Kirklees Health & Care Partnership

NHS West Yorkshire Integrated Care Board

Meeting name:	Kirklees ICB Committee
Agenda item number:	9
Meeting date:	10 May 2023
Report title:	Financial Plan FY 2023/24
Report presented by:	Alison Needham – Operational Director of Finance (ODoF)
Report approved by:	Alison Needham – ODoF
Report prepared by:	Alison Needham ODoF and Wendy Rose – Senior Finance Manager

Purpose and Action:

Assurance ☒	Decision ☐ (approve/recommend/ support/ratify)	Action ☐ (review/consider/comment/discuss/escalate	Information ☒

Previous considerations:

Finance, Performance and Contracting Committee – 26th April 2023

Executive summary and points for discussion:

The following slide pack provides the committee with a full overview of the Financial Plan of Kirklees ICB 2023/24 that will be submitted on 4 May 2023 as part of the West Yorkshire Integrated Care Board submission.

The plan has been presented previously to the Finance, Performance and Contracting Committee (FPCC) for consideration and approval, therefore presented here is the abridged version with the final adjustments that have been undertaken post the Committee on the 26th April 2023.

With which purpose(s) of an Integrated Care System does this report align?

☐ Improve healthcare outcomes for residents in their system

☐ Tackle inequalities in access, experience, and outcomes

☐ Enhance productivity and value for money

☐ Support broader social and economic development

Recommendation(s):

The Committee are asked to –

- Support and approve the financial plan of achieving a surplus Control total of £1.5m for Kirklees ICB, that will feed into the wider WYICB.
- Note and ratify the growth and contract assumptions presented on section 6.
- Note further adjustments maybe enacted, any changes will be verbally presented at the committee.

• Note the QIPP value of £5.7m and the significant work that will be needed to close this financial value, which will include actions outlined in the QIPP section. • Note the risks outlined in section 8.
Does the report provide assurance or mitigate any of the strategic threats or significant risks on the Corporate Risk Register or Board Assurance Framework? If yes, please detail which:
Appendices:
Acronyms and abbreviations explained:
KICB - Kirklees Integrated Care Board WYICB – West Yorkshire Integrated Care Board SDF – Service Development Fund KHCP – Kirklees Health Care Partnership ICCB – Integrated Care Board WYICS – Integrated Care System QIPP – Quality Innovation Prevention and Productivity NHSE – NHS England

What are the implications for:

Residents and Communities	
Quality and Safety	
Equality, Diversity and Inclusion	
Finances and Use of Resources	Potential non achievement of financial control targets
Regulation and Legal Requirements	
Conflicts of Interest	
Data Protection	
Transformation and Innovation	
Environmental and Climate Change	
Future Decisions and Policy Making	
Citizen and Stakeholder Engagement	

Financial plan – Kirklees ICB FY 23/24

Financial – High level Plan Kirklees ICB FY 23/24

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1. Financial – Overview

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- The following financial plan is for Kirklees Integrated Care Board (KICB) as part of West Yorkshire ICB (WYICB). To note this is expected to be the final iteration – but there a potential elements may be altered. These will be updated verbally at the meeting.
- This plan has been presented to the Finance Committee and the ICB is asked to support the final changes presented.
- KICB receive a share of the overall allocation that comes into the WYICB.
- The allocations are split into Programme, Running Costs and Primary Care Commissioning.
- The allocation for Dental, Pharmacy and Optometry is being held at central WYICB – this is the only ring fenced budget.
- Additional funds will follow such as Service Development Fund (SDF) and other income streams.
- The creation of the financial plan for partners of Kirklees Health Care Partnership (KHCP) has been undertaken as part of individual organisational processes.
- The information presented here will focus on the financial plans of KICB only.
- KICB is part of the WYICB and feeds into the overall financial position of West Yorkshire, which is the overarching statutory body.
- The statutory requirement of the WYICB is to deliver an overall balanced plan (allocation = expenditure).
- West Yorkshire ICS (WYICS) is the combination of the ICB and the NHS Trusts that form part of the overall system.
- Planning has been undertaken in a staged process, with a consistent process since the start of the year.
- There has been a consistent approach to the planning round using standardised uplifts and growth assumptions.
- The final submission to NHSE is expected on the 4th May 2023.

2. Financial – Headlines

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- The current plan presented shows a surplus position for KICB of £1.5m.
- Included in the plan is a QIPP target of £5.7m.
- Within the planning numbers presented there are a number of national assumptions built into contract values – these include tariff at 1.8%, a convergence factor of 0.7%, and growth values specific to different commissioning areas. Full details of these are shown in section 6.
- Primary Care contracts (individual elements) are now starting to feed through from NHSE England (NHSE). For the plan it is based on a standard uplift only. Work will commence to understand the financial impact.
- All main NHS Provider contracts are agreed.

3. Financial – FY 22/23

The financial year for 22/23 has been challenging and is shown in the table below. However, Kirklees ICB has achieved its control total of a deficit £1.7m.

Business Area	Expenditure Budget Annual **M12** **£m**	Expenditure Annual **M12** **£m**	Variance over / (under) spend **M12** **£m**
Total Programme	732.154	731.250	(0.904)
Co-commissioning	76.237	77.790	1.553
Running costs	7.772	7.123	(0.649)
Total	816.163	816.163	0.000

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3. Financial – FY 22/23

There have been significant pressures against budget in a number of areas this year, these are summarised below.

Pressure areas

Business Area	Overtrade
Acute and Independent Sector	£3.9m
Continuing Health Care	£1.93m
Prescribing	£3.6m
Primary Care Co-comm	£1.553m

4. Allocations

- KICB has received core allocations for Programme, Running Costs and Primary Care.
- Additional allocations that have come into WYICB and have then been allocated out based on a number of different methodologies.
- KICB is currently spending above its target allocation (NHSE distance from target calculation). However, due to being within a 1% tolerance level, an additional distance from target deduction has not been made this year.
- SDF funds have been indicatively provided in the allocations each place received, with the exception of some funds. For example Primary Care, these are being held centrally.
- There is potential for some allocations to move back to be held centrally as we move towards a more standardised process.
- Running Costs has received no additional increase to support uplifts.

4. Allocations

Allocations 23/24 £m	Total allocation 22/23	Less non - recurrent 22/23	Adjusted recurrent baseline 23/24	Baseline uplift 23/24	Additional allocations 23/24	Total allocation 23/24
Programme	730.411	42.823	687.588	26.219	41.796	755.603
Running Costs	7.774	0.382	7.392	-	-	7.392
Primary Care Co-Commissioning	76.234	2.338	73.896	3.712	-	77.608
Total	**814.419**	**45.543**	**768.876**	**29.931**	**41.796**	**840.603**

The ICB has received to date £840m for 23/24 financial year.
The table above shows the allocation movement from 22/23 less the non recurrent allocations received in year, to show a starting recurrent allocation position of £768.8m
The ICB has received £29.931m worth of growth for the current year, with an additional £41m to support other areas

5. Expenditure

- The expenditure included reflects all known recurrent costs and has been reviewed and signed off by budget holders.
- Expenditure values include all known pressures at month 10 and a general horizon scanning of known risks for the forthcoming year.
- Includes tariff and growth levels agreed at WYICB levels of which have been included in the plan.
- Assumes a standard net tariff of 1.1% - to note an additional convergence has been applied to contracts for main acute providers. Other contracts plan is for a tariff increase of 1.8%.
- Mental Health Investment Standard of 6.8% has been included in the plan.

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5. Expenditure – High Level plan

The table below shows the current high level plan based on the three allocation areas, showing a surplus of £1.5m. In order to achieve this plan, it includes a QIPP target of £5.7m.

Expenditure 23/24	Allocation £m	Expenditure £m	Variance £m
Programme *	755.603	753.701	1.902
Running Costs	7.392	7.448	(0.057)
Primary Care Co-Commissioning	77.608	77.954	(0.346)
Total	**840.603**	**839.104**	**1.499**

** includes £5.7m QIPP*

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6. Contract and growth assumptions

Area of spend	Type of contract	Total	Cost Uplift Factor	Efficiency	Convergence	Capacity to base	Covid to base	Growth
Acute	NHS intra (within West Yorkshire)	2.0%	2.9%	-1.10%	-0.71%			0.90%
Acute	YAS	3.2%	2.9%	-1.10%	-0.71%		1.20%	0.90%
Acute	NHS inter (ICBs next to West Yorkshire)	3.3%	2.9%	-1.10%		0.90%	0.60%	
Acute	Independent Sector	1.8%	2.9%	-1.10%				
Acute	Other	1.8%	2.9%	-1.1%				
Community	Locala	1.1%	2.9%	-1.1%	-0.71%			
Community	All other community	1.8%	2.9%	-1.1%				
Mental Health	Independent Sector	1.8%	2.9%	-1.10%				
Mental Health	Database	7.3%	7.3%					
Primary Care	Prescribing	5.0%	2.4%					2.6%
Primary Care	Primary Care IT	3.0%	2.9%	-1.1%				1.2%
Primary Care	Primary Care Co-Commissioning	5.6%	5.6%					
CHC	FNC	8.5%	8.5%					
CHC	All other CHC	10.0%	10.0%					
Various	Better Care Fund	5.66%						5.66%

- The following outlines the proposed uplifts that support the planning round. To note no demographic growth is assumed in the financial plans. Only a small activity growth has been incorporated in the plan.
- Primary Care Co-comm reflects a standard growth increase of 5.6% on the expenditure at the point of production all the differential rates have not been finalised.
- A number of the rates follow national planning requirements – these are predominantly in the acute sector, YAS and Mental Health
- All other local contracts assume a tariff uplift only.
- It should be noted that in some areas the values shown are Gross as QIPP is applied as part of the planning process outside these values.

7. QIPP

- The financial challenge for the FY 2023/24 is extensive for Kirklees ICB and its wider partners. Work has started to manage this locally and at a West Yorkshire level.
- Over the last months peer reviews both locally and nationally have been undertaken to understand, challenge and where appropriate to support an improvement in organisations financial position.
- At this stage a full QIPP plan is not fully in place, only an indicative plan. Work now has commenced both locally and regionally on how this is managed.
- This will be presented and reported via The Finance, Performance and Contracting Committee as part of the governance and assurance process.

8. Risks

- As part of the financial planning round, the finance team and wider colleagues have worked together to understand and incorporate all known expenditure costs for the financial year.
- However, as shown in previous slides relating to FY 2022/23, there has been significant financial pressures seen in the last few months, that have been managed by additional allocations received nationally and by non-recurrent means. There are also continue to be risks that are escalating in a number of areas and these are shown below. These risks are being reviewed, assessed and monitored as we move through the financial year.
- A number of these risks have been included in the financial planning return shared with NHS England.

Risk	Risk rating (High/Med/Low) and estimated value
Acute spend increases (PbR)	High
Prescribing	High
QIPP value	High
Continuing Health Care pressures	High
Local Authority pressures	Med
Harmonisation of services and Prescribing across WY	Med
Running Cost reduction	Med
Primary Care	Med

9. Recommendations

The Committee are asked to –

- Support and approve the financial plan of achieving a surplus Control total of £1.5m for Kirklees ICB, that will feed into the wider WYICB.
- Note and ratify the growth and contract assumptions presented on section 6.
- Note further adjustments maybe enacted, any changes will be verbally presented at the committee.
- Note the QIPP value of £5.7m and the significant work that will be needed to close this financial value, which will include actions outlined in the QIPP section.
- Note the risks outlined in section 8.