

<b>Agenda Item 11</b>
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<b>Meeting:</b> Buckinghamshire, Oxfordshire, and Berkshire West CCGs (BOB) Governing Bodies Meetings in Common (in public)
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<b>Date of Meeting</b>	13 January 2022
<b>Title of Paper</b>	Finance Update
<b>Lead Director</b>	James Kent, Accountable Officer
<b>Author(s)</b>	Gareth Kenworthy, Director of Finance, Oxfordshire CCG
<b>Paper Type</b>	<b>For Information and Assurance</b>
<b>Action Required</b>	The Members of the Governing Bodies are asked to note the update, the non-compliant position on the H2 financial plan, the requirement to still work to deliver a breakeven position for 2021/22.

### Executive Summary

This month:

- There is no monthly finance monitoring report due to requirement to submit a H2 plan. Organisations are currently anticipating delivery of the position reflect in the H2 plan.
- A summary of the H2 ICS financial plan is included as the main content to this paper as Annex 1.
  - The ICS H2 financial plan is for a forecast deficit of £15.6m.
  - When the H1 outturn performance of a £4.5m surplus is included, this leads to a full year 2021/22 forecast of a £11.1m deficit.
  - The drivers of the remaining gap are the efficiency ask built into the envelope plus the ongoing run rate of spend to support elective recovery and urgent and emergency care pressures.
  - Despite the submission of a deficit plan the ICS will still be expected to deliver a break-even position by year-end.
  - The ICS finance community have been through a transparent process of distributing the H2 envelope.
  - There is a £1.0m balance of undistributed H2 growth/inflation funding held by the ICS pending final confirmation of plans.
  - Other than this the ICS financial envelope has been allocated and deemed committed at this point. Any additional investment

requirements not reflected in H2 plans will not be funded and contribute to an increased deficit.

- Midway through the planning process an additional source of funding was made available by NHSE, Elective Recovery Fund (ERF) +, and changes were made to the original ERF scheme proposals to reimburse trust sub-contracted independent provider activity.
- The ICS was successful in being awarded £13.6m of additional capital and £19.5m of additional revenue resource through the bidding process for these.
- On the forecast for capital spend against the ICS envelope there are pressures on the Oxford University Hospitals NHS Foundation Trust element due to equipping requirements. These may be mitigated by underspend on the Oxford Health NHS Foundation Trust and Berkshire Healthcare NHS Foundation Trust elements of the plan. Director of Finance have been asked to review and risk assess their forecast for review at the next System Finance Group meeting.

## Annex 1: BOB ICS H2 Financial Plan Submission

### Introduction and Background

1. This paper is a briefing on the H2 2021/22 ICS financial plan submission.
2. Operational planning guidance for the period 1 October 2021 to 31 March 2022 (H2) was issued to the NHS on 30 September 2021 along with the ICSs H2 financial envelope.
3. The key features of this were:
  - The priorities set out in March for the year (the 2021/22 priorities and guidance), remain the priorities for the second half of the year. In reiterating this for H2 emphasis was placed on the importance of elective recovery.
  - The system received £9.1m of 'capacity funding' to support pressures in urgent and emergency care (UEC) demand.
  - A 'top-up' efficiency requirement of £13.0m was applied to the envelope. This is an increased savings/cost reduction ask for the system and represents the first step in the move back to Long Term Plan envelopes of funding as opposed to the current pandemic response envelopes.
  - Non-recurrent COVID response funding remains in place for H2 but has been reduced by £4.6m as costs are expected to be reducing.
  - NHSE are making two funds available to support elective recovery during H2:
    - a Targeted Investment Fund (TIF) worth £700m nationally to target investment at systems or individual providers in return for specific delivery commitments.
    - an Elective Recovery Fund (ERF) worth up to £1bn to support activity above the level funded within system financial envelopes.
4. The ICS submission was made on 16 November in line with the national H2 timetable.

### BOB ICS H2 2021/22 Financial Plan

5. The BOB plan is non-compliant with NHSE expectations in that there is a gap (deficit) to envelope in H2 of £11.0m on submission. This does, however, represent an improvement on the draft position previously shared which reflected a £30.6m gap. This position is shown in the following table:

Updated Quantification of Gap		15A	14Y	10Q	ICS	RWX	RXQ	RNU	RTH	RHW	Total
		NHS Berkshire West CCG	NHS Buckinghamshire CCG	NHS Oxfordshire CCG	NHS Oxfordshire CCG - ICS	Berkshire Healthcare NHS Foundation Trust	Buckinghamshire Healthcare NHS Trust	Oxford Health NHS Foundation Trust	Oxford University Hospitals NHS Foundation Trust	Royal Berkshire NHS Foundation Trust	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As per paper to SLG	Organisational Gap to Breakeven - H2	£0	£0	(£6,000)	£0	(£1,017)	(£10,228)	(£3,000)	(£14,892)	£0	(£35,137)
Movements	Reduction to Organisational gap								£3,000		£3,000
Movements	ERF Income not yet reflected in the position						£4,540				£4,540
As at 05/11/21	Organisational Gap to Breakeven - H2	£0	£0	(£6,000)	£0	(£1,017)	(£5,688)	(£3,000)	(£11,892)	£0	(£27,597)
Movements	COVID cost reduction			£4,500							£4,500
Movements	Reduction to Organisational gap			£1,500							£1,500
As at 08/11/21	Organisational Gap to Breakeven - H2	£0	£0	£0	£0	(£1,017)	(£5,688)	(£3,000)	(£11,892)	£0	(£21,597)
Movements	TIF & ERF contributions & Misc movements					£9	£62	£963	£4,980		£6,014
Submission	Organisational Gap to Breakeven - H2	£0	£0	£0	£0	(£1,008)	(£5,626)	(£2,037)	(£6,912)	£0	(£15,583)
H1 position		£0	£0	(£1,000)	£0	£1,008	(£13)	£3,115	£1,411		£4,521
21/22 FY position - SUBMITTED		£0	£0	(£1,000)	£0	£0	(£5,639)	£1,078	(£5,501)	£0	(£11,062)

- Following the transfer of CCG COVID funding to OCCG from the other two CCGs the CCG position is now breakeven for H2. The full year CCG position still reflects an overall £1.0m forecast deficit due to the unmitigated (largely CHC cost pressures) seen in H1.
- The net provider position is a £15.6m H2 deficit, reducing to a £10.1m full year deficit when considering H1 performance.
- The drivers of the remaining gap are the efficiency ask built into the envelope plus the ongoing run rate of spend to support elective recovery and UEC pressures.
- Despite the submission of a deficit plan the ICS will still be expected to deliver a break-even position by year-end.

## H2 Allocation Growth

- The ICS finance community have been through a transparent process of distributing the H2 envelope. This is summarised in Annex 2. There is a £1.0m balance of undistributed H2 growth/inflation funding held by the ICS pending final confirmation of plans. If available, this can be used to mitigate the forecast deficit position or to offset new cost pressures. Other than this the ICS financial envelope has been fully allocated and deemed committed at this point. Any additional investment requirements not reflected in H2 plans will not be funded and contribute to an increased deficit.
- H2 UEC capacity funding was initially allocated to place by using capitation shares followed by agreement between place-based partners as to local split.

Allocation of H2 capacity funding and H1 other income support balance	%	Capacity funding
Bucks	30.40%	2.758
Oxon	40.20%	3.647
Berks West	29.40%	2.667
H2 allocations for other income support		<b>9.072</b>

12. The prevailing finance view was that this funding offsets existing UEC run-rate pressures that form part of the H2 baseline. It may additionally support improvements in resilience and capacity that were already part of organisation's winter planning and therefore being built into H2 plans.

### ERF, ERF + and TIF

13. Midway through the planning process an additional source of funding was made available by NHSE, ERF +, and changes were made to the original ERF scheme proposals to reimburse trust sub-contracted independent provider activity.

14. Both the Targeted Investment Fund (TIF) and Elective Recovery Fund plus (ERF+) were subject to bids from the ICS to NHSE (SE) Region. A summary of the awards to the ICS is shown in the following table:

Trust	TIF/ERF	Sum of Total Capital		Sum of Total Revenue	
		Required	£k	Required	£k
BHT	ERF+				5,399
	TIF		4,013		1,263
<b>BHT Total</b>			<b>4,013</b>		<b>6,662</b>
OUHFT	ERF+				3,454
	TIF		6,715		2,078
<b>OUHFT Total</b>			<b>6,715</b>		<b>5,532</b>
RBHFT	ERF+				5,061
	TIF		2,234		2,237
<b>RBHFT Total</b>			<b>2,234</b>		<b>7,298</b>
BHT/CCG	TIF		350		
<b>BHT/CCG Total</b>			<b>350</b>		
BHT - ICS wide	TIF		270		
<b>BHT - ICS wide Total</b>			<b>270</b>		
<b>Grand Total</b>			<b>13,582</b>		<b>19,492</b>

15. The award of ERF + funding has de-risked the position for those organisations that had ERF (incentive earned) assumptions built into plans.

16. While ERF and TIF combined result in significant additional revenue funding of £19.5m, this has improved the H2 position by a lower value, £9.5m. The balance is expected to be offset by the additional costs of activity delivery.

## Annex 2: Distribution of the ICS H2 Funding Envelope

South East		15A NHS Berkshire West CCG	14Y NHS Buckinghamshire CCG	10Q NHS Oxfordshire CCG	ICS NHS Oxfordshire CCG	RWX Berkshire Healthcare NHS Foundation Trust	RXQ Buckinghamshire Healthcare Trust	RNU Oxford Health NHS Foundation Trust	RTH Oxford University Hospitals NHS Foundation Trust	RHW Royal Berkshire NHS Foundation Trust	BOB ICS TOTAL	variance
	System envelope funding total											
Values for 2021/22 H2, £000s	H2											
<b>System envelope funding</b>												
<b>CCG allocation</b>												
CCG allocations - programme (including adjustments to model breakeven) - H1	1,246,826	158,020	209,415	194,081	-	64,335	144,465	113,213	208,377	154,921	1,246,826	0
Envelope growth - CCG programme allocations (includes H2 pay uplift)	14,444	1,397	2,155	2,211	1,312	592	1,676	887	2,417	1,797	14,444	(0)
Envelope growth - CCG running costs allocations	-	-	-	-	-	-	-	-	-	-	-	0
Envelope growth - CCG delegated primary care allocations	-	-	-	-	-	-	-	-	-	-	-	0
Funding for H1 backpay - CCG programme allocations (including 2->3% backpay for MHS)	15,326	1,299	2,055	1,427	(266)	812	2,528	1,114	3,647	2,711	15,326	0
<b>CCG allocation prepopulated in system planning template</b>	<b>1,276,596</b>	<b>160,717</b>	<b>213,625</b>	<b>197,720</b>	<b>1,046</b>	<b>65,739</b>	<b>148,669</b>	<b>115,214</b>	<b>214,441</b>	<b>159,429</b>	<b>1,276,596</b>	<b>-</b>
<b>System top-up (distributed to lead CCG)</b>												
System top-up - H1 (including funding for CNST, free car parking and system top-up efficiencies reflecting 19/20 CT shortfalls)	75,878	-	-	-	(3,025)	3,082	19,749	8,470	39,584	8,018	75,878	-
Removal of H1 funding for free car parking for patient and staff groups	(531)	-	-	-	(531)	-	-	-	-	-	(531)	-
Envelope growth - System top-up (includes H2 pay uplift)	897	-	-	-	-	34	233	97	454	79	897	-
Contribution to H2 pay uplift for provider other income	1,257	-	-	-	-	79	80	321	607	170	1,257	(0)
Funding for H1 backpay - System top-up (including contribution to H1 backpay for provider other income)	2,611	-	-	-	-	99	679	282	1,322	229	2,611	-
H2: Funding for free car parking for patient and staff groups	531	-	-	-	0	-	153	71	217	90	531	-
H2: Transfer of Specialised activity from system top-up to NHSE SpecComm block contracts	-	-	-	-	-	-	-	-	-	-	-	-
H2: System top-up efficiency reflecting distance to FIT target	(12,976)	-	-	-	-	(527)	(3,377)	(1,448)	(6,252)	(1,371)	(12,976)	-
<b>System top-up prepopulated in system planning template</b>	<b>67,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,556)</b>	<b>2,767</b>	<b>17,517</b>	<b>7,792</b>	<b>35,933</b>	<b>7,214</b>	<b>67,667</b>	<b>0</b>
<b>Covid funding (distributed to lead CCG)</b>												
Covid funding - H1 (including provider other income support)	79,383	2,093	3,634	3,320	10,344	4,789	12,443	11,164	23,144	8,453	79,383	-
Removal of H1 provider other income support	(5,573)	-	-	-	(5,573)	-	-	-	-	-	(5,573)	-
Envelope growth - Covid funding (includes H2 pay uplift)	1,033	29	51	46	67	67	174	156	324	118	1,033	-
Funding for H1 backpay - Covid funding	1,100	31	54	49	71	71	185	166	345	126	1,100	-
H2: Support for NHS provider other income loss	4,180	-	-	-	(0)	-	1,207	556	1,711	706	4,180	-
H2: Covid funding reduction	(4,576)	(130)	(225)	(206)	(296)	(297)	(771)	(692)	(1,435)	(524)	(4,576)	-
Redistribution of CCG Covid Funding	-	(1,000)	(3,513)	4,513	-	-	-	-	-	-	-	-
<b>Covid funding prepopulated in system planning template</b>	<b>75,547</b>	<b>1,024</b>	<b>0</b>	<b>7,723</b>	<b>4,613</b>	<b>4,631</b>	<b>13,238</b>	<b>11,351</b>	<b>24,089</b>	<b>8,879</b>	<b>75,547</b>	<b>-</b>
<b>Growth funding (distributed to lead CCG)</b>												
Growth funding - H1	16,924	1,002	-	400	608	905	3,500	1,009	5,000	4,500	16,924	0
Envelope growth - Growth funding (includes H2 pay uplift)	237	14	-	6	9	13	49	14	70	63	237	-
Funding for H1 backpay - Growth funding	252	15	-	6	9	13	52	15	74	67	252	-
H2: Capacity funding	9,072	(203)	1,151	-	-	200	1,607	-	3,647	2,670	9,072	0
<b>Growth funding prepopulated in system planning template</b>	<b>26,484</b>	<b>828</b>	<b>1,151</b>	<b>412</b>	<b>626</b>	<b>1,131</b>	<b>5,208</b>	<b>1,038</b>	<b>8,791</b>	<b>7,300</b>	<b>26,484</b>	<b>-</b>
<b>ICS Allocation</b>	<b>1,446,295</b>	<b>162,568</b>	<b>214,776</b>	<b>205,854</b>	<b>2,729</b>	<b>74,267</b>	<b>184,632</b>	<b>135,395</b>	<b>283,254</b>	<b>182,823</b>	<b>1,446,293</b>	<b>-</b>