

Integrated Care Board

Date of meeting	29 March 2023
Title of paper	ICB High-level Budget for 2023-2024
Presented by	Sam Proffitt, ICB Chief Finance Officer
Author	Katherine Disley, Director of Operational Finance
Agenda item	10
Confidential	No

Purpose of the paper

The purpose of the paper is to present the high-level budgets for the 2023-24 financial year.

Executive summary

The paper presents the latest funding and expenditure plan for all commissioned services and running costs for 2023-24 which have been used to develop the ICB high level budgets.

It sets out the planning guidance and assumptions reflected in the ICB plan and the continuing work that is required before the final plan submission.

A number of actions have been taken to manage financial risk of £76m after the delivery of a £44m QiPP plan to achieve a balanced budget for 2023/24. The budget also identified the need for further work over the next few weeks to mitigate £50m to cover excess inflationary pressures.

All schemes as part of the QiPP or mitigation of risk have been reviewed by the Executive Team and are subject to Quality Impact Assessments.

Recommendations

The Board is requested to:

- Note the contents of the report
- Approve the high-level budgets for 2023-24
- Support the work to develop robust delivery plans to deliver the agreed mitigations and return on investment
- Support the continuing conversations with NHSE in respect of excess inflationary pressures.

Governance and reporting

Meeting	Date	Outcomes
ICB Executive Team meeting	20 March 2022	Supported

Conflicts of interest identified

Detail or insert 'not applicable'

Implications

<i>If yes, please provide a brief risk description and reference number</i>	Yes	No	N/A	Comments
Quality impact assessment completed				
Equality impact assessment completed				
Privacy impact assessment completed				
Financial impact assessment completed				
Associated risks				
Are associated risks detailed on the ICS Risk Register?				

Report authorised by:

Sam Proffitt, ICB Chief Finance Officer

Integrated Care Board – 29 March 2023

2023-24 ICB High Level Budget for the period 1 April 2023 to 31 March 2024

1.0 Introduction

- 1.1 The ICB is responsible for ensuring its expenditure does not exceed the budget allocation from NHSE and for ensuring its expenditure on running costs is within the specified running cost allowance.
- 1.2 In line with the Operating Planning Guidance, a draft ICB plan was submitted to NHSE on 23 February 2023 and final plan is due on 30th March 2023. Work has continued including meetings with ICB Execs and the Extended Leadership Team to develop the required savings plans within the budget.

2.0 Purpose

- 2.1 The purpose of this paper is to set out the latest plan position and the high level ICB budgets, recognising that work is continuing to:
- refine the detailed workings
 - develop schemes to deliver the mitigations and return on investment actions
 - identify additional opportunities to further improve the position
 - update the submission for month 10 forecast outturn data as required by national guidance.
- 2.2 The paper includes the latest funding and expenditure plan for all 2023-24 commissioned services and running costs, after including the mitigations agreed by Execs. The mitigations and return on investment work leave the ICB with a residual risk of £50m. This largely reflects the inflationary pressures which are unfunded in the allocation. Further work is being undertaken to mitigate this risk.
- 2.3 Budget holder meetings are currently in progress to consider the budget figures and to ensure schemes to deliver against the options/mitigations are robust.
- 2.4 Each of the schemes are subject to a robust quality and equality impact assessments. This work is currently being undertaken
- 2.5 **Appendix 1** shows a draft budget book for 2023-24 which is being used to inform the budget holder meetings.

3.0 ICB Allocation for 2023-24

3.1 The ICB allocation for 2023-24 is £3,946.7m, of which £3,817.2m is recurrent and £129.5m is non-recurrent. **Table 1** shows the detailed allocations.

Table 1 – ICB Allocations

ICB Allocation split by categories	2023/24 PLAN £'000
Recurrent	
ICB Programme Allocation	3,409,586
Primary Medical Care Services	323,950
Delegated Primary Care Allocation	0
Running Costs	32,225
COVID Funding	14,458
Additional discharge allocation	8,612
Additional physical and virtual bed capacity funding	28,355
Total Recurrent allocation	3,817,186
Non-Recurrent	
Elective Recovery Funding	80,220
Service Development Fund (SDF)	49,345
Total non-recurrent allocation	129,565
Total ICB Allocation	3,946,751

3.2 During 2022-23, the allocations methodology was reset to move systems back to a fair share distribution of resource and therefore the ICB received a convergence adjustment. For 2023-24, the ICB has again received a convergence adjustment of 0.71% which equates to a reduction in its recurrent allocation of £23.2m.

4.0 Planning Guidance and Assumptions

4.1 The following planning guidance and assumptions have been reflected in the ICB financial plan for 2023-24:

- Inflationary uplifts have been applied to contracts of 1.1% (this represents the standard uplift of 2.8% net of the efficiency requirement 1.1%, adjusted for convergence 0.7%)
- A Covid uplift has been applied to NHS contracts of 0.6%
- NHS contracts have been amended to reflect an Aligned Payment and Incentive (API) approach with elective targets set for each provider
- Other contracts have been uplifted by 1.1% where appropriate, with consideration of exceptionality only where this would create undue risk. Where commissioners need to offer a higher uplift, this must be funded from within existing budgets
- The Mental Health Investment Standard (MHIS) continues for ICBs and requires ICBs to increase spend on mental health services by more than ICB programme allocation base growth. For Lancashire & South Cumbria,

growth of 6.8% is required against 2022-23 expenditure levels. This has provided an additional investment of £25.5m in 2023/24.

- The Better Care Fund (BCF) will continue into 2023-24 and for the purposes of planning, ICBs are required to assume a minimum contribution increase of 5.66%.

5.0 ICB Expenditure Summary Budget Position

- 5.1 **Table 2** below sets out a budget summary showing the total expenditure by category against the agreed allocation.
- 5.2 The summary shows a breakeven position, after identifying further mitigation of £50m to cover excess inflationary pressures. This continues to be a risk at this stage.
- 5.3 This position also includes the mitigations for £76m of risk agreed by Execs in respect of opportunities to review existing budgets, identify further savings schemes and create internal return on investment against planned investments.
- 5.4 The options work also identified opportunities for external return on investment of £58m. This has not been included in these numbers as it is expected that the benefit will land in other organisations within the system.
- 5.5 At draft plan stage, the details from NHSE on the “Other Delegated Primary Care Services” (pharmacy, dental and ophthalmic) are awaited. These will be included in the final plan, and it is understood that these areas of spend will not incur any financial pressure.

Table 2 – ICB Budget Summary

ICB Budget Summary	2023/24 PLAN £'000
Total ICB Allocation	
ICB Allocation	3,946,751
Total ICB Allocation	3,946,751
Total ICB Expenditure	
Acute Services	(2,041,487)
Mental Health Services	(468,021)
Community Health Services	(350,682)
Continuing Care Services	(283,181)
Primary Care Services	(406,105)
Other Programme Services	(89,860)
Other Commissioned Services	(8,740)
Primary Medical Services	(316,450)
Other Delegated Primary Care Services	0
Running Costs	(32,225)
Further action required to mitigate Inflation risks	50,000
Total ICB Expenditure	(3,946,751)
Surplus / (deficit) for the year	0

6.0 Restrictions on the use of budget allocations and pooled budget arrangements

6.1 There are a small number of budgets that are considered ringfenced and as such can only be utilised for the purposes intended. These are set out below:

- Better Care Fund (s256) with local authority partners
- Learning Disability Pooled Budget arrangements
- Primary Care Co-commissioning
- Delegated dental services (details to be confirmed)

7.0 QIPP Plans

7.1 The total efficiency target included in the current ICB plan is £44.0m, profiled in equal 12ths across the financial year. A breakdown of the draft schemes is included in **Table 3** below. Work is ongoing to identify further schemes.

Table 3: Productivity and efficiency 2023-24

ICB Efficiencies	2023/24 PLAN £'000
Review reserves budget	18,000
All-age Continuing Care - Commissioning/Procurement	7,000
All-age Continuing Care - Integration/Digital/technology/systems	4,000
Primary Care Prescribing	11,000
Establishment reviews	4,000
Total Efficiencies - by scheme	44,000

ICB Efficiencies - Plan Risks & Status	2023/24 PLAN £'000
Risk	
High	16,000
Medium	28,000
Low	0
Total Efficiencies by Risk	44,000
Efficiency Plan Status	
Fully Developed	20,000
Plans in Progress	8,000
Opportunity	16,000
Unidentified	0
Total Efficiencies by Plan Status	44,000

8.0 Managing Financial Risk

8.1 As set out in the sections above, the financial plan requires further mitigations of £50m to deliver a balanced position for the 2023-24 financial year. Further work is being undertaken to identify mitigations for this residual pressure. The financial plan requires the ICB needs to manage £76m of risk in addition to the delivery of the £44m QiPP. These actions have been reviewed by the

Executives and the mitigation is largely through the review of existing budgets and driving a return on the new investment being made. **Table 4** below summarises the key risks and agreed actions required by the ICB to mitigate in full.

Table 4: Financial Risk Mitigation

Mitigations for risk	£m
Review of Existing Budgets and reduce discretionary expenditure	49.0
Create a return on Investment of planned investments	21.5
Other smaller schemes	5.5
Total risk to be managed	76.0

8.2 Quality impact assessments (QIAs) will be required for all QIPP and mitigations in order to capture and monitor the impact of scheme implementation. Leads are identified for all schemes and these leads are ensuring that QIAs are completed. This process is being overseen by the quality team within the nursing directorate.

9.0 Conclusions

9.1 The ICB is statutorily responsible for ensuring its expenditure does not exceed the budget allocated from NHS England for 2023-24 and for ensuring expenditure on administrative running costs is within the specified allowance.

9.2 The paper presents a balanced budget for the 2023-24 financial year, after identifying further mitigation of £50m to cover excess inflationary pressures and delivery of the additional mitigations required to offset the risk detailed in **section 8** above.

10.0 Recommendations

10.2 The Board is requested to:

- Note the contents of the report.
- Approve the high-level budgets for 2023-24 subject to identifying the mitigations against the residual £50m risk
- Support the work to develop robust delivery plans to deliver the agreed mitigations and QIPP
- Note the work being done to ensure quality impact assessment are in place for all mitigation and savings schemes.

Sam Proffitt
ICB Chief Finance Officer
29 March 2023

Summary Budget Book for 2023/24

2023/24 SUMMARY BUDGET BOOK			
ICB Total Expenditure	2023/24 PLAN £'000	Executive Lead	Budget Lead
ICB Acute Service Expenditure			
Acute Services - NHS	(1,941,559)	Chief Planning, Performance & Strategy Officer	Director of Urgent, Emergency & Planned Care
Acute Services - Independent / Commercial Sector	(94,894)	Chief Planning, Performance & Strategy Officer	Director of Urgent, Emergency & Planned Care
Acute Services - Other Non - NHS	(4,464)	Chief Planning, Performance & Strategy Officer	Director of Urgent, Emergency & Planned Care
Acute Services - Other Net Expenditure	(570)	Chief Planning, Performance & Strategy Officer	Director of Urgent, Emergency & Planned Care
ICB Mental Health Service Expenditure			
Mental Health Services - NHS	(353,127)	Medical Director	Director of Mental Health
Mental Health Services - Independent / Commercial Sector	(81,452)	Medical Director	Director of Mental Health
Mental Health Services - Other Non - NHS	(4,799)	Medical Director	Director of Mental Health
Mental Health Services - Other Net Expenditure	(28,643)	Medical Director	Director of Mental Health
ICB Community Health Service Expenditure			
Community Health Services	(350,682)	Chief Nursing Officer	Director of Adult Health & Care
ICB All-age Continuing Care Service Expenditure			
CHC Adult - Fully Funded - Standard	(189,993)	Chief Nursing Officer	Director of Adult Health & Care
CHC Adult - Fully Funded Personal Health Budgets - Standard	(22,308)	Chief Nursing Officer	Director of Adult Health & Care
CHC Adult - Fully Funded - Fast Track	(40,343)	Chief Nursing Officer	Director of Adult Health & Care
CHC Adult - Fully Funded Personal Health Budgets - Fast Track	0	Chief Nursing Officer	Director of Adult Health & Care
CHC Adult - Joint Funded	(16)	Chief Nursing Officer	Director of Adult Health & Care
CHC Adult - Joint Funded Personal Health Budgets	(120)	Chief Nursing Officer	Director of Adult Health & Care
Children's Continuing Care	(5,450)	Chief Nursing Officer	Director of Adult Health & Care
Children's Continuing Care Personal Health Budgets	(777)	Chief Nursing Officer	Director of Adult Health & Care
Funded Nursing Care	(17,474)	Chief Nursing Officer	Director of Adult Health & Care
Continuing Care Assessment and Support	(6,700)	Chief Nursing Officer	Director of Adult Health & Care
ICB Primary Care Service Expenditure			
Prescribing	(317,775)	Medical Director	Chief Pharmacist
Community Base Services	(19,647)	Medical Director	Director of Primary Care
Out of Hours	(11,656)	Medical Director	Director of Primary Care
PC - Other	(52,562)	Medical Director	Director of Primary Care
GP IT Costs	(4,465)	Chief Digital Officer	Director of Digital Operations/Innovation
ICB Other Programme Service Expenditure			
Other Programme Services	(89,860)	Chief Executive Officer	Place Based Leaders
ICB Other Commissioned Service Expenditure			
Other Commissioned Services	(8,740)	Chief Finance Officer	Director of Operational Finance
ICB Primary Medical Services Expenditure			
General Practice - GMS	(132,468)	Medical Director	Director of Primary Care
General Practice - PMS	(4,339)	Medical Director	Director of Primary Care
Other List-Based Services (APMS incl.)	(5,732)	Medical Director	Director of Primary Care
Premises cost reimbursements	(18,647)	Chief Finance Officer	Director of Estates
Primary Care NHS property Services Costs - GP	(4,050)	Chief Finance Officer	Director of Estates
Other Premises costs	0	Medical Director	Director of Primary Care
Enhanced services	(31,517)	Medical Director	Director of Primary Care
QOF	(20,726)	Medical Director	Director of Primary Care
£1.50 per head PCN Development Investment	(8,911)	Medical Director	Director of Primary Care
Other - GP services	(90,060)	Medical Director	Director of Primary Care
ICB Delegated Primary Care Expenditure			
Dental Services	0	Medical Director	Director of Primary Care
Ophthalmic Services	0	Medical Director	Director of Primary Care
Pharmacy Services	0	Medical Director	Director of Primary Care
Total ICB Commissioning Service Expenditure	(3,964,526)		
ICB Running Costs			
Running Costs	(32,225)	All Executives	TBC once structures finalised
ICB Reserves / Contingencies			
Reserves	0	Chief Finance Officer	Director of Operational Finance
Contingencies	0	Chief Finance Officer	Director of Operational Finance
Total ICB Expenditure (excluding inflation risk mitigation)	(3,996,751)		
Further action required to mitigate inflation risk	50,000		
Total ICB Expenditure	(3,946,751)		