <td data-bbox="970 1904 1198 1939">0</td> <td data-bbox="1198 1904 1445 1939">0</td> </tr> <tr> <td data-bbox="448 1939 751 1975">Running Cost Reserve</td> <td data-bbox="751 1939 970 1975">21</td> <td data-bbox="970 1939 1198 1975">(21)</td> <td data-bbox="1198 1939 1445 1975">(33)</td> </tr> <tr> <td data-bbox="448 1975 751 2016">TOTAL</td> <td data-bbox="751 1975 970 2016">2,786</td> <td data-bbox="970 1975 1198 2016">25</td> <td data-bbox="1198 1975 1445 2016">40</td> </tr> </tbody> </table>	Table 5: Running Costs	Budget M1-7 £000's	Variance M1-7 £000's	Forecast Variance Year-end £000's	Pay	2,237	(126)	(217)	Non-Pay/Recharges	528	172	290	Income	0	0	0	Running Cost Reserve	21	(21)	(33)	TOTAL	2,786	25	40
Table 5: Running Costs	Budget M1-7 £000's	Variance M1-7 £000's	Forecast Variance Year-end £000's																						
Pay	2,237	(126)	(217)																						
Non-Pay/Recharges	528	172	290																						
Income	0	0	0																						
Running Cost Reserve	21	(21)	(33)																						
TOTAL	2,786	25	40																						

3. Efficiencies

The QIPP target for 23-24 is £19.8m. At month 7 we are reporting a forecast position that is slightly better than plan, but this is an estimate that could change given the volatility of prescribing expenditure and the activity pressure on CHC budgets.

The year-to-date position is an under-delivery of £124k of which the most significant part is the level of unidentified QIPP (full year £6.3m). Most of the unidentified QIPP plan will be met by non-recurrent slippage on investments and 23/24 in year allocations. A real focus is now required to ensure that all schemes deliver the forecast 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	1,633	2,288	655	2,800	4,393	1,593
Various budgets - part year effect benefit from 22-23	2,200	1,930	(270)	3,771	3,629	(142)
Unidentified QIPP	4,016	4,017	1	6,885	6,885	0
TOTAL	11,550	11,426	(124)	19,800	20,378	578

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 -£7.6m upside to +£9.8m downside. 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. With the work ongoing with uncommitted spend some of this mitigation will be fed into the position from Month 8.
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 additional high cost Drugs and Devices spend above plan (and the reported forecast for STHFT) will result in an overspend in Sheffield place, this is likely to be the case based on current data. There are also risk relating to additional activity growth within the Independent Sector.
Mental Health	As highlighted in section 2 there may be further 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. This includes how costs are affected by national set Category M drug prices and no cheaper stock available (NCSO).
Running Costs	The Department of Health recently approved SYICB's Voluntary Redundancy scheme. No costs of any potential redundancies are reported this month. Nor does the report show the cost of any dilapidations at Sheffield Place headquarters, resulting from the ending of the lease and the move to Eyre Street. These may significantly change the financial position. At this point it is not known whether additional funding will be allocated to cover these one off costs.

In light of the challenge to reduce the current deficit position by NHS England further work has started to reassess all planned yet uncommitted spend and for Sheffield place not to commit to spending in 2023/24 unless essential. This will reduce the current risks highlighted in this report and may reduce the deficit however at this point it is not expected that it will be possible to meet the planned deficit of £14.4m.

5. Recommendations

Sheffield Place Health and Care Partnership Board Members are asked to note the update on the place partnership financial position for Month 7 (October 2023).